Confederation of Indian Industry

POLICY watch

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Focus: Labour Law Reforms

The need for employment generation has never been more pressing in India than now when a youth bulge is underway in the country's demographic profile. The employment challenge includes several dimensions – jobs must be generated on a large scale; the workforce must be adequately skilled; employers must have the flexibility to manage a rapidly-changing global manufacturing environment, and employees need recourse to an effective social security programme.

A holistic labour policy would take into account all these issues. A healthy industry-worker relationship is of paramount importance for increasing productivity and competitiveness, and both sides are partners in India's progress. To release the innate dynamism and productivity of our workforce – India's best asset – labour reforms need to focus on Skill, Scale and Speed, as enunciated by Prime Minister Narendra Modi. A facilitative labour environment would catalyze investment, growth, employment and per capita income, and make India globally competitive.

To begin with, there is a need to simplify and rationalize procedures pertaining to labour laws and their enforcement, which should bring relief to the industry without hampering labour interest. Currently, labour regulations are covered under a variety of Central and State laws, many of which have overlapping and sometimes conflicting provisions. These could be weeded out and placed on fewer platforms to minimize compliance procedures. Use of IT could help make the same information available to different regulators, so that enterprises, especially MSMEs, are freed from the burden of multiple forms and inspections. A significant amount of rationalisation can be possibly brought about by mere changes in rules and legislative actions at the State level.

Then, there is a need to enable industry to have necessary flexibility in manpower deployment as per their needs. The new Government has proactively addressed some of these issues with the introduction of amendments in the Factories Act regarding working hours, allowing women to work in night shifts with adequate safeguards etc. Most importantly, industry should have the flexibility to downsize without prior permission up to a higher cut off limit (which is only 100 workers as of now) in lieu of higher severance benefit and re-introduction of Fixed Term Employment.

Contract Labour has become an integral part of today's manufacturing and services' sectors and all uncertainties about regulation may be removed by renaming the Act as the Contract Labour (Regulation) Act instead of the Contract Labour (Abolition and Regulation) Act. We feel that the use of Contract Labour would enhance employment as this allows the engagement of a vast number of labour which would not have been possible otherwise.

Some steps also need to be taken on an urgent basis for maintaining harmonious Industrial Relations, especially ensuring that the undue influence of external forces on Trade Unions is reduced. We should look at allowing only persons engaged with or employed in the establishment with which the Trade Union is connected as Office Bearers. Much can be gained by conscious deployment of positive Trade Unionism whereby Trade Unions are made a major stakeholder in the growth aspirations of organisations.

CII has been pro-actively working with the Government in bringing about the reform processes. We, in CII, have had several rounds of discussion with the Ministry of Labour and DIPP to build in consensus for the entire reform process.

We believe that the speed with which the new Government has initiated the reform process in the labour law space will have a ripple effect on employability and job creation. The pace and the manner with which the Ministry of Labour and Employment in particular has tried to engage with various stakeholders has been truly commendable. The Ministry has been extremely proactive and reached out very effectively to the industry to make the amendments robust and acceptable to all.

It is important that apart from reforms in key sectors, a healthy business climate is created. The new Government has already initiated these steps very aggressively and we can safely say that these processes will generate their impact very soon. ■

Chandrajit Banerjee
Director General
Confederation of Indian Industry

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Need Convergence on Perception Gaps around Contract Labour

With rapid globalisation and competitive manufacturing processes, the world industrial scenario has become fiercely competitive. In this competing environment it is important to treat your employee as an appreciating asset. The only resource in a manufacturing enterprise that has the ability to learn and improve its capability and productivity are its employees. The capability of all other resources—machines, buildings, materials—depreciates with time, inevitably. Motivated and enabled employees can also improve the capability of the enterprise's manufacturing processes and the productivity of its machines.

A healthy Employee Relations scenario in business and industry is of paramount importance for increasing productivity and competitiveness in a rapidly changing business environment. Employer and Employee have to see each other as Partners in Progress.

Dr Surinder Kapur
Chairman, CII National Committee on Industrial Relations and Chairman, Sona Koyo Steering Systems Limited

We at CII are committed to create a good eco-system by building a strong platform of dialogue between employers and employees to arrive at a consensus.

CII feels that convergence needs to be built on the perception gaps that exist around Contract Labour. CII also believes that introduction and adoption of 'specific guidelines' for use by industry in engaging Contract Labour may help in removing such variations and building positive industrywide practices in engaging Contract Labour.

As Chairman of the CII National Committee on IR, I am happy to inform you about the pilot projects initiated by CII Western Region under the leadership of Mr Muthuraman, Past President, CII and by CII Northern Region under the leadership of Mr Rajeev Kapoor, Chairman, CII NR IR Task Force wherein industries have come together and launched the Voluntary Industrial Action programme. The objective is to catalyse the adoption of some common guidelines for engagement of Contract Labour. Some of the major interventions are in the area of social security measures like better safety and hygienic working conditions for all workers – personal protective equipment, canteen facilities, uniform, accident benefit/

insurance for all workforce, with guided focus on re-skilling the Contract Labour.

It is important that while the industry does its bit in ensuring labour welfare, the companies get operational flexibility in order to ensure a win-win situation for all.

Some of the legislative changes that we suggest are:

- Section 10 of the Contract Labour (Regulation and Abolition) Act, 1970, providing for abolition of Contract Labour should be deleted and the Act renamed as Contract Labour Regulation Act.

  The regulatory provisions should be strengthened to ensure that Contract Labour is not exploited.

- Fixed Term Employment (FTE) option should be reinstated. This was available earlier. Under FTE, a worker is engaged on the basis of contract of employment for a fixed period. However, his working hours, wages, allowances and other benefits should be similar to regular workers, as per the paying capacity of the company. He shall also be eligible for all statutory benefits available to a permanent worker proportionately according to the period of service rendered by him even though his period of employment does not extend to the qualifying period of employment required in the statute.

  On completion of the term, the worker will have no right of regular employment irrespective of the term served. The option of Contract Labour can continue in parallel with the FTE with strengthening of social security provisions.

- Remove differentiation in 'core' and 'non-core' nature of jobs by amending the CLRA Act.

  The removal of differentiation is required since shortened life cycles of products and services have brought in the need to keep the overheads thin. Also variance in order volumes and timelines means that the company has to employ temporary workers even in core areas of businesses to meet the order requirements.

- Distribution of wages via bank to reduce corruption. This will reduce corruption by the contractors.

While legislative changes are necessary, it is important to maintain the dialogue process between employer and employee to develop the trust factor. Both the stakeholders will have to realize that the growth path of the organization and labour are tied by the umbilical cord which keeps them together and both have equal stake in the growth of the company. ■

Key CII Recommendations on Labour Law Reforms

Labour reforms focused on wider and inclusive growth is the need of the hour; they are imperative for attaining higher levels of productivity and competitiveness. Moreover, there is a pressing need to 'simplify' and 'rationalise' labour laws and its enforcements. 'Simplification' and 'flexibility' in engagement and deployment of labour should be the two key cornerstones for any labour law reforms.

CII believes that only a 'flexible', 'competitive' and 'efficient' labour law regime can catalyze investment, growth and employment.

Issues	Recommendations	Progress
Almost every Act requires the employer to maintain a set of registers, submit periodic returns and display certain notices near the main entrance of the establishment. – There is lot of duplication and overlapping of paper work	• One Annual Return instead of multiple returns. • Maintenance of records and submission of returns should be simplified and the requirement of notices to be displayed near the main entrance of the establishment should be dispensed with. • Time limit for preservation of registers and records should be laid down in all the labour laws so that old records could be weeded out.	• Ministry of Labour and Employment is developing a single unified portal for online registration of units, reporting of inspections, submissions of annual returns and redressal of grievances. The portal will allow single filing in a year.
Multiple Inspections – Facing multiple 'inspections' under different Acts with little coordination	There should be only one 'Annual' inspection by all the Inspectors (namely Labour Inspector, Factory Inspector, ESI Inspector, EPF Inspector, Welfare Inspector, Statistical Inspector etc) which should be coordinated and jointly organised by different agencies and that too after reasonable prior notice.	• The Ministry of Labour and Employment is developing a revised Inspection Scheme to achieve the objective of simplifying business regulations and for bringing in transparency and accountability in labour inspections • The Inspection Scheme is proposed to be integrated in due course with the web portal which is being developed by the Ministry of Labour and Employment.
Flexibility **Section 66 of The Factories Act, 1948 does not permit women workers to work between 7.00 p.m. and 6.00 a.m.** – Allowing women to work in night shift will give flexibility especially for labour intensive sectors like the Textile industry which is a major employment generator and export earner. It will also bring more and more women under the employment fold.	• Women workers may be allowed to work in night shift as long as conditions related to health and safety are taken care of.	• The Factories Amendment Bill tabled in Parliament proposes the amendment to permit women in night shift with adequate safeguards.

Issues	Recommendations	Progress
Section 51, 54, 64 & 65 are very restrictive. In the current business scenario, overtime work is unavoidable and requires extra hours of work, more than the current permissible limit. – Section 51 of the Factories Act, 1948 provides that no worker shall work more than 48 hours in any week. Section 54 of the same Act mentions that daily working hours cannot exceed 9 hours. Section 64 (4)(i) of the Act says that the total number of hours of work in any day shall not exceed 10, including overtime. Section 64 (4) (ii) states that the spread over, inclusive of intervals for rest, shall not exceed 12 hours in any one day. – Employer has to obtain prior exemption for allowing the workers to work overtime. – Exemption granted is valid only for a specific period.	• The total number of working hours in any day including overtime shall not exceed 10 as per Sec 64(4)(i). The same should be made 12 instead of 10. • The spread over, inclusive of intervals for rest, shall not exceed 12 hours in any one day as per Sec 64(4) (ii). This can be revised to 13 hours. • The total number of hours of work in a week, including overtime, as per sec 64(4)(iii), shall not exceed 60. This can be revised to 72. • Sec 64(4)(iv) putting a quarterly restriction on overtime may be deleted. • Sec 64(5) giving validity for a period of 5 years for the rules made under Sec 64 shall be deleted. • The total number of hours of work in any week, including overtime, shall not exceed 60 as per Sec 65(3)(iii). This can be revised to 72. • The portion of Sec 65(3)(iv) which restricts hours of overtime work in a quarter to 75 shall be deleted.	• The Factories Amendment Bill tabled in Parliament proposes to enhance quarterly overtime to 100 hours from the existing 50 hours under Section 64(4)(iv).
As per Section 2(e) and 2 (f) of the Labour Laws (Exemption from furnishing returns and maintaining registers by certain establishments) Act, 1988, 'small establishment' means an establishment in which not less than 10 and not more than 19 and 'very small establishment' means an establishment in which not more than 9 persons are employed or were employed on any day of the preceding 12 months. (Simplification)	• Section should be amended to increase the limit of small establishments to 50 and very small establishments to 20 respectively.	• The Labour Laws (Exemption from furnishing returns and maintaining registers by certain establishments) Amendment Act tabled in Parliament has proposed to increase the limit to 40 from existing 19. The amendment will exempt small industries with less than 40 workers from the need to comply separately with each of the laws. A single-page return on compliance will do.

Pending Labour Reforms

The two most critical labour reforms that need urgent attention are related to the flexibility of engaging and deployment of labour as required by the dynamics of the business environment.

Many overseas corporates shy away from transferring manufacturing activity to India because under the current provisions of the law, there is no flexibility in adjusting the labour force to requirements and no certainty about what it would cost to right size.

CII therefore, suggest the following two reforms for priority attention:

- The Exit Clause under the Industrial Disputes Act, 1947 and
- Contract Labour Act, especially the provision related to abolition of Contract Labour

Issues	Recommendations
I. INDUSTRIAL DISPUTES ACT, 1947	
Prior Approval for Retrenchment/lay-off/closure (Section 25 K, M, N, O) – As per section 25 of the Act, 'prior approval' is to be obtained from Appropriate Government for retrenchment / lay-off / closure of establishments with 100 or more workers. – Recession and intense global competition requires industry to be agile and able to adjust quickly to the changed circumstances. Sometimes inordinate delay in getting approval for right sizing defeats the very purpose of the exercise.	• Enhance the cut-off limit to 500 instead of 100 • As per the current provision, at the time of retrenchment or closure, the worker has to be paid retrenchment compensation which shall be equivalent to 15 days' average pay for every completed year of service or any part thereof in excess of 6 months. • We recommend that for establishments with 500 or more workers, for retrenchment and closure, no prior permission may need to be taken and 'automatic permission' may be granted on the basis of higher severance benefits'. • The higher severance benefits may include: – increased provision of certain additional days of average pay (e.g. 30 days) for every completed year of service as retrenchment compensation over and above the current provision of retrenchment compensation of 15 days' average pay for every completed year of service or any part thereof in excess of 6 months. (This can be applicable to workmen upto the age of 50 years as after that age the compensation is normally linked to the number of years left for retirement rather than the number of years worked). – Creation of a 'Consolidated Fund' by way of 'additional' contribution of certain days (e.g. 15 days) of average pay per year of completed service for enabling 're-skilling' and 'redeployment' of the retrenched worker or reimbursement of additional 15 days of average pay per year of completed service against money spent by the worker on training and skill upgradation. – The broad contours of the above severance benefits could be worked out through consultation. • In case of retrenchment, especially in cases where not more than 10 per cent of the workforce is affected the provision of 'prior permission' may be replaced by 'prior intimation' to provide the much needed flexibility in the matter of manpower planning. **N.B.** • Rajasthan Government has enhanced the cut-off limit for prior permission from 100 to 300. • Rajasthan Government has enhanced the compensation package during retrenchment and closure by way of providing additional 3 months average salary for every year of completion in addition to the existing 15 days average salary per year of completion.

Issues	Recommendations
II. CONTRACT LABOUR (REGULATION & ABOLITION) ACT, 1970	
Restriction on engaging Contract Labour (Flexibility) – As per Section 10 of the Act the appropriate Government may, after consulting with the Central Board or, as the case may be, a State Board, prohibit, by notification in the Official Gazette, employment of Contract Labour in any process, operation or other work in any establishment. – Contract Labour system has become imperative in industries for various reasons. With reference to emerging business landscape, abolition of Contract Labour affects the flexibility in engaging and deploying labour. – Prohibition of Contract Labour will also adversely affect employment generation as industry will not be in a position to provide permanent employment for all their operations given the fluctuating business dynamics.	• The Act should be renamed as 'The Contract Labour Regulation Act'. • As a consequence, Sec 10 of the Act giving powers to the appropriate Government to issue notification prohibiting engagement of Contract Labour in any process, operation or other work may be deleted.
III. INDUSTRIAL DISPUTES ACT, 1947	
Flexibility **Prior notice of 21 days for change in work condition / environment (Section 9A, Item 10 & 11 of fourth schedule)** – As per 9A any employer wishing to change any service condition applicable to workers needs to give 21 days' notice to the worker. – Two of the matters included in the fourth schedule, which are relevant to the issue are Item No. 10 (Rationalisation, Standardisation or improvement of plant, or techniques which is likely to lead to retrenchment of workmen) and Item No. 11 (deals with any increase or reduction (other than casual) in the number of persons employed or to be employed in any occupation or process or department or shift, not occasioned by circumstances over which employer has no control). – Industry is facing international competition due to rapid globalisation thus making imperative the need for effecting quick and urgent changes (for the improvement of systems, plants, techniques) for production in order to meet time bound customer requirements.	• Items No. 10 and 11 of the fourth schedule should be deleted in view of the changing industrial scenario as it will be in the larger interests of the workmen to ensure competitiveness of the unit in which they are working.
Harmonious Industrial Relations **Prior notice for Strike (Section 22)** – Sec 22 of the Industrial Disputes Act makes the service of prior notice mandatory for a strike / lockout. – This is applicable only for the industries which are termed as 'public utility services' as per sec 2(n) of the Act. This means in other industries (Section 23) the workmen can go on lightning strike even without prior notice of a single day and even during pendency of conciliation proceedings before a Conciliation Office.	• In section 22, the words 'public utility service', should be replaced with 'industrial establishments' so that other industries are also covered.

Issues	Recommendations
Enlarging the scope of Strike (Section 2(q)) – As per Section 2(q) of the said Act, whenever employees want to go on strike they have to follow the procedure provided by the Act otherwise the strike will be deemed to be an illegal strike. – Go-slow / work to rule / mass casual leave has become a major means of industrial unrest resorted to by the representatives of workmen to disrupt normal function and these acts are not covered under the term 'strike'. – This causes deliberate delay in production / service, whilst the workmen pretend to be engaged in work. This is listed as a type of unfair labour practice in Schedule V linked to Section 2 (ra). The Supreme Court has also come down heavily on such instances, but constrained by the definition of strike, has been forced to treat it only as a serious misconduct.	• It is suggested that the term 'strike' should be enlarged to include obstructive practices such as 'go slow', 'work to rule' and 'mass casual leave' which are more pernicious than 'strike' per se.
Time limit for referring a dispute and payment of full wages in case of appeal by the employer – Section 17-B was inserted by the Industrial Disputes (Amendment) Act, 1982 to provide that where a Labour Court or Industrial Tribunal by its award directs reinstatement of a workman and the employers go to the High Court or the Supreme Court, the employer shall be liable to pay such workman full wages during the pendency of such proceedings. Without this the High Court and the Supreme Court cannot grant stay of the operation of the award.	• Section 17-B should be deleted as it puts unnecessary burden on the employer, especially of a small scale unit, which has limited financial resources to deposit the entire amount of back wages and continue to pay full wages on a monthly basis till the matter remains pending in the High Court/ Supreme Court. • A period of limitation of three years can also be provided for matters like transfer, wages, allowances, hours of work, bonus, shift working, grade and scale of pay and the like under Section 17(B) of the ID Act. • The Rajasthan Government has introduced a three-year time limit for raising disputes
IV. TRADE UNIONS ACT, 1926	
Political affiliation of Trade Unions and outsiders being office bearers of the unions – Section 22 of the Act does not prohibit outsiders as Office Bearers of the Trade Union. – Only a regular employee of the company can relate to the business operations, interests of the company and interests of its workers compared to an outsider.	• All office bearers of a registered Trade Union shall be persons actually engaged or employed in the establishment or industry with which the Trade Union is connected. • There is no direct loss of interest for Trade Unions because their right to form an alliance or affiliation with external bodies remains as it is.
Registration of Trade Union – Currently 7 or more people may, by subscribing their names to the rules of the Trade Union and by otherwise complying with the provisions of this Act with respect to registration, apply for registration of the Trade Union under the Act. This creates multiplicity of Trade Unions	• Only one 'recognised union' should represent workers and deal with the management. The Trade Union should be selected through a secret ballot process. • Rajasthan Government has proposed amendment in the Act wherein a Trade Union can only be formed if it gets 30 per cent of workers as its member, up from the current limit of 15 per cent.

Issues	Recommendations
De-Registration of Trade Union	There should be a provision for 'de-registration' of the Trade Unions under the following conditions: • Instigation of illegal work stoppages, indiscipline on the shop floor, non-adherence to agreed production norms, etc. • Unions which do not hold internal elections in a free and fair manner and on time as stipulated under the provisions of the law.

V. CONTRACT LABOUR (REGULATION & ABOLITION) ACT, 1970

Flexibility

Definition of Contractor – As per Section 2(1)(c) of the Act, 'Contractor', in relation to an establishment, means a person who undertakes to produce a given result for the establishment, other than a mere supply of goods of articles of manufacture to such establishment, through Contract Labour or who supplies Contract Labour for any work of the establishment and includes a sub-contractor. – Now-a-days, all the contractors are not individual persons; many of them are legal entities serving multiple employers at the same time. The employees of these legal entities (contractors) are paid monthly on regular basis. The disbursement of salary for them does not happen in the premises of the Principal Employer and the Principal Employers too find it difficult to witness the payment of wages made by the contractors to their employees. – The Act does not define 'legal entity' and in the eventuality of any failure on part of the contractor the liability falls on Principal Employer.	• The term 'Contractor' as defined in Sec 2(1)(c) of the Act may be slightly amended to exclude 'Legal Entity'. • Contractors under the Contract Labour Act are currently large companies which are rendering specialized services. These companies are employers with PAN No., Employer Code under ESI, Employer Code under Provident Fund etc. These companies may be considered as employers and any query relating to social security payments may be directed towards these employers rather than multiple sites where these companies render service. • Currently, the regulatory authorities, even though aware of the Eco-System act ignorant, and ask for records from the sites where they work calling them Principle Employers. Therefore, there is an urgent need to define the responsibility of Principle Contractor for large companies like that of Principle Employer.
Registration Certificate (Flexibility) – Section 7 (1) & (2) of the Act says that Contract Labour should not be engaged in any factory/establishment without a valid Registration Certificate. – There is no timeline fixation (deemed approval) for processing the same under the Act. – Inordinate delay creates huge challenges to the employers engaging Contract Labour which many a times is required to address sudden business demands.	• The section should be amended to provide a time limit of 30 days from the date of receipt of application. • In case no communication is received from the authority within the 30 days period, the certification of registration should be deemed to be granted similar to provisions of Section 25-M (permission of lay off) Section 25-N (permission of retrenchment) and Section 25-O (permission of closure) of the Industrial Disputes Act, 1949.

Issues	Recommendations
VI. INDUSTRIAL EMPLOYMENT (STANDING ORDERS) ACT, 1946	
Re-instatement of Fixed Term Employment (Flexibility) – Fixed Term Employment was inserted by G.S.R. 936(E) dated 10th December, 2003 as Item 3A in Schedule I (Model Standing Orders) Industrial Employment (Standing Orders) Central (Amendment) Rules, 2003. Some States had adopted the 2003 amendment, for instance, Madhya Pradesh had allowed Fixed Term employment in March 2005 by amending Madhya Pradesh Industrial Employment (Standing Orders) Rules, 1963. By the time other States could have adopted Fixed Term Employment the same was omitted by G.S.R. 655(E), dated 10th October, 2007. – A 'Fixed Term Employment' workman is a workman who has been engaged on the basis of Contract of employment for a fixed period. However, his working hours, wages, allowances and other benefits shall not be less than that of a permanent workman. – FTE will provide industry the necessary flexibility to engage skilled labour in industry which is seasonal in nature as well as for project based sector.	• The provision of Fixed Term Employment should be re-instated.
VII. FACTORIES ACT, 1948	
Section 2 (n) of the Factories defines 'Occupier' as the person who has ultimate control over the affairs of the factory and the amendment only speaks about Government organisations.	• Under the Factories Amendment Bill tabled in Parliament, the term Occupier is defined only for Government organisations and does not contain clarification on non-government organisations • Amendments carried under Section 2(n) defining the term 'Occupier' should have also contained a clarification in case of non-government factories. Like in a Government organisation, it needs to be clarified that the Board of Directors of a Company may authorise the functional head of the factory to be an 'occupier'. These days functional heads called General Manager or Chief Operating officer or the like are professionally qualified, very responsible and highly competent.

After nearly two decades of relative tranquility, industry is once again witnessing an upsurge in labour unrest. The reasons are many – a young, more aspirational workforce, competitive pressures on industry and consequential pressures to perform and growing and very visible economic disparities. Another and even bigger concern is employment and employability of the large numbers joining the labour market every year. A key objective for the new Government, industry as well as unions therefore is to work together to create a vibrant manufacturing sector generating more employment and propelling the economy to a higher growth rate. This requires all three stakeholders to work to a common goal, setting aside partisan considerations.

While labour reforms will no doubt facilitate smooth operations on the shop floor and encourage investments, it is even more important to ensure a more harmonious marriage of employee aspirations and industrial and economic growth. Considerable education and rethinking is called for on the part of both labour and managements. Only then can we arrive at a balance between productivity, compensation and engagement, and building long term trust and relationship.

J N Amrolia
Chairman, SR IR Sub-Committee & CEO, Chennai Business School

Urgent need for Labour Reforms has consistently been brought on the 'radar screen' of successive Governments by both the industry and Trade Union bodies/ Associations. And tardy progress on labour reforms has been highlighted by industry as the impediment in its flexibility and handicap in its global competitiveness. By its very nature and political sensitivity, complete consensus amongst key stakeholders will be a mirage and we have to learn to live with some disagreements. While industry is rightly seeking a wholesome review / reforms, there is a need for many of us in industry to introspect and 'reform' our attitude and conduct in dealing with labour and bring in equity and dignity, which is often missing, particularly in dealing with contract labour.

Pradeep Bhargava
Chairman, CII National Committee on Industry Civil Society Interface and Director, Cummins India Limited

One of the top most priority for our country is to target a healthy economic growth of 7 per cent plus in the next 2~3 years. In this regard one of the key challenge will be to facilitate labour law reforms while retaining the principle of inclusiveness. While the business environment has changed significantly, especially after globalization set into India, the Labour Laws remain archaic, outdated and compliance driven, mostly unable to serve any meaningful objective either for labour or the industry. It is noteworthy to mention that the professional and pro-active approach of the Government, both at political leadership and bureaucracy level, is a welcome sign. CII too has been extremely pro-active by carving out a responsible, inclusive and business relevant specific proposal to the Government for labour law reforms. I think this is the first step in accelerating the economic growth and at the right time. I am excited to be part of this initiative.

S Y Siddiqui
Chief Mentor, Maruti Suzuki India Ltd

Labour Reforms help provide a 'safety net' with an attempt to ensure that a certain minimum standard is maintained. At Tata Steel, in line with the founder's philosophy, these basics were put in place many years even before the laws were enacted. These laws / labour reforms do not restrict business growth or employment generation. I feel that in the tertiary source of labour engagement i.e. (Contract Labour) - there is a strong need of voluntary actions that business can take, over and above compliance with minimum legal requirements, to address both its own competitive interests and the interests of society at large

Suresh Tripathi
Vice President – HRM, Tata Steel Ltd

Manufacturing 'competitiveness' is a critical success factor to realize the national dream of growing the GDP share of manufacturing from 16 per cent to 25 per cent and in the absorption of millions of youth coming into employment. One of the necessary conditions for success is for management and labour to see 'competitiveness creation' as a shared common goal. This means a healthy labour management environment that allows for globally competitive businesses to be built with an inclusive mindset to safeguard labour interests. Hence, the policies must be designed to simplify the processes and procedures by which industry is committed to invest in the long run and has the flexibility to deal with global uncertainties and volatilities to remain viable. This must be done by creating healthy respect and 'win-win' understanding between labour and management.

Sunder Rajan
CEO, Sona Koyo Steering Systems Ltd

Labour law reforms have been ignored since India's reform journey commenced over two decades ago. Consequently, jobs (particularly in the organized sector) have hardly increased even in times of economic growth. If employment has to take a step jump and investment from abroad needs to be attracted into manufacturing, these reforms can no longer be deferred. One hopes the new Government at the Centre will make these reforms one among its highest priorities.

Employers, on their part, have to use flexibility with responsibility. They need to be continually vigilant to ensure neither they nor their contractors and vendors exploit or treat their workforce unfairly in any way.

Visty Banaji
Chief Executive Officer, Banner Global Consulting Ltd

Given the fact that the labour laws have by and large remained static in spite of several fundamental changes in the economy it is time to do a major RESET to align it with current and future needs rather than just tweaking here and there.

All stakeholders - Governments (Central and State), employers, and employees have to come on the same page on reforms with fewer laws, clear definitions, better and easier compliance processes, and a supportive environment. This will promote a competitive landscape in India that promotes employment generation by engaging with the aspirational youth of the country in manufacturing.

Reforms should encourage an employment model that recognises the business imperatives of flexibility and nimbleness to remain relevant in the wake of global competition.

R Venkatanarayanan
Executive Vice President – HR, Rane Holdings Limited

The basic idea about the new Government's intention of 'labour reform' is that without causing any disadvantage to the working class, we should remove all obstacles for seamless operations in the factories so that the entrepreneurs are not under threat or pressure of unexpected industrial actions which may affect production and productivity. This will enhance competitiveness and sustainability of Indian factories and create an attractive industrial climate for investment in manufacturing.

Initiatives on skill development and proposed amendments in the Factories Act and the Apprentices Act shall give equal opportunities to both male and female workers for skill upgradation. The employers shall have the advantage of continuous supply of skilled manpower.

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