

# Labour Regulations: Coverage in North East India

Jesim Pais

Institute for Studies in Industrial Development  
New Delhi

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# Labour Regulations Aim to Provide

- Certain minimum conditions of work (work place, hours of work and so on)
- Certain minimum level of wages and earnings
- Social security benefits (against risk of accident, sickness, Maternity, terminal benefits and so on)
- Framework for settlement of disputes (workers and employers, workers and workers)

# Why heightened debate?

- All regulations entail cost to employer
  - It is expected the industry absorbs these costs under normal business
- Globalisation, competition
  - Look East Policy
  - What about labour regulations in China?
- Organisation of flexible labour use to match fluctuating demand
- There is an argument that Labour regulations lead to lower levels of industrialisation

# This presentation

- Labour regulation – brief introduction
- Applicability and coverage of labour regulations in NE
- Not covered but important
  - Implementation machinery and gaps
  - Overall compliance in NE states
  - Relationship between labour regulations and industrial investment and growth
  - Problems with certain labour regulations and suggested reforms

# Labour Regulations

- Labour Laws
- Rules
- Implementation mechanism
- Labour tribunals and
- Labour courts

# Long history

- First laws in the Colonial period (Factories Act 1880)
- Movements for Workers' rights alongside freedom movement (AITUC 1920)
- International workers' movements
- International organisations, ILO (1919), UNO (1945)
- Labour regulations in Independent India

# Concurrent Subject

- Central labour regulations
- State level labour regulations
  
- Flexibility to States
  - ✓ Amend Central regulations
  - ✓ Make rules for Central regulations
  - ✓ Implementation mechanism
  - ✓ Power to provide exemptions under different laws

# Important Labour laws in India

1. Conditions of work,
2. Wages and remuneration,
3. Employment security and industrial relations and
4. Social security and welfare of workers.

# Conditions of Work

- Factories Act, 1948
- The Contract Labour (Regulation & Abolition) Act, 1970
- Shops and Commercial Establishments Act
- The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979
  
- The Mines Act, 1952
- Plantations Labour Act, 1951
- The Building & Other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996

# On wages and remuneration

- *The Minimum Wages Act, 1948*
- *Payment of Wages Act, 1936*
- *Payment of Bonus Act, 1965*
- *Equal Remuneration Act, 1976*

# On social security

- Employees' Provident Fund Act, 1952
- Workmen's Compensation Act, 1923
- Employees State Insurance Act, 1948
  
- Welfare:
  - The Mica Mines Labour Welfare Fund Act, 1946
  - The Limestone & Dolomite Mines Labour Welfare Fund Act, 1972
  - The Beedi Workers Welfare Fund Act, 1976
  - The Iron Ore Mines, Manganese Ore Mines & Chrome Ore Mines Labour Welfare Fund Act, 1976
  - The Cine Workers Welfare Fund Act, 1981

# Employment security and Industrial Relations

- The Industrial Disputes Act, 1947
- Industrial Establishments (Standing Orders) Act, 1946
- The Trade Union Act, 1926

# Effectiveness of Labour Regulations in the North East

- Applicability of labour regulations
- Coverage of labour regulations by definition
- Actual coverage of labour regulations

# Applicability of Labour Laws

## **Example 1: Factories Act**

1. Enterprise size: 10 + or 20+
2. Geographical applicability: All
3. Industry and Sector: Manufacturing sector only

## **Example 2: Minimum Wages Act**

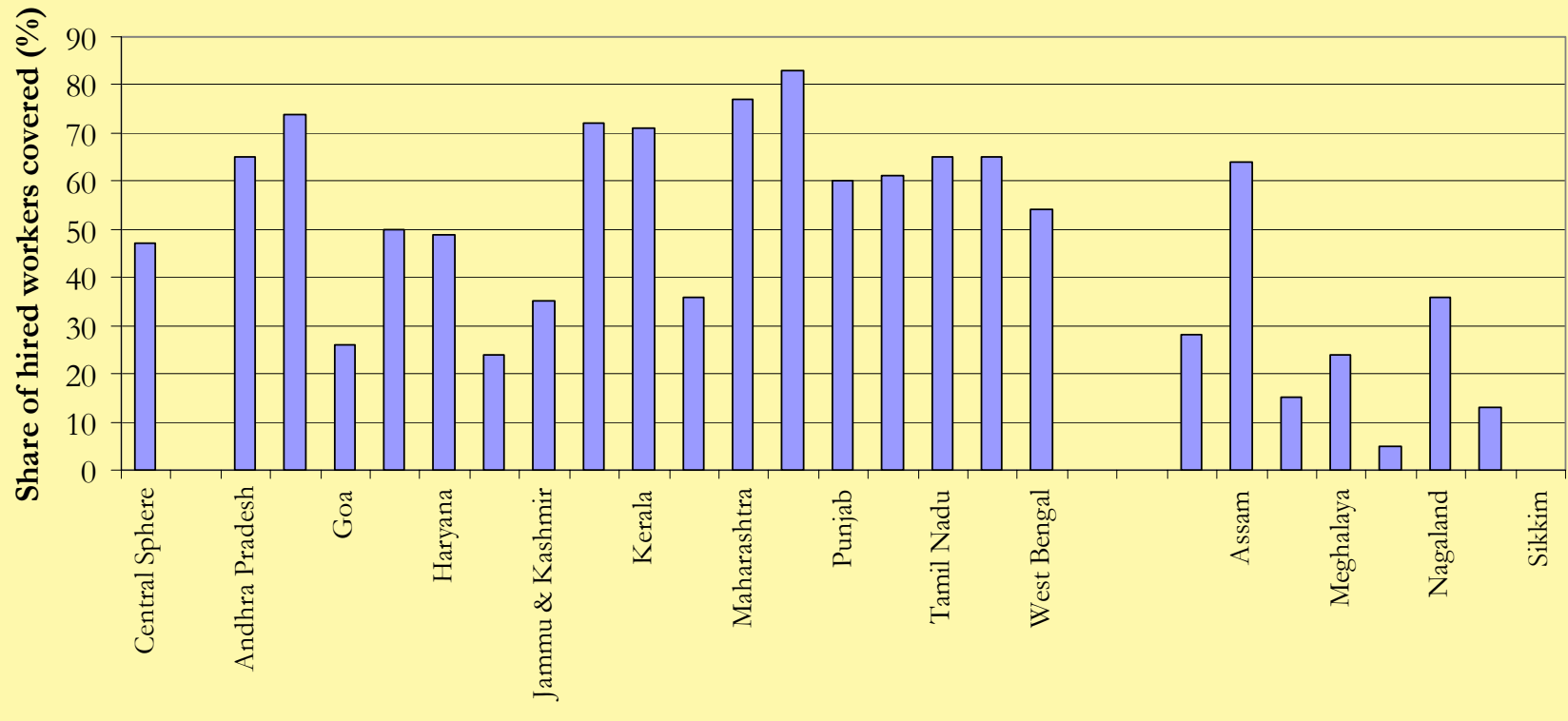
1. Enterprise size: No limit
2. Geographical applicability: All (until recently Sikkim not covered)
3. Industry and Sector: Applicable only when Employment is included in Schedule

## **Example 3: Shops and Establishments Act**

1. Enterprise size: No explicit limit
2. Geographical applicability: Applicable only in notified (urban) areas
3. Industry and Sector: Shops, commercial establishments, theatres, hotels and restaurants.

# Minimum Wages Act

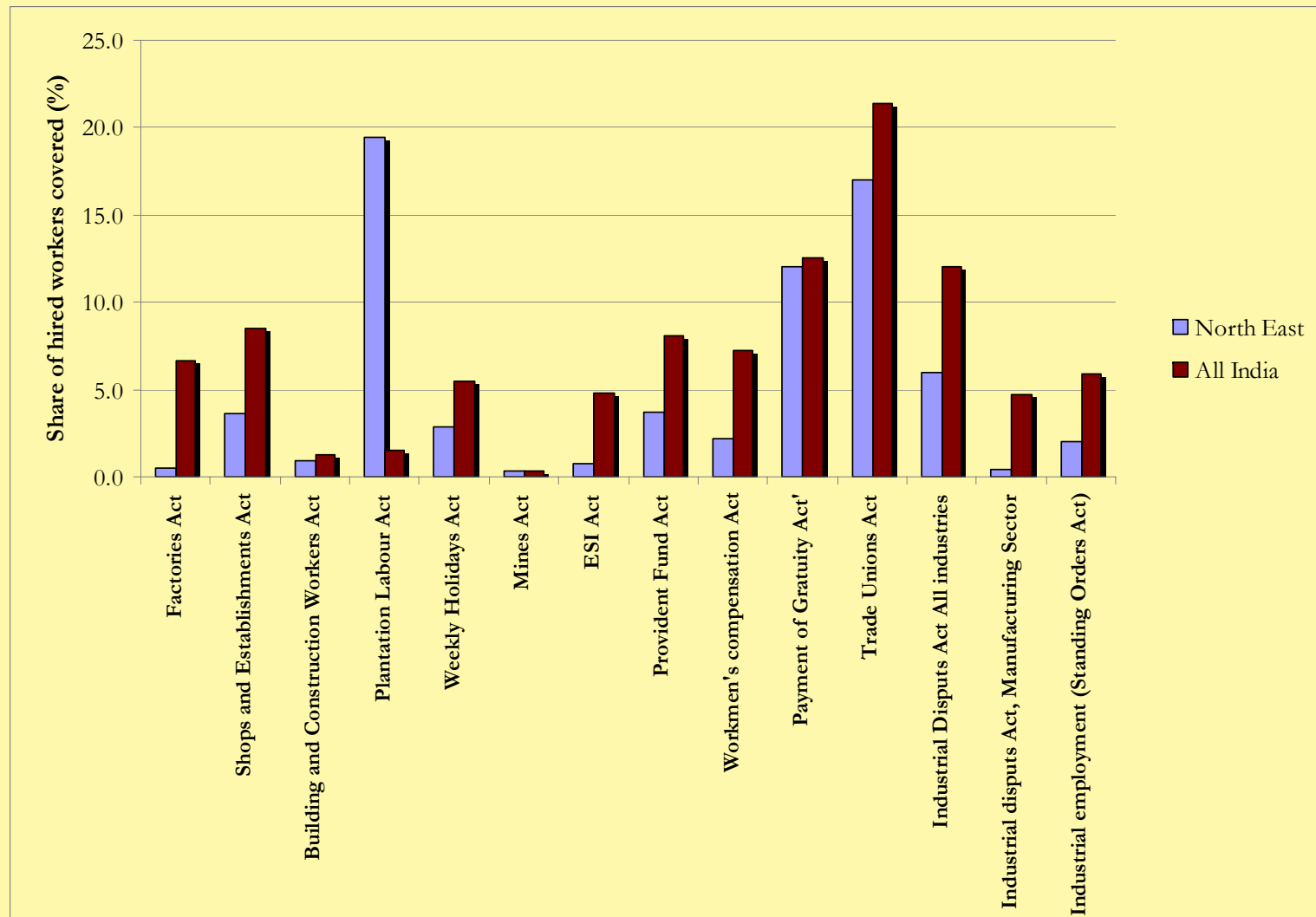
## Number of Employment Schedules 2004



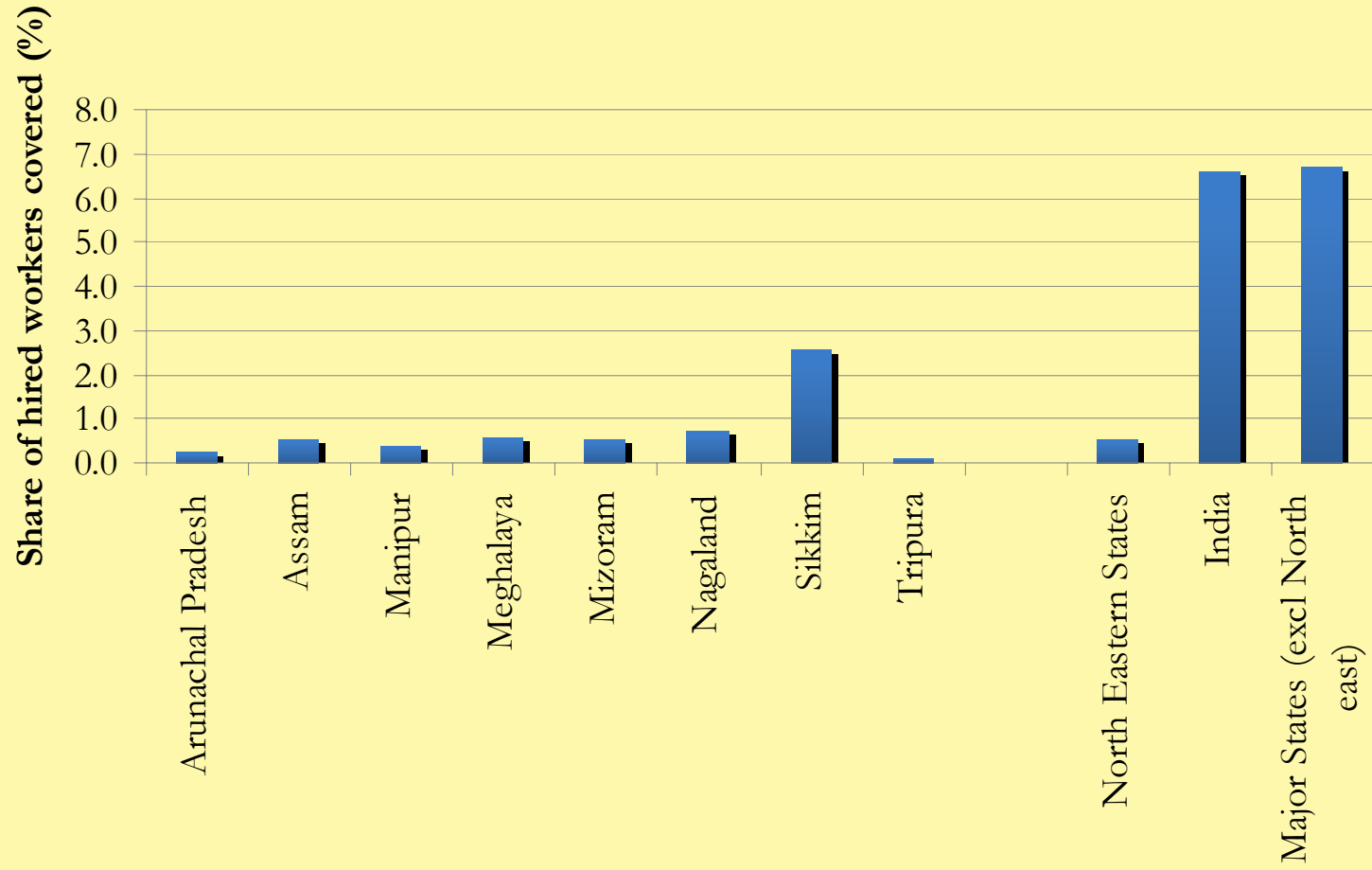
# Estimation of Coverage in N-E India

- Important Central labour regulations and their coverage in the North East
- NSS data on employment and unemployment
- Hired workers covered (not self-employed)
  - Self employed above 50 % in all states except Sikkim and Tripura.

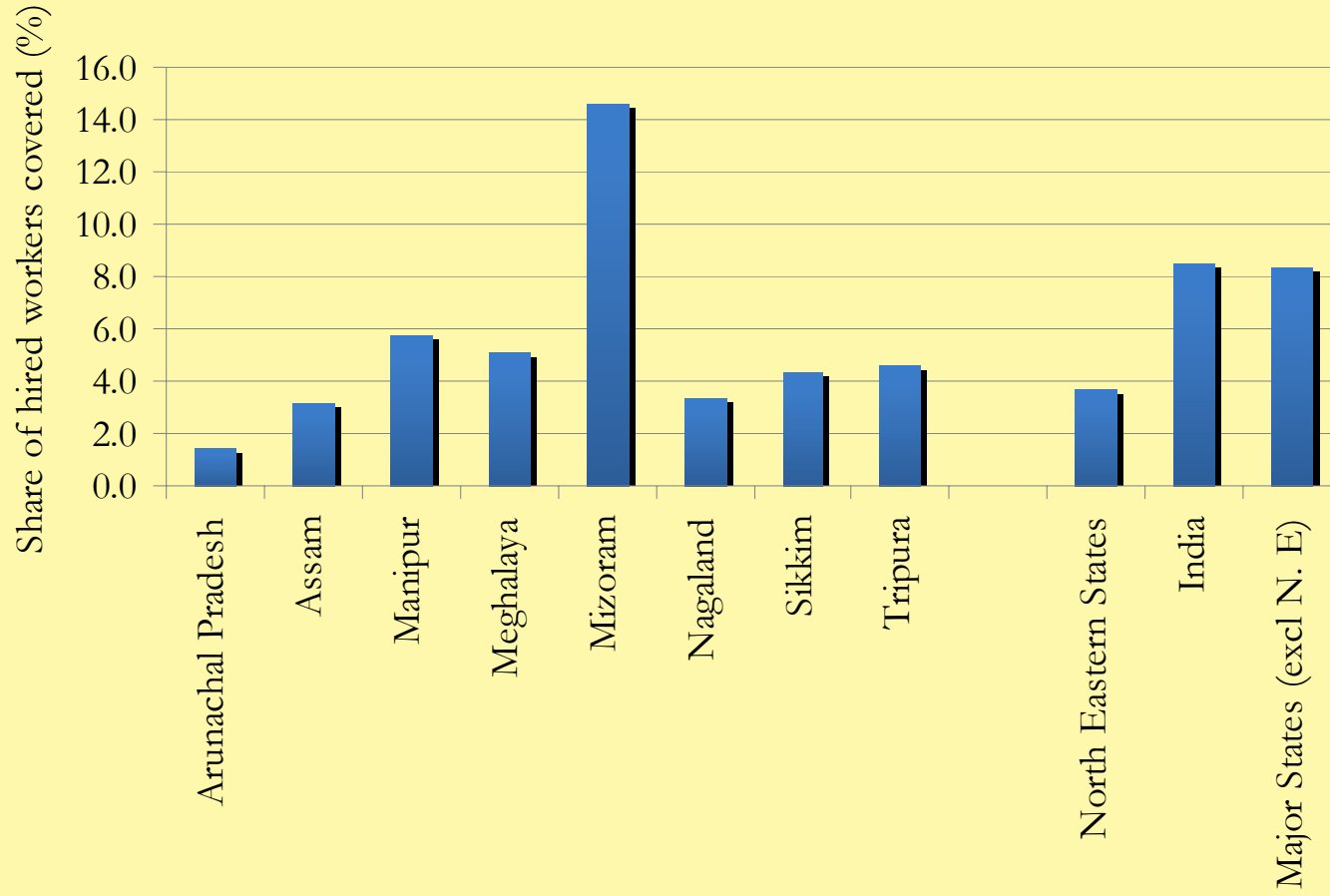
# Coverage of Labour Regulations, India and the North East



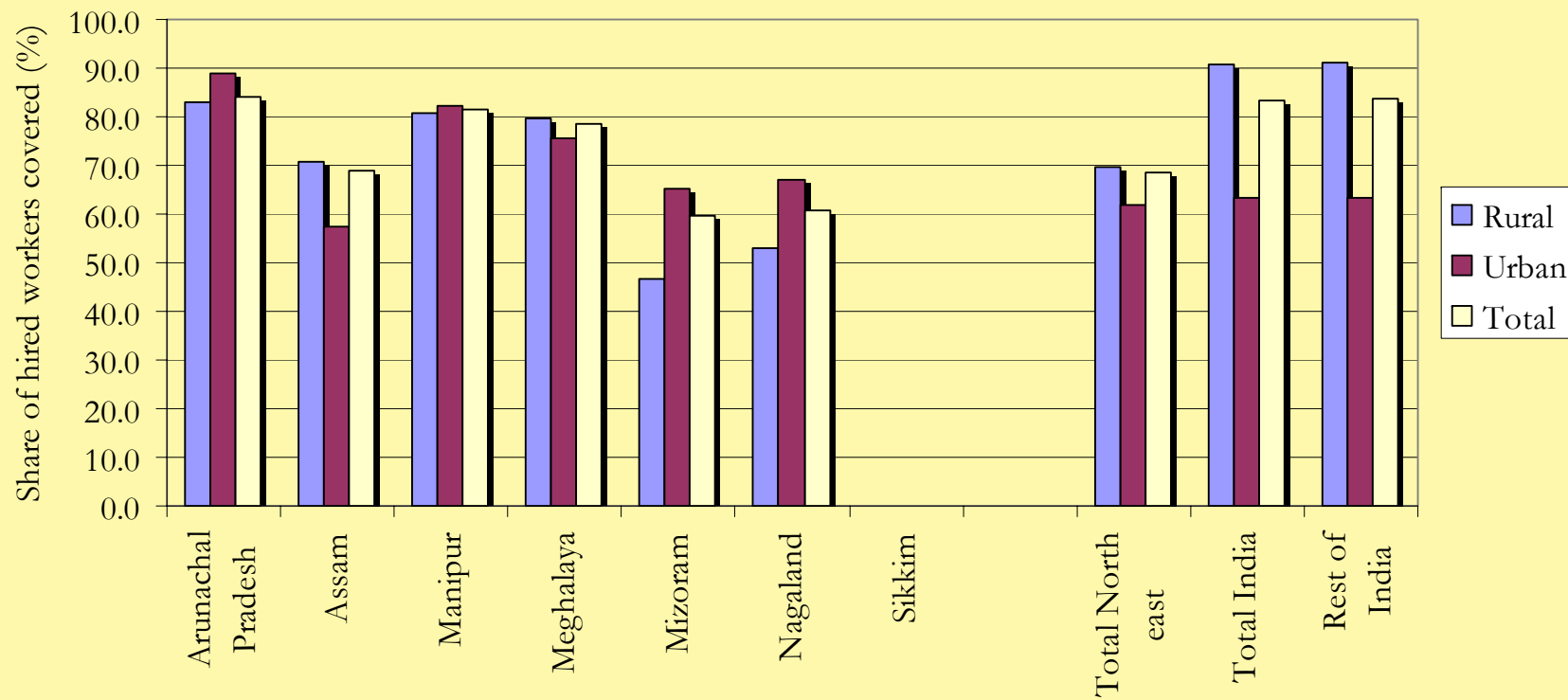
# Coverage of Factories Act



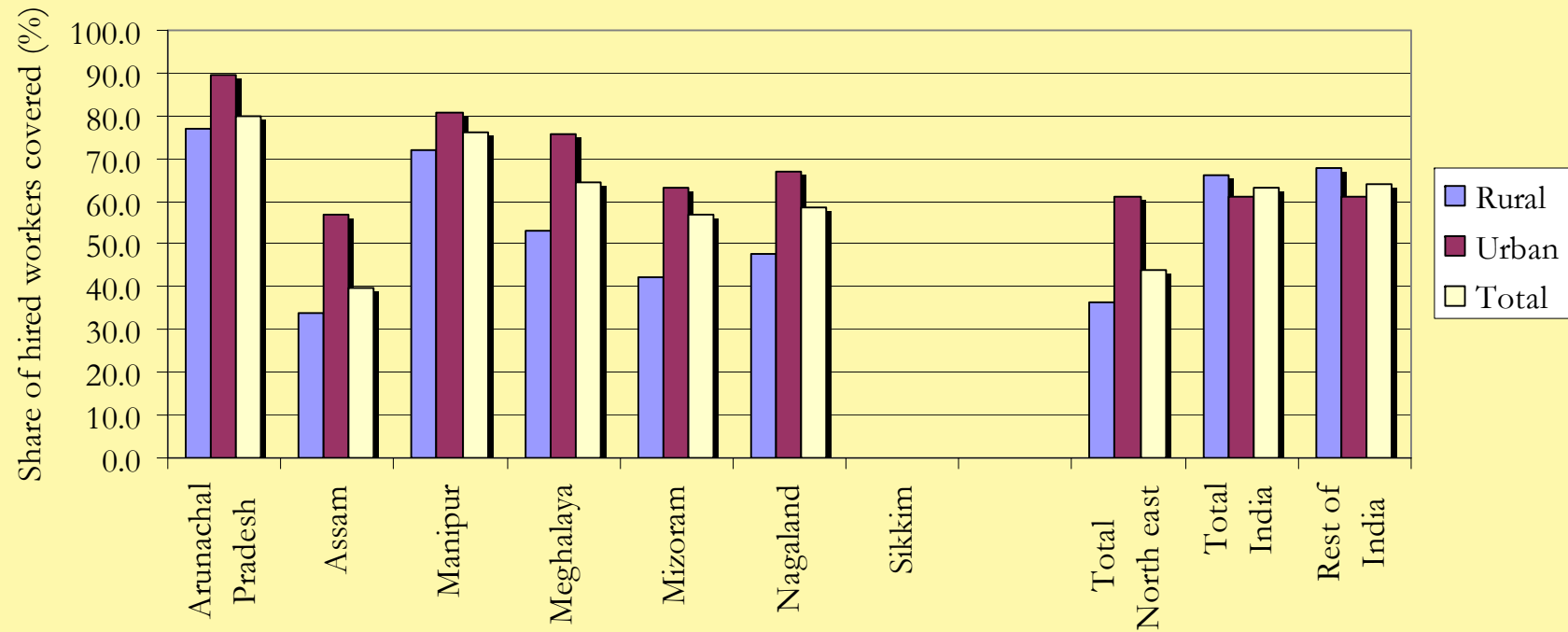
# Shops and Establishments Act



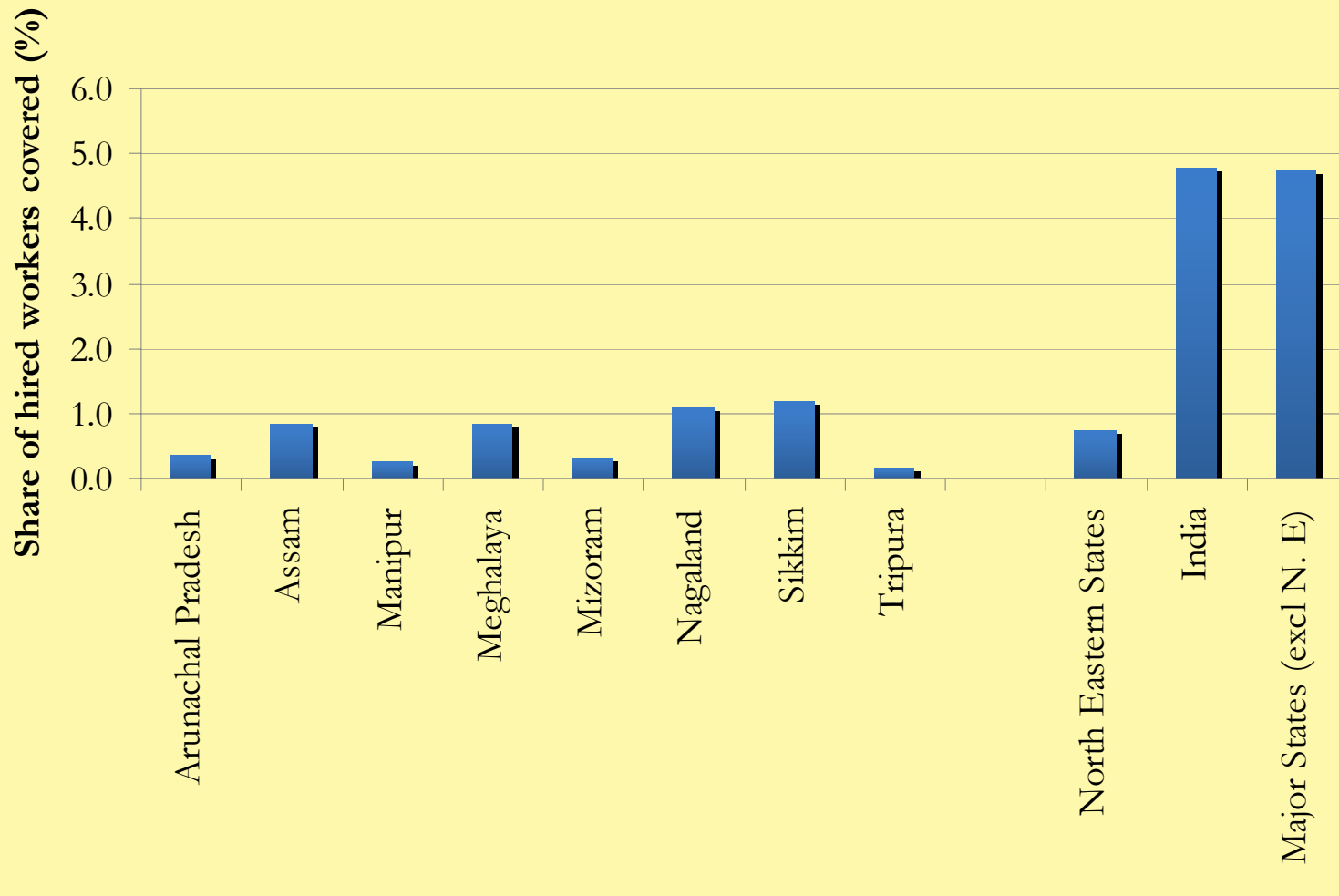
# Coverage of Minimum Wages Act



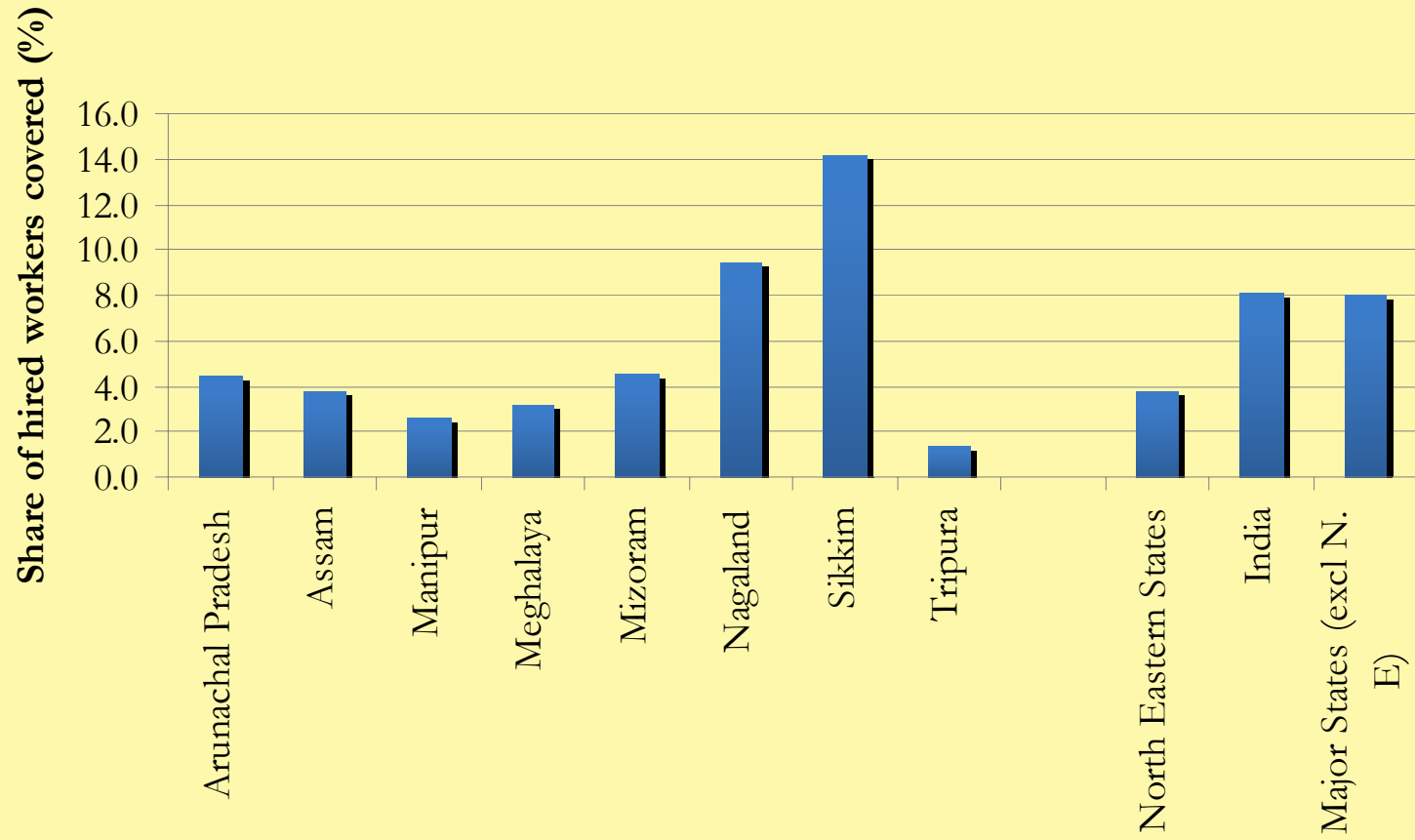
# Coverage of Minimum Wages Act Non-Agricultural sectors



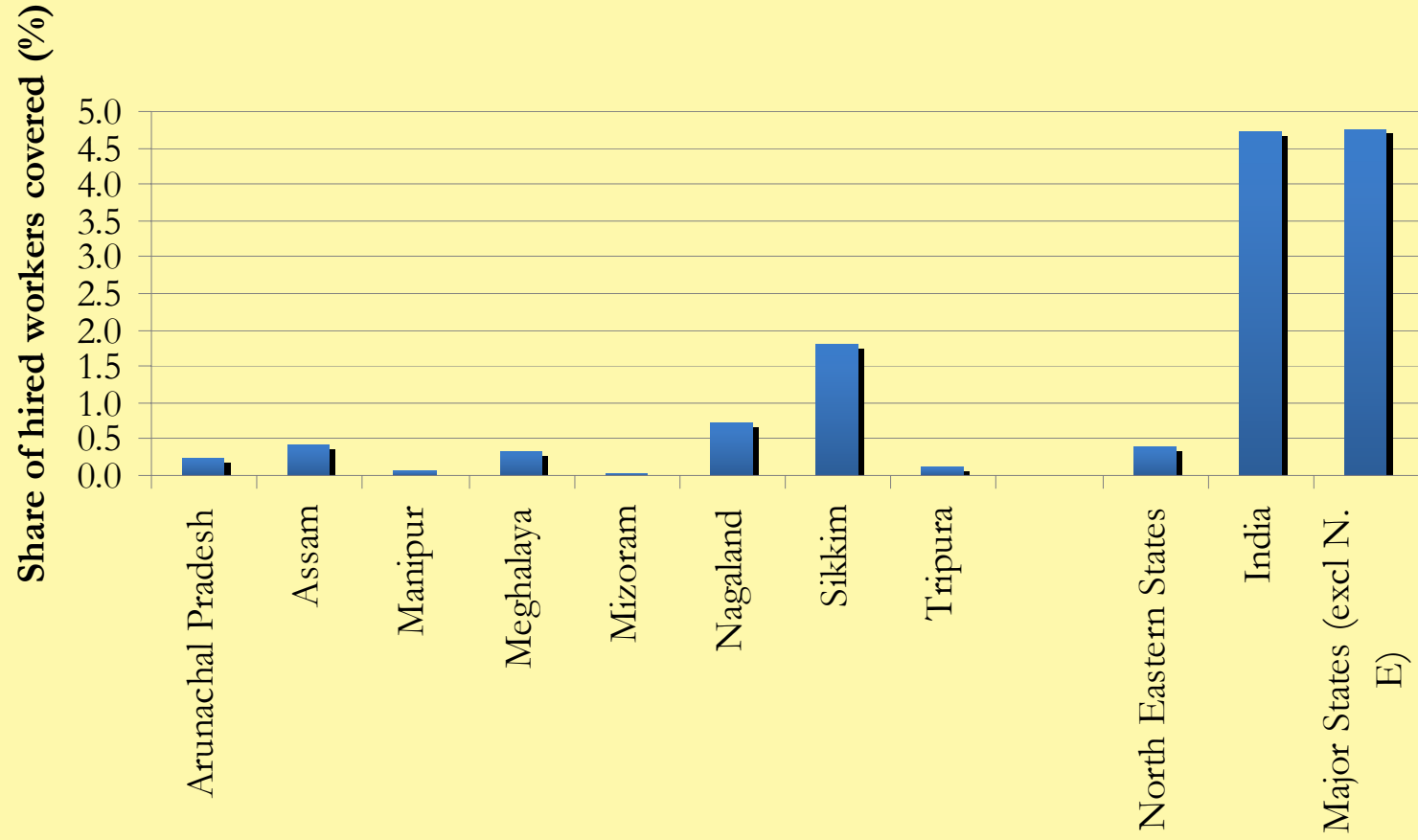
# Coverage of ESI Act



# Coverage of Provident Fund Act



# Coverage of Industrial Disputes Act



# Labour regulations Not implemented in the North East

For example:

1. The Inter - State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 - implemented only in **Assam and Tripura**
2. Building & Other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996 - Not implemented in NE
3. Minimum Wages Act (schedules limited)

# Actual coverage of Labour Regulations

- Limited data on actual coverage in the NE
- From reports of the functioning of different laws
- From implementation machinery – staff strength
- From inspections, detection of irregularities
- From penalty procedure (fines and imprisonment)

## Some Concluding Remarks

- Limited coverage of labour regulations in North East India
- Very few state level (and special) labour regulations
- Some laws not implemented
- Weak labour regulatory atmosphere not associated with industrialisation
- Other factors such as infrastructure (power, roads, railways) more important
- Need for a comprehensive law to cover workers in the unorganised sector
- Need to design protection for the self employed

**Thank you**