

Allow surplus staff layoffs, flexible shifts: IT to states

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Nasscom has argued that IT-ITeS sector should be allowed to temporarily lay off surplus workforce with payment of a 50% compensation or minimum wages, whichever is less, during the layoff period, without compromising on the employee's statutory entitlements, which will do away with the need for retrenchment of employees.

NEW DELHI: The Indian IT industry has asked state governments to extend labour laws relaxations to the services industry, arguing that it would help the \$191 billion sector, chiefly reliant on global customers, to cope with the "severe economic downturn" caused by the coronavirus outbreak.

Industry lobby group National Association of Software and Services Companies (Nasscom) has sought furloughs and temporary layoff of surplus employees, relaxing daily and weekly work-hour limits, allowing women to work at night from home and a self-declaration regime to comply with government rules.

It has also sought waiver on the need to provide a 21-day notice to government and employees before making policy changes as well as an exemption from mandatory on boarding of apprentices. Over the last week, Nasscom has written to four states – UP, Maharashtra, Madhya Pradesh and Gujarat – that have given some exemptions to industrial units and manufacturers from labour laws, seeking that the IT sector be covered under the new rules.

"Most of the states, such as UP, have given blanket exemption from all laws to manufacturing companies, except two-three Acts. We don't want blanket exemptions, but we also don't want the IT sector to be left out while these labour law changes are being made," said Ashish Aggarwal, head – public policy at Nasscom.

The IT-ITeS sector is facing a severe economic downturn, especially small and medium units, he said, as many global clients across the travel, tourism and hospitality sectors have been completely disrupted and clients in manufacturing and services have also been severely impacted. "The industry is in dire need of labour law reforms in order to drive back recovery. At this crucial hour, it is necessary to ease business conditions in the form of well-thought labour law reforms," Ashish Aggarwal added.

IT Firms Make a Wishlist

NASSCOM'S RECOMMENDATIONS INCLUDE

- **Announcing furloughs** and temporary lay-off of surplus staff
- **Relaxing daily and weekly working hour limits** in IT industry
- **Allowing women to work night shifts from home**
- **A self-declaratory model** to meet govt compliance
- **Waiver of giving 21-day notice** before making policy changes

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The labour law reforms, if carried out, are expected to benefit companies like Tata Consultancy ServicesNSE -1.20 %, InfosysNSE -2.67 %, HCL Tech and Genpact which are the industry's top

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Making Corporate India Comply

employers, as well as smaller companies. Industry leaders say the demand for restructuring labour laws is not new and has been debated for over 15 years with little success.

"There should be flexibility allowed to organisations, of course which should be used in a decent and humane fashion. Most of it comes from not trusting employers to be fair to their employees," P Srikar Reddy, CEO of Sonata Software, advocating uniform laws for all sectors. "Perhaps, one or two companies may not be ethical in dealing with their employees but because of that, everyone is suffering."

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