

Industrial relations code bill to come up in LS today

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- **Packed with proposals aimed to increase the ease of doing business**
- **The labour code bill includes provisions that allow firms to hire employees on a fixed-term contract.**

Long-pending reforms on the labour front are set to roll with the Lok Sabha on Wednesday taking up the Industrial Relations Code (IRC) Bill, packed with proposals aimed to increase the ease of doing business.

Provisions of the bill promoting fixed-term employment, smoothing the retrenchment process, and discouraging strikes are expected to be welcomed by the business community, while displeasing worker unions who may see an erosion of their bargaining power.

The move follows recent government initiatives to boost investment, including a sharp cut in corporate taxes, relaxation of foreign investor rules, and a push for privatization. A comprehensive reforms push may help revive a slowing economy and ultimately boost employment generation.

The bill includes fixed-term employment as a category of employment in classification of workers, a provision that workers and unions view as casualization of the workforce. However, it has been a long pending demand of employers to manage elasticity of demand at the shop floor without hiring permanent employees.

The definition of a strike is being amended to include 'mass casual leave' in case of a sudden protest and makes it mandatory for a notice of 14 days for strikes and lockouts in any establishment.

To help employers check constant unionism, the bill introduces a feature of 'recognition of negotiating union' under which a trade union will be recognized as sole 'negotiating union' if it has the support of 75% or more of the workers on the rolls of an establishment, according to details shared with Mint. As several trade unions are active in companies, it will be tough for any one group

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to manage 75% support, hence taking away their negotiating rights. In such a case, a negotiating council will be constituted for negotiation, says the bill.

IRC is one of the four labour codes that the Centre is pushing through to reform India's archaic labour laws and amalgamate 44 central laws into four broad legislations. The bill merges the Trade Unions Act, 1926, the Industrial Employment (Standing Orders) Act, 1946 and the Industrial Disputes Act, 1947.

According to the bill, terminating a worker at the end of the fixed term would not be retrenchment, said a government official who did not wish to be named. "In view of the present globalized economy, fluctuation in quantum of production of goods and services (depending upon demand and supply), necessitates employment of additional workers for a limited period of time. In view of this, the proposed amendments on the one hand make it easier for the employer to engage/disengage workers based on requirement. On the other hand, it is also being ensured that the retrenched worker is provided an opportunity to acquire new skills through a re-skilling fund to enhance his employability to facilitate finding new employment," the official said.

The Indian economy grew at 5% in the June quarter, a six-year low, while the country's factory output shrank for the second straight month at 4.3% in September, recording its worst show since the present series was launched in April 2012.

"The ease of compliance of labour laws will promote the setting up of more enterprises, thus catalysing the creation of employment opportunities in the country," said another official familiar with the development, requesting anonymity.

The bill, however, underlines that fixed-term employees will get all statutory benefits on a par with the regular employees who are doing work of the same or similar nature.