

Business Standard

Fixed-term employment will create jobs, reduce employer's fear

Implementation of the proposal can be a tricky affair

Business Standard Editorial Comment | New Delhi June 11, 2015 Last Updated at 21:38 IST

The pace at which his boss works may be difficult to match, but no one can blame Labour Minister Bandaru Dattatreya for not trying. For labour law reforms have been on top of the table for the Narendra Modi government - evident from the large number of changes that have been initiated in the five Acts that largely govern India's labour market. The latest reforms move is aimed at giving companies greater flexibility in hiring contract workers for project-based jobs or short-term assignments. A report in this newspaper on Tuesday said the ministry wanted to amend the Industrial Employment (Standing Orders) Act to hire "fixed-term" workers for a specific period and terminate their services once the project was completed without having to give any notice. The caveat is that they have to be given the same wages and social security benefits for the same work on a par with regular workers. This, of course, is not as simple as it sounds - as in the absence of a definition of "same work", companies may face a floodgate of cases claiming performance of similar kind of work. Such irritants notwithstanding, industry would be happy with "fixed-term" jobs, as it would bring in transparency and reduce the fear of employers of having to match contract workers' expectations of getting employment on a permanent basis. The removal of fear is important as contract jobs do provide labour market liquidity. In any case, it's better to have a fixed-term job than not having a job at all in a country where over 12 million job aspirants enter the labour market every year.

There is no doubt that archaic labour laws governing employment of contract labour have fanned tensions at the workplace and need to be amended. For example, the Contract Labour (Regulation and Abolition) Act states that if the job content or nature of work of employees needs to be changed, 21 days' notice must be given. The changes also require the consent of the employees and this has proved to be tricky.

But the problem with introducing "fixed-term" jobs is that it ignores one crucial issue: if the contract worker has got the required skills and training, why should he/she not have the right to a preference in employment if the company decides to take a permanent worker in that place? In fact, the Maharashtra government has made a law where contract workers need to be considered first when regular vacancies emerge. A blanket fixed-term job takes away that option and could be a source of friction with trade unions, who have already started terming it a backdoor entry of hire and fire. That's the reason why the proposal that was originally submitted in 2003 by the previous National Democratic Alliance (NDA) government was scrapped by the United Progressive Alliance (UPA) government in 2007. As it is, the labour law amendments already proposed by the government face quite a few roadblocks, given the logjam in Parliament and staunch opposition by trade unions, including the Rashtriya Swayamsevak Sangh-affiliated Bharatiya Mazdoor Sangh. Further reforms proposals, which can raise tension, can perhaps wait a while.