




# **LABOUR REGULATION**

**BA 6<sup>TH</sup> SEM (H)  
INDIAN ECONOMY-II  
UNIT-1**

# INTRODUCTION TO LABOUR POLICY

- Labour Policy means setting trends, evolving course of actions, following principles and practices to govern labour matters.
- Labour policy derives its philosophy and content from Directive Principles of State Policy as laid down in the constitution of India.
- The State shall endeavour to secure and ensure a decent standard of life and full employment with leisure time for pursuing social and cultural opportunities. , by suitable legislation and economic organisation, to all workers. (agricultural, industrial or otherwise – work/employment at living wages and appropriate conditions)



- While in the early decades of independence, the labour policy was preoccupied mainly with the organised sections of the labour force, attention during the post-2005 years has been paid to take care of the interest of the workers in the unorganised sector
  - The labour policy of India has been evolving over time in response to the specific needs of the situation and to suit the requirements of planned economic development and social justice.
  - The objective of any labour policy is to ensure a conducive environment to labour-management cooperation.
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# ORGANISED SECTOR

- Organised Sector, which is registered with the government is called an organised sector.
- In this sector, people get assured work, and the employment terms are fixed and regular.
- A number of acts apply to the enterprises, schools and hospitals covered under the organised sector.
- Entry into the organised sector is very difficult as proper registration of the entity is required.
- The sector is regulated and taxed by the government.



# UNORGANISED SECTOR


- which is not registered with the government and whose terms of employment are not fixed and regular is considered as unorganised sector.
- In this sector, no government rules and regulations are followed.
- Entry to such sector is quite easy as it does not require any affiliation or registration.
- The government does not regulate the unorganised sector, and hence taxes are not levied.
- This sector includes those small size enterprises, workshops where there are low skill and unproductive employment.



# LABOUR POLICY PRIOR TO INDEPENDENCE IN INDIA

- The Royal Commission on labour set up in 1929 recommended:
  - trade unions' right of negotiation,
  - setting up of Labour Welfare Officer, Wage Boards and Works Committee,
  - maternity benefit legislation,
  - housing facilities,
  - permanent statutory machinery to deal with disputes, etc.
- Hence, much of the labour policy of India in the initial stages originated with the recommendation of this Royal Commission.



- A landmark in the field of labour policy was the appointment of the Labour Investigation Committee in 1944. The Commission, in its report submitted in 1946, recommended:
    - (i) a code of safety to reduce accidents,
    - (ii) state funded insurance against employment injury, occupational diseases and maternity benefits,
    - (iii) linking dearness allowance (DA) with cost of living index
    - (iv) recognition of trade unions.
  - It was thus realised that without satisfying the labour class, the industrial development is not possible and hence serious thought must be given to the formulation of a national labour policy
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## LABOUR LAWS FOR ORGANISED SECTOR


- The various laws pertaining to labour welfare and regulation can be classified under four heads. Laws relating to:
  - (A) working conditions;
  - (B) employee relations;
  - (C) wages and monetary benefits ; and
  - (D) social security





# WORKING CONDITIONS

- **The Factories Act, 1948:** The Act mandates registration of factories and provisions of working conditions relating to health precaution of workers, welfare and safety of workers, conditions under which women work, and working hours for adults and children.
  - **The Plantation Labour Act, 1951:** It mainly deals with health and welfare measures for workers employed in plantations. These include: drinking water, medical facilities, crèches, recreational facilities, educational facilities etc
  - **The Mines Act, 1952:** The Mines Act provides for health, safety and welfare of workers employed in mines. These include: supply of drinking water and medical appliances
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- **The Contract Labour (Regulation and Abolition) Act, 1970:**The Contract Labour (Regulation and Abolition) (CLA) Act seeks to regulate 61 Labour Laws and Regulations the employment conditions of contract workers and provides for its abolition in certain circumstances.
  - **The Inter-state Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979:** This was enacted with a view to protecting the migrant workers from exploitation.
  - **Child Labour (Abolition and Regulation) Act, 1985:**prohibits the employment of children below the age of fourteen years in factories and hazardous employment which includes glass and glassware, fireworks and match making, and carpet weaving.
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# EMPLOYEE RELATIONS

- **The Trade Unions Act, 1926:** The Trade Union Act (TUA) provides for registration of trade unions and thus creates a countervailing power in favour of the working class.
- **The Industrial Employment (Standing Order) Act, 1946:** It defines conditions of work for different categories of workers making them conscious about their employment rights.
- **The Industrial Disputes Act, 1947:** The act provides a statutory machinery for dispute resolution.



## WAGES AND MONETARY BENEFITS

- **The Payment of Wages Act, 1936:** This is one of the earliest labour laws enacted in colonial India with the objective of ensuring the payment of wages on time to the worker.
- **The Minimum Wages Act, 1948 (MWA):** The Act is aimed at preventing workers from being exploited. The Act does not discriminate between male and female workers for wages. It is mandatory on the part of the employers to pay minimum wages.
- **The Payment of Bonus Act (POBA), 1965:** It aims at sharing the gains of industry between the employer and the employees.
- **The Equal Remuneration Act, 1976:** It applies to all establishments whether belonging to the public or the private sector to pay equal remuneration to men and women for doing the same work or work of similar nature.

# SOCIAL SECURITY LAWS

## Organised Sector

- **The Workmen's Compensation Act (WPA) 1923:** The Act provides for payment of compensation to workmen and their dependants in case of injury and accident (including certain occupational diseases) arising out of the course of employment resulting in disability or death
- **The Employees' State Insurance Act (ESIA) 1948:** The ESIA is the principal social insurance law in India. It applies to all workers in factories.
- **Employees' Provident Funds (and Miscellaneous Provisions) Act [EPFA] 1952:** The Act provides for compulsory contributory provident fund, including pension and insurance, for employees in factories and other establishments employing 20 or more persons.
- **Maternity Benefit Act (MBA) 1961:** The Act aims to protect the earnings of women employees for a specified period of time both before and after child birth.
- **The Payment of Gratuity Act (PGA) 1972:** Gratuity is a benefit payable to the employees on retirement from the service.

## Unorganised Sector

- **Unorganised Workers Social Security Act, 2008.**  
The Act stipulates formulation of welfare schemes for unorganised sector workers on matters relating to: (i) life and disability, (ii) health and maternity benefits, (iii) old age pension, etc.
- Various Schemes have since been formulated by the Government. These are:
  - (i) Indira Gandhi National Old Age Pension Scheme,
  - (ii) National Family Benefit Scheme,
  - (iii) Janani Suraksha Yojana,
  - (iv) Aam Admi Bima Yojana,
  - (v) Rashtriya Swasthya Bima Yojana

