

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

STARRED QUESTION NO:374

ANSWERED ON:04.08.2014

FLEXIBILITY IN LABOUR LAWS

Adsul Shri Anandrao ;Yadav Shri Dharmendra

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

(a) whether the World Bank in its annual World Development Report has suggested a number of reforms in labour laws to allow flexibility in order to create jobs in small cities and towns;

(b) if so, the details thereof and the reaction of the Government thereto;

(c) whether the percentage of workers in the unorganised sector has increased substantially;

(d) if so, the details thereof; and

(e) the measures taken/proposed to be taken by the Government to make labour laws flexible in order to generate more employment opportunities in small cities/towns and also to provide social security net to the labourers?

Answer

MINISTER OF STEEL, MINES, LABOUR AND EMPLOYMENT (SHRI NARENDRA SINGH TOMAR)

(a) to (e): A Statement is laid on the Table of the House.

Statement referred in reply to parts (a) to (e) of the Lok Sabha Starred Question No.374 for 04.08.2014 by S/Shri Dharmendra Yadav and Shri Anandrao Adsul regarding Flexibility in Labour Laws.

(a) & (b): Yes, Madam. The World Development Report, 2014 mentions, inter-alia, to the need for greater labour market flexibility and lower costs of compliance for encouraging higher productivity and employment generation in Indian context. It refers to the need for promoting formalization, simplification and modernization of labour laws including the Industrial Disputes Act, improving administrative procedures, bringing greater labour flexibility in labour law provisions and minimizing compliance cost to reduce regulatory burden in India.

Ministry of Labour & Employment is involved in creation of a conducive work environment for ensuring industrial peace, harmony and growth while protecting and safeguarding the interests of the working class in general and those of vulnerable sections of the society in particular. Review and updation of labour laws is a continuous process in order to bring them in tune with the emerging needs of the economy such as increasing employment opportunities without compromising on productivity and competitiveness. Government, in its endeavor, is guided by the ethos of tripartite consultations involving government, employers' organizations and workers' organizations.

(c) & (d): As per the Employment-Unemployment Survey conducted in 61st Round NSSO in the year 2004-05, the total employment in both organized and unorganized sector in the country was 45.91 crore. Out of this, about 43.26 (94.23%) crore was in unorganized sector. According to the latest Employment-Unemployment Survey conducted in 68th Round NSSO in the year 2011-12, the total employment in both organized and unorganized sector in the country was 47.41 crore. Out of this, about 44.51 (93.88%) crore was in unorganized sector. Hence, there is an increase of 1.24 crore in terms of absolute number of unorganized workers. This reflects a decline of 0.35% in employment in unorganized sector.

(e): Job creation is the core priority of Ministry of Labour & Employment. Ministry is taking initiatives to promote an enabling business environment which is conducive for employment growth while safeguarding the welfare of working class. These initiatives would be applicable uniformly across the country without any distinction of small cities / towns.

The Government has decided to transform Employment Exchanges into Career Centers for connecting job seekers especially youth with job opportunities across the country with effective use of technology. The present ITI system is also being revamped for meeting the needs of the industry, including at local industry level, to support industrial growth, especially in Manufacturing Sector and MSME, which in turn will encourage job growth. Proposed amendments to the Apprenticeship Act, 1961 are aimed to bring in desired flexibility for boosting training and employment opportunities for youth.

Ministry of Labour & Employment is also addressing the issues of easing compliance burden to promote an enabling business environment. A single unified Web Portal is being developed for Online Registration of Units, Reporting of inspections, and submissions of Annual Returns and redressal of grievances. This portal will facilitate ease of reporting at one place for various Labour

Laws by a single online Annual Return; consolidate information of Labour Inspection and its enforcement thereby enhancing transparency in Labour Inspection as also in monitoring of Labour Inspections. An Inspection Scheme has also been notified with the objective of simplifying business regulations and for bringing in transparency and accountability in labour inspections. The scheme envisages objective criteria for selection of units for inspection. Amendments have also been proposed to labour laws including the Factories Act, 1948, the Labour Laws (Exemption from Furnishing Returns and Maintaining Registers by Certain Establishments) Act, 1988 to bring them in tune with demands of changing labour market scenario and to ensure ease of business.

In terms of social protection to the workers in the unorganized sector, Ministry of Labour and Employment has enacted the Unorganised Workers` Social Security Act, 2008 covering

- (a) life and disability cover,
- (b) health and maternity benefits,
- (c) old age protection and
- (d) any other benefits as decided by the Central Government.

In the organized sector, the social security cover is provided by the Employees` State Insurance Act, 1948, the Employees` Provident Fund and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act 1961, the Payment of Gratuity Act, 1972, the Employees Compensation Act, 1923 and the Equal Remuneration Act, 1976.

In the recent times, Ministry has taken a series of initiatives to make the health care for the worker more effective and consumer responsive. For the unorganized sector worker, Ministry is working on Convergence of three main Social Security Schemes on a single smart card and a single point of service. RSBY, which is the flagship healthcare scheme for unorganized workers, is also being revamped to ensure that RSBY outcomes for the beneficiaries in terms of reduced medical expenses and loss of wage are achieved. In the organized sector, it has been proposed to allot a Universal Account Number (UAN) to the members of EPFO to ensure portability across jobs and geographic area.