



COVID-19 and Labour Reforms in India: 2020-21

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(Abstract- The world pandemic Covid-19 ravaged the world economy. It had inordinate impact on the livelihood of the people of India. Due to India went for lockdown which hit hard to various sectors including MSME, hospitality, civil aviation, agriculture and industries, and other allied sectors in India. The Government of India consequently carried out various reform measures. The Indian policy makers in order to revive the economy as a policy response attempted to revive MSMEs to help the affected poor during Covid-19 pandemic. Accordingly as a reform measure under the scheme of Pradhan Mantri Garib Kalyan Yojana (PMGKY) for ensuring food security through public distribution system (PDS) and funds to help women, widows and prisoner's additional funds for MGNREGS were revived. These reform measures were carried out during corona crisis as there were acute economic crisis including labours in various sectors. The above reforms were introduced under the scheme of Atmanirbhar Bharat Mission-2020 which focused on the potential of primary (agriculture and mining sectors) and secondary sectors of the economy to create jobs for enhancing income and social security. Narendra Modi, the PM of India announced 20 lakh crore as relief package and the Finance Minister was entrusted with the responsibility to distribute the funds to various sectors. This was the biggest package plan from Government of India made in the history. The Finance Minister Nirmala Sitaraman, following PM's address before lockdown

4.0, in media briefing furnished the detailed plan layout of 20 lakh crores. The Finance Minister rolled out many sweeping or drastic reforms for the farm sector. The labour reform was most significant step taken by GOI, to help the destitute during corona pandemic period.)

(Key Words- Covid-19, economic impact, labour reforms, Atmanirbhar Bharat, concluding remarks)

The world has endured a year of the unparalleled assault by the novel Covid-19 virus- SARS-CoV-2- first identified in Wuhan city of China in December 2019. The virus has posed an unprecedented challenge for policy making in globally, nationally and locally. It has tested the fortitude of policymakers to deal with uncertain, fluid and dynamic situations having with far reaching implications. By the end of February 2020, the world pandemic as declared by WHO on 11 March, 2020 within a period of three months of its manifestation, spread to more than 54 countries. Within a year, it had infected around 9.6 crore people growing infection at the rate of 3.3 per day. The pandemic has accounted for 20.5 lakhs death across 220 countries with a global case fatality rate of 2.2 percent as of 15th January 2020. The global health crisis promoted by the COVID-19 in addition to an enormous human toll, has endangered the largest economic shock the world economy has witnessed in 2020. The pandemic was associated with lockdown measure led to a de facto shutdown of a significant portion of the global economy, thereby triggering a global recession in 2020. The global economy as estimated to contract by 4.3 per cent, as per World Bank, and 3.5 per cent as per IMF.¹ The pandemic induced lockdown led to local, regional and global supply disruptions hitting economic activities and disrupt livelihoods. The Indian policy makers in order to revive the economy as a policy response attempted to revive MSMEs to help the affected poor during Covid-19 pandemic. Accordingly as a reform measure under the scheme of Pradhan Mantri Garib Kalyan Yojana (PMGKY) for ensuring food security through public distribution system (PDS) and funds to help women, widows and prisoner's additional funds for MGNREGS were revived.² These reform measures were carried out during corona crisis as there were acute economic crisis including labours in various sectors. The above reforms were introduced under the scheme of Atmanirbhar Bharat Mission-2020. These reforms were primarily focused on strengthening the potential of primary (agriculture and mining

¹ . The Economic Survey 2020-21, Vol-I, Government of India, 2021, pp-3.4,

² . Ibid., pp-32-33.

sectors) and secondary sectors of the economy to create jobs for enhancing income and social security.

The major structural reform undertaken by the Government of India under the Atmanirbhar Bharat Package plan affecting all states were; 1) Farmers Produce and Commerce Act, 2020 (2) Farmers Agreement of Price Assurance and Farm Service Act, 2020 (3) Essential Commodities (Amendment) Act, 2020. In the labour reform sectors the government of India enacted four labour codes namely, wage code, Industrial Relation Code 2020, Code on Occupational safety, Health and Working Conditions Code, 2020 and Social Security Code, 2020. Provisions were also laid down for one labour return, one licence and one registration programme.³

A dozen of Indian states- UP, Maharashtra, MP and Gujarat accordingly made sweeping changes with regards to labour laws keeping in mind of COVID-19 pandemic and to introduce the Self-Reliant Mission of PM, Narendra Modi. On 8 May 2020, the UP Government under Aditya Nath Yogi took initiative in order to save agriculture and farmers during corona crisis, approving Agricultural Produce Market (Amendment) Ordinance-2020. It emphasized 46 markets of perishable fruits and vegetables made duty-free. Secondly the requirement to sell the crops only in *mandis* ended. Thirdly, there will be lesser crowd in *mandis*, farmers income will increase. Last not the least ease of doing business will get a boost. This was considered as great economic measure in the crisis period for the farmers of UP. Besides, UP cabinet suspended all labour laws promulgating an ordinance except in three areas- bonded labour, ex-gratia to workers and timely wage payments, allowing industry to work on "hire and fire" basis. The UP Government had given green signal to the Uttar Pradesh Temporary Labour Laws Ordinance, 2020. In a statement the UP government said that 'nation-wide lockdown due to the corona pandemic has slowed the pace of industrial and economic activities in the state, which has also impacted the welfare of labourers and made this ordinance necessary. The new law was made keeping in view to encourage new investments, setting up new industrial infrastructure and benefit of exiting industries and factories. The law was temporarily made applicable for three years. However, the curbing of labour unions, working conditions, work disputes and other such rule were widely been criticized by opposition political party. Priyanka Gandhi, criticized the government's move in this regard.⁴ Yogi Aditya Nath immediately within few days cancelled the ordinance citing for unavoidable reasons on 19th May 2020. He however, said that

³ . Ibid., 35-36.

⁴ . m.businessstoday.in, date-9/5/2020.

the workers would be paid for extra working hours instead of double wages, stipulated for over time due to unavoidable circumstances, cancelling the May 8 Ordinance.⁵

In Madhya Pradesh Industrial Dispute Act 1947 was amended and the provisions laid down were (a) prohibition of strike and lock-out and imposing penalty on workers by the employers (b) government permission required for lay-off (c) conditions precedent to retrenchment of workmen will need to be meet.(d) procedure for closing down an undertaking will need to be followed. Non-compliance will attract a penalty (e) Unfair labour practices like threatening workmen with discharge or dismissal if they join a trade union, establishing employers sponsored trade unions of workmen will continue to be barred.⁶

Since the labour law reforms have been promulgated in a dozen of states of India, particularly UP, Gujrat, Himachal Pradesh, Haryana, Odisha, Maharastra, Rajastan, Bihar and Punjab had increased the daily working hours from 8 to 12 hours, and decision to allow companies to "hire and fire" workers.⁷ The Central government is now attempting to fast-track the labour law apprehending to attract the investors. The top policy makers thought that this uniform law is needed as multinational companies looking at relocating from China to India would prefer flexible central laws over state laws for uniformity of operations across different locations. Therefore the states those who have reformed labour laws and passed ordinances the central government planned to fast track the regulations over ordinances.⁸

However, the reforms were draconian in nature. Trade Unions in India moved to International Labour Laws accusing it as 'undermines' global norms of ILO convention 144. In a complaint to Secretary General of ILO the trade unions mentioned that Indian working people have been subjected to inhuman sufferings owing to loss of jobs, loss of wages and evictions from residences during lockdown.⁹ Therefore the Trade Unions attracted the attention of the ILO to intervene the matters. The ten central trade unions conducted a nationwide protest on 22nd May 2020. The Unions were Indian National Trade Union Congress, the Hind Mazdoor Sabha, the Centre of Indian Trade Unions, the All India United Trade Union Centre, the Trade Union Coordination Committee, the Self Employed Women's Association, the All India Central Council of Trade Unions, the Labour Progressive Federation and United Trade Union

⁵ The Times of India, 20/05/2020.

⁶ .www.bloombeqrquint.com

⁷ The Hindu, 16/5/2020.

⁸ The Economic Times, 25/5/2020.

⁹ The Times of India, 20/5/2020.

Congress.¹⁰ The All India Adivasi Students Association of Assam (AASAA) slammed the government's decision to extend the daily working hours across the States' tea garden from 8 to 12 hours. The association considered the law as draconian. The working hours set was inhuman, autocratic and it undermines the rights of workers and dignity of human life.¹¹ Many political parties of India did not favour the changes in labour laws.

On 22 May 2020, Director General, ILO, Geneva expressed its concern on labour issue and urged the PM of India to send a clear message to the central and state governments to uphold international labour laws after the recent dilution of laws by some states¹²The trade unions shot off another joint complaint to the ILO on 25th May 2020 seeking a stronger interventions from the multilateral body to restrain India from carrying out unilateral changes to labour laws.¹³ Santosh Kumar Gangwar, Minister for Labour and Employment took actions against to cube of labour laws in some states and stated that 'the complete suspension of labor rights, as done some states cannot be termed as labour reforms" and abortion of worker protection by some sates won't be oked". The centre instead, planned to create an electronic database of all covid-19 migrant workers and a series of confidence measures to get them back to work. Besides the central government committed to create an amicable environment where a balance is created between the rights of workers and the demands for doing business with a vision for self-reliant and making India an investor-friendly nation for firms looking to relocate from China.

The central government took steps to reform labour laws and visualized to provide wage security, social security to the workers and compliance of transparent mechanism to industry for the win-win situation for both as the relationship are symbiotic between them. The labour reforms undertaken by some states were temporary in nature. To remove the contractors and middlemen hatch the central government proposed National Career Service Project and the database could be developed in coordination with various state governments. The central government initiated the database through the Unorganized Workers Identification Number (UWIN) had been steeped up. It focused on 8 corer organized workers and focused on 40 crore workers unorganized sectors. The Government of India through MSMES's scheme for Atmanirvar Bharat planned many more steps to rehabilitate economic disruptions caused due to COVI-19

¹⁰ .The Hindu,16/5/2020.

¹¹ The Hindu,23/5/2020.

¹² The Hindu, 26/5/2020.

¹³ . The Economic Times, 26/5/2020

crisis. The uniform labour reforms initiated by central government in 2004 are now with Parliamentary Standing Committee will be finalized soon. The labour ministry is examining the recommendations of the parliamentary standing on the industrial relations code and that on occupational safety in the backdrops of COVID-19 crisis. The report of the committee is awaited with respect to the social security and its legal issues. The central government was not in favour of the demand for cash payments by some political parties. Instead the central government was in favour of relief measure by providing financial benefits to various vulnerable target groups in Pradhan Mantri Garib Kalyan Yojana (PMGKY).¹⁴

Thus after 41 years, learning from the current migration crisis for COVID-19, the workers registered themselves under the Employees' State Insurance Corporation which would enable them for better social security and health benefits. The new steps, which follow migration of lakhs of workers, both in formal and informal sectors of economy during the lockdown, were proposed under the updated Code on Social Security. The Labour Ministry would now take the matter to the Union Ministry by the end of the year for its enactment.¹⁵ The Indian IT industry had asked various state governments to extend labour law 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 Covid-19 virus outbreak. Nasscom wrote to four states- Uttar Pradesh, Maharashtra, Madhya Pradesh and Gujrat for labour law relaxations and to cover under proposed new rule, including permission for women to work at night from home and self-declaration regime.¹⁶ The Government of UP set to sign MOU's with Indian Industry Association and National Real Estate Development Council for employment of 7.5 lakh people annually. This was the step taken after lakhs of migrant labourers came back to native villages of UP during Covid-19 pandemic. These two organizations would reach out to the industries and builders to collect information about the labour demand and workers experiences and skill sets. The detail data would be shared with government so that they can seek human capital. This step was crucial as the current legal framework is inadequate, something that was exposed by the migration exodus. Before that India did not have any portable data relating to labourers, was leading to the rethink by government. The exiting Inter-State Migrant Workmen Act, 1979 was applied to only few states not uniformly applied to all states. The proposed new legal framework wills the migrants workers, portability, income, and social and health

¹⁴ . The Economic Times, 27/5/2020.

¹⁵ The Times of India, 28/5/2020.

¹⁶ the Economic Times, 28/5/2020.

security. The key element of the new law was to allot unorganized sector workers an Unorganized Workers Identification Number (U-WIN), which was prescribed through a law in 2008. The central government would link this to Aadhaar card so that the centre and state government can access to it, whenever required.¹⁷

Unlike the Government of UP, the government of Bihar directed 12 departments to explore jobs for the migrant labourers. With data of 3,24,658 migrants as of previous week. The government of Bihar planned to create jobs in construction projects and to set up at least two products based on industrial clusters in every district. The skill mapping data so far shows that construction labourers (80,548) top list, followed by carpenters (29,217), tailors (17,230), masons (14,553), painters (5,979) and cooks (5,416). The migrant workers were classified in 80 categories according to their skills. Thus the government of Bihar took measures to create jobs for migrant workers for rehabilitation.¹⁸ The Maharashtra government was not in favour of the exiting labour law as there was no protest, though certain concessions required for the labourers. Subash Desai, the Labour Minister of Maharashtra there is no need to amend labour laws and prefer direct aid over loans to medium, small and micro enterprises MSMEs' owners by the states, unlike loans offered by the centre. The Industries Department of Maharashtra has prepared a proposal for the MSMEs and will be presented before the government for approval. In view of the lockdown the owners had to pay workers for two month salary in advance besides water and power bills, when their businesses were closed. Such industries will be given loans directly. The industries Department will come up with a web portal of the labour bureau, where unemployed youth can register as unskilled, semi-skilled and skilled and to provide training programme. The companies will get a pool of talent from this bureau based on skills and education, the minister said.¹⁹ The immediate impact of changing labour law were felt when thousands of employees were asked to discontinue from their jobs as their services were not required. Particularly in FMCC, retail and e-commerce thousands employees lost their jobs on contract. Due to layoffs as clients went on cost saving mode, salary being restructured by reducing allowances.²⁰ The Swiggy Company alone decided to reduce its employee particularly the delivery boys to around 1100.²¹

¹⁷ The Economic Times, 28/5/2020.

¹⁸ The Economic Times, 28/9/2020.

¹⁹ The Hindu, 29/5/2020.

²⁰ The Economic Times 20/5/2020.

²¹ The Economic Times 19/5/2020

Thus the major structural reforms announced by government of India- in agriculture markets, labour laws and MSME sectors for Atmanirbhar Bharta with apprehensions to provide unparalleled opportunity to ‘grow and prosper now’ and contribute to job creations in various sectors. The labour reforms which were not implemented from 1991 will benefit the MSMEs to increase employment, enhance labour productivity and thereby wages in MSMEs. These codes would provide social security, protection, safe working environment and effective conciliation dispute mechanism to working classes. Most of these reforms were recommended for enhancing the efficiency and economic development in various sectors. During Corona crisis time there was a need actually to implement these labour reforms to propel the growth of the Indian economy.²²



²² . Economic Survey, op.cit., pp-37-39.