General Studies-2: Topic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Labour Laws in India

Introduction
- Labour Law means laws that regulate conditions and well-being of labour.
- Labour Law in a way define the rights and obligations as workers, union members and employers in the workplace.
- India’s complicated labour law regime is in dire need of reform due to various issues.

Importance of Labour Laws
- Labour Law establishes a legal system that facilitates productive individual and collective employment relationships and therefore a productive economy.
- It leads to labour welfare by providing a framework within which employers, workers and their representatives can interact with regard to work related issues.
- It provides a clear and constant reminder and guarantee of fundamental principles and rights at work.

Need for Labour Reforms
- India is projected to have the largest working population in the world between 2022 and 2034, with 10 million youth entering the workforce every year.
- Unleashing the true potential of such a strong workforce demands employment capacity of the industry.
- Therefore, rigidities and administrative burden in the labour regime are required to be addressed through substantive reforms.
- Existing labour laws were found to be out of sync with the evolving business regulatory environment and India’s growth aspirations.
Laws need to be reviewed with the changing needs of the economy, such as higher levels of productivity, competitiveness and investment promotion.

Companies are under pressure to innovate, redesign and technologically upgrade the products to suit consumers’ choices which is not possible without restructuring and rightsizing.

Economic survey says the rigid regulations are the reason behind increase in contract labours. Hence the need of labour reforms.

**Issues with current labour laws in the country**

- **Complex law system**
  - Under the Constitution of India, Labour is a subject in the concurrent list.
  - As a result, a large number of labour laws have been enacted catering to different aspects of labour e.g., occupational health, safety, employment etc.
  - As a result, it created a lot of redundancy and loopholes in the legal system which paves the way to exploitation of labour.
  - Implementation of this complex system of laws has also become a challenge to limited number of Labour Enforcement Officers in India.
  - Several economists say that rigid labour laws are the reason India has not generated enough jobs in the formal sector.

- **Labour exploitation**
  - Because of heavy handed labour regulations, the MNCs and domestic organizations have resorted to alternate ways i.e., employing contract labour at less than half the payroll of a permanent employee.
  - India has 94% of its workforce in its unorganized sector.
  - This huge workforce getting trapped in unorganized sector is largely attributed to our stringent labour laws.

- **Impact of delay of labour reforms**
  - It would take a gross hit on India as an investment destination.
  - The improper regulations coupled with complexity have led to misuse of vast Labour of India.

- **Issue of contract labour**
  - One of the main reasons for labour reforms is the concept of contract labour.
  - Trade Unions suggest that this concept itself should be removed.

- **Issue of apprenticeship**
  - Another major weakness in current labour reforms is less focus on apprenticeship.
  - Our education system is not responsive to the needs of the market therefore apprenticeship becomes important.

**Way Forward**

- Labour laws applicable to the formal sector should be modified to introduce an optimum combination of flexibility and security.
- Make the compliance of working conditions regulations more effective and transparent.
- Strengthening of enforcement machinery is needed.
- Increased manpower, improved infrastructure is essential for effective implementation of labour laws.
- All India Service for labour administration must be formed that will provide professional experts in the field of labour administration.
- Contract labourers should be covered under workmen’s compensation act for accidents, with inflation linked wages and limited social security benefits from employee state insurance act and maternity benefit act extended to them.
- Labour reforms are the need of the hour not only as a thrust on Make in India and ease of doing business, but also to ensure the demographic dividend does not turn into a nightmare of unemployment and under-employment.