

**GOVERNMENT OF INDIA  
LABOUR AND EMPLOYMENT  
LOK SABHA**

UNSTARRED QUESTION NO:1504

ANSWERED ON:03.12.2012

FLEXIBILITY IN LABOUR LAWS

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**Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:**

- (a) whether the World Bank has commented that India needs to amend labour laws to provide flexibility to companies dealing with changes in demand pattern;
- (b) if so, the details of suggestions made by the World Bank in this regard along with the reaction of the Government thereto;
- (c) whether due to non-flexibility in labour laws the share of informal workers in the organised sector has gone up; and
- (d) if so, the steps taken/being taken by the Government to amend the Indian Contract Labour Act, 1970 and Industrial Disputes Act, 1947 to help the workers and industry in the country?

**Answer**

MINISTER OF STATE FOR LABOUR AND EMPLOYMENT (SHRI KODIKUNNIL SURESH)

(a) & (b): The World Bank in its World Development Report, 2013: Jobs has suggested that India needs to focus on jobs and labour reforms. The report emphasizes the need to stay within the efficiency "plateau" of labour laws where labour policies are not too stringent and allow the creation of more wage employment, especially in cities and in activities connected to global markets. With the working population increasing by 7 million people each year in India, accelerating urban development and increasing labour flexibility are key to creating jobs in more productive activities, thus sustaining growth and reducing poverty. So, for India, the desirable actions to promote growth would include creating towns, reforming labour laws to allow flexibility and improving governance in general and specifically in areas that impede entrepreneurship.

As regards the reaction of Government of India, it is stated that Ministry of Labour & Employment is mandated to create a work environment conducive to achieving a high rate of economic growth with due regard to protecting and safeguarding the interests of the working class in general and those constituting the vulnerable sections of the society in particular. Accordingly, the Ministry of Labour & Employment reviews/updates various Labour Laws from time to time which is a continuous process.

(c) & (d): There is no evidence to show that the share of informal workers in the organized sector has gone up due to non-flexibility in Labour Laws. However, the Ministry reviews labour laws as a continuous process and makes amendments as and when considered necessary to help the workers and industry in the country.