

Moving the needle on land, labour reforms

The new government could focus on measures that have an impact on the ground, such as credible labour and employment data, digitising land records

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Chief Economic Advisor Krishnamurthy Subramanian recently highlighted the need for land and labour reforms for the Indian economy to improve its long-term competitiveness. Given the patchy track record of successive governments at the Centre — and in the States — on this front, experts feel the new government should focus on measures that have more impact on the ground.

Take, for instance, land reform. Arghya Sen Gupta, research director at Vidhi Centre for Legal Policy, feels the focus in 2019 should not be primarily on land acquisition, which is a political hot potato, but rather on land records. "If the government can create a dematerialised

registry of land records that will allow title deeds to be used as collateral unlocking the economy in a way in which even the GST has not," he says.

When it comes to labour reforms, 44 central labour laws and 100 state labour laws is one too many, says Rihuparna Chakraborty, executive vice-president at Team Lease Services. While the government has come out with drafts of four labour codes — Code on Wages Bill, Code on Industrial Relations, Code on Social Security and Welfare, Code on Occupational Safety Health & Working Conditions — they are likely to get fully operational once the new government comes to power.

"We need fewer, simpler, rationalised laws which improve governance and promote formal

job creation. Hence, I prefer one labour code instead," says Chakraborty.

To mitigate the impact of rampant contractualisation of labour force, the government must look at how to create basic social security net for individuals, feels Sen Gupta. "A scheme of universal pensions is a big ticket reform that, while expensive, ought to be seriously considered," he says.

Moreover, many of the existing labour laws are outdated and not suitable for industries where the job requirements keep changing, given a very dynamic technology interface and global competition, says Niranjan Hirani, senior vice-president, ASSOCHAM, an industry body. "An industry and investor-friendly labour law regime would

IF A COALITION GOVT COMES TO POWER

- Hardcore land, labour reforms will be off the table
- Difficult to make legislative amendments or bring in new laws
- Reforms will largely be incremental, through changes in rules and administrative orders

related laws as they are both a Centre and state subject. For instance, there is different definition of a 'workman' or 'industry' or 'wages' in different Acts. "We do require legislation once and for all that provides uniformity in all these concepts," says Biswas.

lead to higher investment and significant increase in job creation," he adds.

Avik Biswas, partner at IndusLaw, is of the view that before undertaking any large-scale labour reform, one of the first things the new government needs to do is focus on creating credible labour and employment database.

Experts say the government also has to demonstrate a greater understanding of issues that impact the changing nature of employment, the needs of the gig economy in India, use of technology on jobs, outsourcing of labour, among others.

"A policy road map with allocation of responsibilities to the state governments will send out a clear message that the government is committed to labour reform for the long term," suggests Biswas to tide over any political opposition to the reform process.

Taking states along is key to success in land- and labour-related reforms, say experts. "For matters of jobs and skills, 29 chief ministers matter more than one prime minister," says Chakraborty.

Consensus among states and the Centre is crucial for any land reforms. The NDA government in 2014 made land acquisition a priority but couldn't arrive at a political consensus to push its amendments to the 2013 land acquisition Act.

"The cost of acquiring land has to come down for any land acquisition Act to be successful," says Avnish Sharma, partner, Khaitan

& Co. While industry agrees that compensation to farmers who sell their land should remain high, they have been hating for more concessions under the 2013 land acquisition Act.

Even Subramanian agrees the new government has to work on reducing the cost of acquiring land, both directly and indirectly.

Another issue faced by legal experts is the lack of uniformity in the definition of certain concepts across various laws. This is all the more visible in land- and labour-