

# Business Standard

## Govt may bring back proposal to allow fixed-term employment

The Union Cabinet had approved a special package for the footwear, leather, and accessories sector on December 15

The [National Democratic Alliance](#) (NDA) government is exploring the possibility of bringing back a controversial proposal to allow industries to hire workers on fixed-term contracts.

The move, if given a go-ahead, will allow industries to employ workers for short assignments and terminate their services once the projects are completed.

“We have received representations from various industries to allow flexibility in hiring workers in seasonal jobs. The latest demand has come from the [food-processing industry](#). Instead of giving sector-wise relaxation, we may look at allowing [fixed-term employment](#) for all the industries,” said a senior labour and employment ministry official, [requesting anonymity](#).

### WHAT IS A FIXED-TERM WORKER?

Workers on a contract basis for a fixed period with same working conditions and remunerations as provided by regular workers in the same factory

### HOW IS IT DIFFERENT FROM OTHER FORMS OF EMPLOYMENT?

Employers may not give a notice to a fixed-term worker on non-renewal or expiry of her contract

### WHO WILL BENEFIT?

Industries who look to hire workers on a project-basis or industries with seasonal nature of work

The [Union Cabinet](#) had approved a special package for the footwear, leather, and accessories sector on December 15. The package included allowing [fixed-term employment](#) in these sectors “in order to attract large scale investments at global scale”.

### ADVERTISING

In October last year, the [Ministry of Labour and Employment](#) had notified changes to the Industrial Employment (Standing Orders) Central Rules, 1946, allowing the apparel manufacturing sector to hire workers on fixed-term contracts. Under fixed-term employment, workers are entitled to all statutory benefits available to a permanent worker in the same factory. The benefits include the same working hours, wages, and allowances. However, employers may not give notice to a fixed-term worker on non-renewal or expiry of his or her contract. In addition, employers can directly hire a worker for a fixed-term without mediation by a contractor.

“It is a ‘win win’ situation for both worker and employer as on one hand, it provides flexibility for employing workers as per the demands of the market and on the other hand, it ensures worker hired gets equal benefits and working condition at par with the permanent employee,” the [ministry of labour and employment](#) had said in a statement in October last year, while announcing [fixed-term employment](#) in the apparel sector. Companies in seasonal work usually refrain from hiring permanent workers for project-based jobs because termination requires going through the process of

retrenchment under the Industrial Disputes Act. This includes giving notice, paying compensation, and intimating the government.

## TWISTS AND TURNS

### TIMELINE

**2003:** NDA government allows fixed-term employment by amending the Industrial Employment (Standing Orders) Central Rules 1946

**2007:** UPA government deletes the amendment brought in by the

NDA government, after strong demands from trade unions

**2015:** NDA government brings back the proposal to allow fixed-term employment

**2016:** Former Labour and Employment Minister Bandaru Dattatreya shelves

the plan following protests from trade unions

**2017:** Industries, particularly food processing units, demand fixed-term employment after govt allows it in textile sector. Govt considers bringing back the proposed amendment.

The NDA government had mooted allowing [fixed-term employment](#) in April 2015 by issuing draft rules to amend the Industrial Employment (Standing Orders) Central (Amendment) Rules, 2015. However, Bandaru Dattatreya, who was then labour and employment minister, had shelved the proposal last year after strong opposition from trade unions.

The previous NDA government in 2003 had allowed hiring fixed-term workers but the [United Progressive Alliance](#) (UPA) government in 2007, following pressure from central trade unions,

scrapped it. Central trade unions continue to oppose [fixed-term employment](#). “We are demanding increase in permanent employment. Contractors terminate the employment of workers at a time when they get skilled while doing the job. So, instead of bringing fixed-term employment, the government should fix the issues related to dealing with contractors in hiring workers,” Bharatiya Mazdoor Sangh (BMS) [General-Secretary Virjesh Upadhyay](#) said.

At present, most countries of the Organisation for Economic Co-operation and Development (OECD) and emerging nations allow using workers on fixed-term contracts with several conditions. The [Indian Council for Research](#) on International Economic Relations (Icrier) said in its working paper titled ‘Labour Regulations and Growth of Manufacturing and Employment in India: Balancing Protection and Flexibility’ that giving fixed-term workers a minimum employment contract for six months and the right to be members of the trade union are important safeguards for fixed-term workers.

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