

## Gist of EPW October Week 1, 2020

The Economic and Political Weekly (EPW) is an important source of study material for [IAS](#), especially for the current affairs segment. In this section, we give you the gist of the EPW magazine every week. The important topics covered in the weekly are analysed and explained in a simple language, all from a [UPSC](#) perspective.

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## New Labour Codes and Their Loopholes

### Context:

The three labour codes enacted in 2019 cleared by the Parliament can be regarded as the first prominent legislation in the labour market reforms in over three decades. The article analyses the various provisions of the bills from the perspective of various stakeholders.

### Which are the three labour codes?

- In addition to the Code on Wages (CW) Act passed by the Parliament in 2019, three codes have been passed by the Parliament in the monsoon session of 2020. They are
  1. Industrial Relations Code Bill (IRC), 2020
  2. Code on Social Security (CSS) Bill, 2020
  3. Occupational Safety, Health and Working Conditions Code (OSHWCC) Bill, 2020
- Over 29 labour laws have been merged into four codes.

### Overall view:

- The government claims that these new laws will lead to a reduction in complexities, improvement in ease of doing business, enhancement of transparency and accountability, and help both the employees and employers.
- However, concerns are raised by the labour unions and the labourers who believe that the recent codification of labour laws gives tremendous amounts of flexibility to the employers in terms of hiring and firing or dismissal for alleged misconduct.
- It is argued that retrenchment for economic reasons has become easier for industrial establishments employing less than 300 workers without the burden of having to pay them sufficient compensation or security.
- Employees believe that the recent labour reforms would lead to complete demolition of employment security currently available to them.

### Reaction of the trade unions:

- The trade unions argue that the government has failed to universalise social security benefits and has also failed in corporatisation of social security funds.

- They believe that making the fixed term-contracts legal will lead to the hiring and firing of workers from the backend, leading to a decline in the number of permanent workers.

**Analysis of the various provisions of the bills:**

- **Flexibility to the government to change the rules:** The matter of concern is that there are various legal provisions that permit the government to make judgements to a greater extent while applying the new codes.
  - For example, the appropriate government can exempt any establishment or class of establishments from the provisions of IRC Bill, 2020 in public interest.
  - Similarly, as per the clauses in OSHWCC Bill, 2020, the government can exempt new establishments from the law, in order to promote economic activity and employment.
  - Earlier, such exemptions were granted only in case of public emergencies and were limited to 3 months.
- **Bills benefit the employers:** It is argued that the latest provisions provide benefits to the employers at the cost of the workers.
  - The IRC bill has raised the threshold for applicability of the standing orders on working hours, classification of workers, holidays, wage days, wage rate and grievance redressal mechanism, from 100 workers to 300 workers.
  - The IR code also allows companies with up to 300 workers (earlier 100 workers limit) to fire workers or close the establishments without having to seek government approval.
  - The IRC Bill, 2020 enables fixed-term employment on a contract basis. This will not only make the workers dependent on their employers but will also lead to a reduction in the incentives of hiring permanent workers.
- **Restricting the rights of the workers:** The code also seeks to restrict the rights of workers to strike.
  - Unions will now have to give 14 days' strike notice.
  - Strikes or lockouts have a limited validity of 60 days.
  - Strikes and lockouts are barred up to a period of seven days of a conciliation proceeding and up to 60 days after the proceedings of a tribunal.
- **Social security:**
  - The powers of the officers to decide the quantum of the provident fund and dues of employees' state insurance from employers' end have been restricted under the CSS Bill, 2020.
  - The relaxation of the penal provision for obstructing inspectors from performing duties could also prevent them from protecting the workers' interests.
- **Occupational Safety and Health:** Despite various shortcomings in the recently passed OSHWCC Bill, 2020, the employment of women in all the establishments is allowed under the bill. The 2019 bill prohibited the employment of women in dangerous work.
  - The new bill prohibits the employment of women within six weeks of delivery, miscarriage or medical termination of pregnancy.
  - Similarly, the claim of maternity benefits is possible only when the worker has worked for a minimum of 80 days preceding her delivery.
  - The threshold limits for application of the OSHWCC legislation has been doubled and raised to 20 workers in the case of establishments with power and 40 workers for establishments not using power.

- Moreover, no judicial mechanism has been provided under the provisions of new bills regarding the hearing of disputes, which is again a disadvantage for the workers.

### **Conclusion:**

- Considering the shortcomings prevalent in the new laws, the expectations of the advancement of the labour regime have been shattered.
  - The central and state governments have been vested with various discretionary powers to allow for exemptions from the laws.
  - There is a need for better efforts for the provision of employment opportunities and adequate security to labour considering the rapid reduction in the contribution of wages to the national income from more than 40% in the late 1980s to only 35% at present, along with the stagnant strength of membership of trade unions at approximately 10% of the total labour force.
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## **Imposing New Inequities**

### **Context:**

The article analyses the recent bills related to agriculture which have been passed by the parliament.

### **Background:**

- Three bills namely the Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020, the Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Bill, 2020, and the Essential Commodities (Amendment) Bill, 2020, have been passed by parliament.
- These bills have paved way for a greater role of private sectors in agricultural marketing.

### **Issues with the bills:**

- The liberalization of agricultural marketing appears to be promising for farmers. However, in reality, concerns have been raised that various provisions of the bills may lead to the weakening of existing government procurement at guaranteed prices (Minimum Support Price) at [APMC \(Agricultural Produce Market Committee\)](#) mandis.
- There is no provision for a regulatory mechanism to ensure a level playing field for farmers vis-a-vis corporates. This could adversely affect farmers' interests.

### **Analysis of the Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020:**

- The bill allows farmers to sell their produce outside APMC mandis without paying any taxes.
- This will allow large farmers to sell their produce outside APMC mandis and save taxes.
- However, this would not benefit small and marginal farmers as these farmers neither have the means to store nor the means to transport their produce to a distant market.
- This could eventually result in the closure of the mandis and also undermine the system of foodgrain procurement at the Minimum Support Price (MSP), by the government.
- It is also noteworthy that the procurement of food grains is skewed towards certain regions and is limited in reach. Also, there are only 7000 APMC mandis across the country and therefore the majority of agricultural trade happens outside the ambit of APMC.

- Despite this, the selling of farm produces by few farmers at notified MSP helps in price discovery of these commodities and benefits other farmers as well.

#### **Recent development:**

- In a move to appease the farmers, the government has announced MSP for six rabi crops.
  - The increase in MSP varies between 2.1% and 6.2%, (lower than the last year's increase).
- The MSP growth rates for wheat and paddy are at 2.6% and 2.9%, respectively, (lowest in recent years).
- Instead of strengthening the APMC mandis and the procurement infrastructure, the government has chosen to further weaken the APMCs.
- This is evident from the fact that in the given bill, the government has not included the MSP provisions as per the Swaminathan Commission's formula that calculates the MSP based on a comprehensive measure of cultivation costs that includes the imputed cost of capital and the rent on the land, called C2 plus 50%.
- Besides, a lack of regulatory mechanisms to oversee trade outside mandis will give corporates an upper hand. This will eventually lead to the monopolization of agricultural trades and farmers' interests will suffer.

#### **Analysis of the Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Bill, 2020:**

- The bill allows farmers to enter into a contract with agribusiness firms, private companies and wholesalers for the sale of future produce at a predetermined price.
- Here farmers are likely to lose out because they lack resources and capital to bargain on equal terms with buyers.
- The bill allows for contracts in horticulture, floriculture and a variety of other produce, including cash crops besides food grains. This will allow corporates to sell these not only in the domestic markets but also to export them.
- This may shift the nature of crop production from food grains to non-food products, which may threaten the food security of the country.
- There are also concerns over informal contract agreements with respect to sharecropping and tenancy, which have been left out of the bill.

#### **Analysis of the Essential Commodities (Amendment) Bill, 2020**

- The Essential Commodities (Amendment) Bill, 2020 has removed the limits on stockholding of food grains, except in case of extraordinary circumstances thus facilitating bulk purchase and storage.
- This may attract fresh investment from the private sector.
- However, this may also result in the hoarding of crops thereby creating an artificial shortage. The situation will then be exploited by corporates to gain higher profits.

#### **Conclusion:**

- While these bills have initiated major agricultural marketing reforms, issues regarding government's role in price support, procurement, and the future of MSP have been left out.
- The government has ignored the provisions of the [National Food Security Act \(NFSA\)](#), 2013 that intends to ensure food security for all – in these bills (especially Schedule 3 of the Act).

- Facilitating private sector participation in the agricultural market without any regulation and diminishing the role of the government through these bills pose a grave threat to the food security of the nation along with the livelihood of the farmers.

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## Living beyond Disagreement

### Context:

The article highlights the deteriorating situation of Freedom of Speech under the ruling dispensation and suggests the way forward.

### Status of freedom of expression at present:

- The act of suppression of freedom of expression by various forces including the State and its organs has become a chronic problem for the effective functioning of democracy.
- Those who feel alienated are forced to react in a particular manner on being provoked by the State and its different arms, especially by the police aided by a section of motivated media.
- The disagreement with the structure and institutions that are accused of suppressing such disagreement is not arbitrary. The disagreements are in fact result of arbitrariness on the part of these institutions.
- Police have used acts of dissents as a possible ground for the arrest of political activists.
- Police have also been accused of acting selectively. They arrest only a particular class of activists and ignore the explosive expression of others.
- The ruling dispensation does not seem to accommodate reasonable dissents. It does not allow people to dissent.

### Importance of dissent in a democracy:

- Without debates and discussions, the very ideas of constitutionally guaranteed rights and expressions hold no value.
- The present government sees such debates and discussions as a threat to the political system of the country and the prevailing social order.
- To hold prejudices against dissents as objectionable is unfair given the fact that political activists are asserting that their expressions do not violate peace and harmony of the society but instead strengthen them.
- It is to be noted that dissent improves morals of democracy and ethical stamina of citizens.
- Genuine disagreements help minorities to raise their issues.
- In a democracy, disagreements can bring respect to dissenting people as well as to the government. Hence, it is the moral responsibility of the government to respect and allow people to disagree.

### Dissent and Citizenship Amendment Act, 2019:

- In the present circumstances, dissent is being seen as hatred and an expression of intolerance towards the government.
- The situation revolving around Citizenship Amendment Act, 2019 is a manifestation of the above assertion.



- The supporters of the Act have made explosive statements against those who were opposing the Act, branding their own countrymen as intolerant.
  - This has also put questions on the role of law enforcement agencies.
  - The credibility of the police as a public institution has been questioned.

### **The issue of honour and dignity:**

- Neutrality is an institutional value which defines the dignity of an institution. For police, the value of dignity holds higher moral value.
- State considers disagreement as a challenge to its honour if not to its dignity.
- Honour seeks subordination from the sieged ones. It seeks subordination to those norms which have been dictated by ideological prejudices rather than formed through democratic manner.
- On the other hand, dignity reflects a commitment to an egalitarian form of democracy.
- The dissenters try to influence the government and at the same time, the government and its supporters try to dominate over dissenters. This leads to an impasse between the two which is never-ending.
- However, in these circumstances, dissenters are the ones who suffer and have to face injustice and unjustified imprisonment.
- Given such a complex situation, any form of protest by dissenters even if democratic, becomes a trap for them. The dissenters too, do not realise that they are entering into an ambiguous and uncertain territory where they will be trapped.
- Such a situation reflects a paradox of democracy.

### **Getting through this impasse:**

- There are two possible ways to get out of this impasse.
- One is to create an alternative political structure which is based on the constitutional values and is not determined by communalism and feeling of hatred.
  - A political structure based on constitutional values can pave the way for communal harmony having its roots embedded in democratic values.
- The second route goes through the ethics of compassion.
  - The force of compassion in uniting members of the majority and the minority community has proved its effectiveness from time to time amid crisis and most prominently during this COVID pandemic.
  - The ethical obligation to be with each other all the time and not only during the time of crisis could pave the way for mutual respect and suggests that there is life beyond differences and dissents.