# Indian labour laws and the changing nature of work

Labour is a subject in the Concurrent List under Constitution of India, where both the Central & State Governments are competent to enact legislation. At present, there are 44 labour related statutes enacted by the Central Government dealing with minimum wages, accidental and social security benefits, conditions of employment, disciplinary action, formation of trade unions, industrial relations, labour welfare. Certain statutes are sector specific like for Doc workers, Beedi workers, Cine Workers, Construction workers.

With the largest youth population, according to the United Nations, India stands at a point where the dream of becoming a super economy is no longer a utopia but a sweet possibility. With mixed viewpoints, labour laws and reforms have always been a topic of controversy. In such a scenario, it becomes imperative for employees in both organized and unorganized sectors to be aware of the existing laws and rights, and the on-going reforms.

Change in a country's economy is marked by the growth of secondary and tertiary sectors. Currently, the share of employment in these sectors is less than 30 %, but their contribution to the GDP is almost double that. The workforce of India shows a unique dichotomy today. On one hand, the organized sector which is marked with fairly stable wage structure and is often highly regulated, employs a fairly low proportion of the total workforce. This, while the unorganized sector still employs a major share of the workforce who often work in unregulated conditions with fairly low wages. Out of the total employed within the formal sector, a significant population finds employment in the public sector while the private sector, although in news most of the times, ends up getting the least share of the pie. The private and public sector, are heading towards an increased usage of labour substituting technologies. Increased automation of processes and adoption of newer technologies have led to many talent shifts and most of these talent shifts have come at the cost of many being fired or being redeployed. Take the recent case of the layoffs that have happened within the IT and Telecom sectors and the impact of the changing nature of work is bound to spread across sectors.

In order to make India a business friendly nation and for the sake of concepts like "**Ease of Doing Business"**, "Make in India" it is important that governance of the Employment and Labour laws be at par with international standard. This is one of the most important areas which influence the flow of foreign direct investment in any country.

The Ministry of Labour & Employment has introduced online registration process for the Employees' Provident Fund Origination ("EPFO") and the Employee's State Insurance Corporation ("ESIC"), with no registration cost and manual intervention. Also, subject to the discretion of the employer, registration for both EPFO and ESIC can be done through the common registration form. The Ministry has also launched common registration service on the e-biz Portal of DIPP for 5 Central Labour Laws. The Government has also made platform for single online common Annual Return under 9 Central Labour Acts, to ensure simplified filings of the single online return by the establishments instead of filing separate returns.

To ensure compliance the Ministry of Labour and Employment has notified the Ease of Compliance Rules 2017 to maintain registers under various labour laws. Further, the rules also provide that combined registers may be maintained instead of separate registers, either electronically or otherwise, without obtaining any prior permission.

Among the most significant labor reforms in 2017 were:

- the extension of maternity leave to 26 weeks, placing India among the top three countries in generosity of maternity benefits;

- the implementation of the Rights of Persons with Disabilities Act, 2016, which recognizes 21 types of disabilities and complies with the principles of the United Nations Convention on the Rights of Persons with Disabilities; and

- raising the salary threshold for eligible employees under the Employees' State Insurance Act, 1948 to provide coverage to more employees.

These changes are indicative of the efforts to provide greater benefits and facilities to employees.

In a move to make it easier for employers to comply with certain labor laws, the Indian government reduced from 56 to 5, the numbers of registers employers are required to keep under different labor statutes. Employers are permitted to maintain these registers in electronic form as long as the integrity, serial numbers, and contents of the columns of the consolidated registers are not modified.

Similarly, the number of forms and returns employers are required to file under laws has been reduced from 36 to 12 by eliminating redundancies and duplications.

While reforms undertaken to this point have made it easier to do business in India, the government still has much to do, and outdated employment laws remain a hindrance to the economic growth of the country. Important reforms likely to be implemented in 2018 are:

- Social Security: Provident Fund and Gratuity

- Contract Labour (Regulation and Abolition) Amendment Act, 2017

- Law Pertaining to Factories

- Code on Wages, 2017

- Model Shops and Establishments Act

Further, the following are the five labour laws every employee should know:

1. **The Factories Act, 1948:**

This act protects workers of a factory, and its provisions include health, safety, proper working hours, etc. It specifies not only the working hours, but also provides for overtime pay to workers who work beyond their shift. Night shifts have to be on a rotational basis, and the company is required to inform the employees of them beforehand. No woman worker is supposed to work between 10 PM and 5 AM, and in the case of a night shift, a notice has to be given 24 hours before the shift.

2. **Payment of Gratuity Act, 1972**

Gratuity is a retirement benefit paid as a token of thanks for the services offered. An organization with 10 or more employees is supposed to pay gratuity to workers who have worked for 12 months or more. Gratuity is the last drawn salary (sum of basic and dearness allowance) multiplied by the number of years of service. In case the employer fails to provide gratuity, he/ she faces prison for a term not less than six months and not more than two years.

3. **Employees' Provident Fund and Miscellaneous Provisions Act, 1952**

The EPF Act provides social security benefits like pension and insurance cover to the employee of an establishment which has 20 or more employees. In 2014, the government amended the act and extended the wage ceiling. The pensionable salary is an average of the monthly salary for the contribution for the last 12 months before membership ends.

4. **Payment of Bonus Act, 1965**

An employee working in an establishment with 20 or more workers has rights to a bonus under this act. The bonus is 8.33 %, and shall not exceed 20 % of the employee's salary. In 2015, the government amended this act to extend the threshold of, thus covering a larger pool of employees.

5. **Equal Remuneration Act, 1976**

This act prevents discrimination among workers on the basis of gender. According to this act, employers can't discriminate among genders in matters of wages, training, transfer, and promotion. The act provides for equal remuneration to both men and women workers for the same work done.