

## A BRIEF STUDY ON CHALLENGES CONCERNING LABOUR LAWS IN INDIA

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India is a nation with the second highest working age population on the earth. Labour force of India is the vital factor which affects the entire system of economic activity such as investments, production, savings, and capital formation. They are the prime instrument of achieving the socio-economic progress. However, present industrialization, with its uncongenial nature and reduced cordial and friendly relations between employers and employees, has raised numerous labor troubles. Therefore, to regulate this government of India has enacted several labor law acts in order to protect workers from exploitation as well as to safeguard their rights and interests. But, there are several loopholes and limitations associated with the implementation and follow-up of labor laws in our country. Hence, this paper discusses the various issues that labor laws encounter in India and puts forward possible solutions to overcome such challenges.

**Keywords:** Challenges, Employers, India, Labour, Labor laws

### Introduction

The laws regulating employment relationships between labor and employers in India are called labor law or industrial law. The history of Labour law is related to the industrial revolution, which was brought by British in India. This industrialization invited several social and economic problems and challenges for Indian workers since, British's were the ruling party. In the twentieth century, with the growth of Indian nationalism, Indian workers demanded for their rights. Hence, many acts were passed by the British government, but, they were focusing much on safeguarding the interests of the employers while neglecting the rights of the workers. When India acquired independence in 1947, the Constitution of India was framed which granted fundamental rights to every citizen of the nation including labors too. The Ministry of Labor and Employment in India is responsible for enacting labor laws. But, under the constitution of India, labor is a subject that falls under concurrent list. Therefore, both the central

and the state governments have the right to enact labor laws as well as make certain amendments from time to time as per changing circumstances and demands. Our country has numerous employment laws which cover nearly every terms and condition of employment, for instance, working conditions, health, safety, social security, welfare, death and accident compensation, wages, bonus, pension, gratuity, provident fund, etc.

These laws have been classified under different categories which are as follows:

#### I. Laws regulating Industrial Relations

- The Industrial Employment (Standing Orders) Act, 1946.
- The Industrial Disputes Act, 1947
- The Trade Unions Act, 1926

#### II. Laws regulating Working Conditions

- The Factories Act, 1948

#### III. Laws relating to Social Security

- The Workmen's Compensation Act, 1923
- The Employees' State Insurance Act, 1948
- The Employees' Provident Fund and Miscellaneous Act, 1952
- The Payment of Gratuity Act, 1972
- The Maternity Benefit Act, 1961

#### IV. Laws regulating Wages and Bonus

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

#### V. Laws relating to Contract Labor and Mines

- The Contract Labor (Regulation & Abolition) Act, 1970
- The Mines Act, 1952

Labour laws are reasonably essential as they specify the responsibilities of both the workers and management at the workplace. It also provides them with the necessary guidelines for solving industrial disputes. So, both the parties can devote much of their time and energy in raising the productivity and profitability of the enterprise, despite of wasting the resources in resolving the day to day conflicts. These laws not only guarantee the growth and progress of the industry, but the development of the economy of the nation too. It ensures industrial peace and harmony throughout the state.

#### Rationale of study

Labour law is a most significant instrument developed by the government of India to create good industrial relations between labor and the management. It not only maintains the harmonious relations between the employers and employees but also promotes and protects the worker's rights and legal demands by preventing them from exploitation by owners. Moreover, it reminds employers about their duties and responsibilities towards workers. The

labor laws in India play a vital role in keeping labor protected, happy, and in a good state. This all improves and enhances their productivity.

#### Objectives of study

The objectives of the present study are :

- To critically analyze the significance of labor laws in India.
- To study challenges associated with labor laws in India.
- To put forth workable suggestions to overcome challenges related with labor laws in India.

#### Research methodology

A secondary study has been done to learn the importance of labor laws as well as the challenges linked with labor laws in India. To attain the aforesaid, information from the journals, articles and websites were collected to realize this job. All the data included is the secondary data. Appropriate references have been given wherever essential.

#### Significance of Labor Laws in India

Labor laws have the potential of creating harmonious relations between the labor and the management in an organization. This harmonious relationship between the two parties minimizes industrial conflicts and builds an environment of understanding and cooperation between them. Such relations also bring the following benefits to the company as well as to the nation, which are as follows:

##### 1. Contribute to the Company's Success

Implementation and follow-up of labor laws leads to cordial industrial relations between both employers and employees. Both parties take interest in their jobs and work efficiently. This results in higher productivity and success for the company for which they are working.

##### 2. Fair Benefits to Laborers

Labor laws related to working conditions, health, safety, social security and wages provide

several economic and non-economic benefits to labor to lead a happy and stress free life.

### 3. Higher Morale

Labor legislation creates an atmosphere of mutual trust, respect, confidence, and cooperation within the organization. Such an atmosphere motivates both employers and employees to give their best in attainment of common goals. All these results in the higher morale for the workforce.

### 4. Prevents Industrial Disputes

Labor law act related to industrial dispute, i.e., the Industrial Disputes Act, 1947 prevents as well minimizes the probability of occurrence of conflict. In case of dispute between the labor and management, it provides the machinery for resolving the dispute as soon as possible. This leads to industrial peace.

### 5. Promotes Industrial Democracy

Labor laws in India are made based on the discussions involving the labor and management. This supports the establishment of industrial democracy in the enterprise. Moreover, encourages the employees to give their best to the achievement of organizational goals as well as economic growth and progress of the nation.

### Challenges Associated with Labor Laws in India

The government of India has come up with a series of labor laws addressing the various terms and conditions of employment at the workplace. But, these legislations are encountering several issues which are discussed as follows:

#### 1. Poor Implementation of Labor Laws

Several labor laws have been enacted by the government to govern the terms and conditions of employment. But, their proper implementation and follow-up is a big question both in rural and urban areas. These laws are taken for granted as they are limited to papers only. Exploitation of labor laws can be observed

in almost every enterprise, company, firm, or organization. There's no one to monitor whether the laws are being implemented correctly or not.

#### 2. Lack of Information and Awareness

Lack of information and awareness regarding rights of labor is also a big crisis of our country. Owners of the firms do not take any interest in raising awareness because of the fear that conscious workers may demand monetary and non-monetary benefits which may increase their cost of doing business. They do not understand the fact that, happy and satisfied workers can boost their productivity and enhance profits. The extra cost incurred in providing benefits to workers can be recovered from those improved earnings.

#### 3. Rural Background of Indian Laborers

The majority of industrial labor belongs to the villages. They're attached to their land and traditional occupation of farming. Although they have migrated to cities and towns in search of jobs. But, from time to time they visit their villages as the agricultural season returns. They treat farming as their permanent job and regard industrial employment as a temporary one. Consequently, they themselves don't take any interest in labor rights and therefore, give very little importance and consideration to labor laws.

#### 4. Low Level of Literacy Rate

This also a big challenge associated with labor laws in India. The literacy rate among Indian laborers is extreme from satisfactory. As a result, they do not recognize the problems, that they are facing right now and what they may confront in the future, if labor laws aren't being followed in their organization where they are employed.

#### 5. Lack of Unity

Workers in our country are not so much united as like other nations of the world because India is a land of diversity. Accordingly, people are divided on the basis of region, religion, beliefs,

tradition, caste, language, food habit, etc. Thus, labors also form their formal and informal groups within the enterprise to satisfy their various social and institutional needs. That's why, they aren't united and organized. This is also one of the grounds for weak trade union organizations in our state. Due to lack of unity, workers find it very hard to put forward their demands before the management for their rights offered under labor laws. Employers take benefit of this situation and neglect the follow-up of labor laws in their firms.

### **Suggestions for overcoming issues linked with labor laws in India**

Labors are the key human resource of every industrial organization. They are the vital asset who can make or mar the future any industry as well as the country. Thus, it becomes essential to work out the problems concerning labor laws of our nation. Following are the recommendations advocated to resolve the labor law issues.

#### **1. Call for Labor Reforms**

Our country needs immediate attention towards reformation of labor law acts. Several provisions of the current laws don't cover the numerous labors of other sectors since they work with small organizations and are very few in number. For example, social security protections and workplace safety must be extended to the workers employed in every sector, whether huge or small, organized or unorganized and formal or informal. The provision of providing these benefits only when a certain number of employees are employed at the workplace should be abolished. The right to safety and security is everyone's right and should not be ignored. No labor must be deprived of enjoying such benefits at workplace.

#### **2. Revise Wages**

This is the most important aspect for which every labor employed in India is looking for. Indian labors are inadequately paid despite the rise in production. Most of the industrial conflicts in India are linked with wages. Improvements

must be made towards revision of wages since the labors risks their lives, work in dangerous situations such as above and below the mines and then also are paid extremely low even less than the minimum wages.

#### **3. Address Problems of Contract Labor**

Labor market of India has observed a tremendous rise in the contract labors almost in every sector. They have become the most important asset of the enterprise. Although with the rise in contract work productivity has increased but, these contract labors are still underpaid. Moreover, they encounter a lot of problems relating to job security, working conditions and welfare schemes because of lack of organization or union. Therefore, this concept should either be removed or they should be provided protection under different acts relating to wages and social security as they are offered to a permanent employee.

#### **4. Simplify the Labor Law System**

Existing labor law system of our country is quiet, rigid and complicated. Since, labor falls under concurrent list, both the State and Central government are eligible to make laws. Therefore, several laws have been enacted both at the central and the state level. All this has added complexity and created confusion during its application. Hence, this system should be simplified so that the implementation and follow-up of labor laws becomes an easy task for law enforcement bodies.

5. Appropriate Implementation  
Proper implementation of laws in India is a big question. We have enacted several labor laws with superior provisions addressing almost every terms and conditions of employment. But, if these laws are not duly implemented and followed it is of no use. We will gain nothing. Therefore, it is required

- To hire sufficient human resource with basic qualification, experience, knowledge and skill for its successful implementation.

- Guidance of professional experts should also be taken in this direction.
- Efforts should be made towards the introduction of flexible inspection and compliance system.
- Awareness programs should be organized periodically for both employers and employees to spread information about labor rights as well duties and responsibilities of management.
- Penalties linked with contravention of provisions of labor laws must be enhanced.

### Conclusion

We are the labor surplus nation of the world. We have all types of labors such as unskilled, semiskilled and skilled, available at low cost. The majority of labors come from a rural background that is less educated and unaware about their rights. Consequently, it becomes crucial to safeguard the rights of workers. Labor law is the correct instrument to safeguard the worker's rights. It provides the right platform to employers and employees to discuss their employment related issues. It prevents the workers' from exploitation and offers them various social security benefits and welfare facilities. But, our labor legislations are quite complex as compared to other nations of the globe. This has retarded the growth of the production sector in India. Moreover, the provisions of the current legal system have become outdated as per present circumstances and the situation and failed to address the challenges associated with terms and conditions of employment between the labor and management. Hence, it becomes quite crucial for the government to introduce necessary reforms in the labor legislation of India. The suggestions provided to tackle the challenges are essential and need to be acted upon. All the three actors of industrial relations,

i.e. employees, employers and government must work hard towards making the industrial organizations safe, secure and healthy for the attainment of organizational as well as national goals.

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