

Fixed Term Employment :

A Subterfuge for Legitimising Contract Labour

In the budget for 2018-19, Central Finance Minister announced the government's decision to allow hiring of workers on fixed-term contracts for all employers.

As a follow up of this announcement the "Industrial employment (standing orders) rules-1946 have been amended, so as to enable employers to hire workers through fixed term contract method., providing much flexibility in hiring seasonal and other temporary labourers.

The Union government thus made it easier for the industry to hire labour contractually for a fixed, implicitly for shorter term. Such labour can be terminated at the end of the contract without any notice, without having to pay any retrenchment compensation whatever. The employers need not renew the contract on its expiry.

As usual the FICCI welcomed this move made by the NDA government hailing it that it would ease the doing of business.

This move is an outcome of a consultation meeting held on Feb 2018 by the Labour and Employment Ministry with representatives of state governments, trade unions and industry. All the 12 state governments represented in the meeting were in favour of the Fixed Term Contracts (FTC). The RSS affiliated BMS, National Front of Trade Unions (NFITU) and Trade Union Co-ordination Committee (TUCC) have supported the move. The other trade unions walked out of the meeting as a protest over not holding consultations before announcing the move in the Union budget.

The supporters of the industry are hailing this move to be a "big ticket labour reform".

In fact this bitter pill of FTC is coated with such a sugar that it provides for more job opportunities, and more secure working conditions. That the FTC workers are ensured with same work hours, wages, allowances and other benefits on par with the permanent workers such as PF, ESI, bonus, gratuity and other compensation in case of accidents or death while at work, is the bait put forwarded before the workers to accept the contract work system which is universally being criticised and opposed.

While such a facility of FTC was allowed since October 2016 to the leather and garment industries, now it has been extended to all the sectors.

According to the data from the Annual Survey of Industries, the proportion of contractual labour in total employment in industries has increased considerably. During 2014-15, about a third of the total workers employed in factories were hired through contracts and the terms of their employment are worse than the rest. Such worse working conditions and terms are being condemned and opposed strongly by various sections of contract labour, whose basic demand was the regularisation of their services as permanent workers with all due statutory benefits.

But instead of meeting and answering this pertinent and basic demand, the NDA government has chosen to hood-wink the workers with secondary promises rejecting the concept of permanency in jobs. It successfully evades to address this demand of workers and has chosen to reject the demand of guaranteed permanent employment and job security of workers with dubious pretensions that FTC would help to remove the discrimination against contractual workers. Thus it refutes the notion that jobs shall be the entitlement of people.

The supporters of the system laud this FTC rules "despite higher costs it will entail". Whatever might be the trumpeting about the virtues of FTC by the rulers and their henchmen, the bitter fact that the FTC system is a legalised stepping stone to entirely doing away with

the system of permanent employment and job security which every workmen is aspiring as his natural entitlement.

This FTC system is not a new one invented by the NDA rulers. In Europe, employers of many countries, to avoid the employment protection provided for the employees by law and to reducing firing costs of workers have taken recourse to FTC system.

The experience of the FTC system shows that majority of the employment contracts comes under FTC to a significant level. As a consequence of this the employers remain reluctant to convert FTC jobs to permanent ones and only fewer workers are hired as permanent workers. In Spain around 90 per cent of all entries into employment starts as FTC and these workers are either ending up getting stuck in FTC or more frequently become unemployed or self employed, rather than employed on permanent basis. There is every possibility that the same would be the fate of workers in India in FTC.

Moreover FTC will have adverse effects on permanent workers too. The managements will be using the FTC workers to their advantage to suppress the bargaining power of the permanent workers as has been evident in the study conducted by Radhika Kapoor and P.P.Krishnapriya who found that "the rising of contract workers in India has enabled firms to curb the bargaining power and consequently wages of their existing work-force. That the real wages of directly hired workers in the organised manufacturing sector has remained virtually stagnant over the last 15 years is suggestive of this behaviour".

These are the times that the contract workers from various departments have been launching vigorous agitations for the regularisation of their jobs and better working conditions as has been witnessed in the strike of contract workers of AP Electricity corporations and the agitation of 1500 railway apprentices that held up rail movement in Mumbai recently demanding for their recruitment into railways directly to permanent posts and doing away with contract system of employment. The NDA rulers in the guise of new FTC system are legalising the very contract employment system.

Though the FTC system is praised for its virtues of providing all statutory benefits to contract workers of FTC on par with permanent workers, there is no guarantee that the provisions of the newly amended law will be strictly implemented by the employers, as has been the case with the implementation of previous labour laws which have been deliberately violated by them. The HR departments of corporate sector are more skilful in evading the implementation of laws under some invented pretext or other, raising unending litigation as has been with the case of Maruti-Suzuki workers.

As usual the traditional trade union centres have expressed their 'protest' as a formality against FTC. It is apparent that they are more worried that the government has not consulted with them about this move before announcing in the Union budget, than for the actual adverse impacts of the FTC, on the conditions of workers in India denying their natural rights of job entitlement, permanent employment and job security.

Instead of conducting ritualistic protests with formal approach as is being done presently against anti-worker policies and attacks of our rulers, ruling classes at the behest of big bourgeoisie, the workers' movement of our country shall make sincere efforts to unite, awaken the workers consistently and prepare them to fight relentlessly for the protection of their interests with class militancy.
