Labour reforms

Why in news?

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- The proposals regarding the laws governing industrial labour have been in the works for over two years, and it has found a brief mention in the Budget speech this year.
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- One of the primary criticisms directed at the present Indian government has been its failure to address these laws.
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- It is an important reason why the manufacturing activity not taking off as hoped.
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What the proposed changes offer?

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- The proposed changes offers flexibility in operations to the smaller companies, better compensation for the retrenched employees, a more representative character for trade unions, and a new framework for minimum wages.
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- It has put in place a study-cum-work arrangement. Workers earn while they learn, and the training is linked to the prospect of real employment. It will give a new thrust to the skilling programme. It also offers better pay to those who join as apprentices.
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- One proposal that is going attract criticism is – A proposal to allow units employing 300 workers to shut down operations without seeking permission of govt. If approved, this would take the vast majority of companies out of the framework.
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- The flip side is: those who get retrenched should get 45 days wages for

every year worked. Retrenchment becomes easier and more expensive. So companies will not resort to it lightly.
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- Another proposal aims to raise the qualifying floor for the formation of trade unions.
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- Also, smaller units will be offered a freer labour market. The binary division of the labour market into organised and unorganised segments would give way to more categorisations that enable easier transitions.
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Source: Business Standard

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