

## Fixed-Term Employment across Industries

### Why in news?

\n\n

The Union Ministry of Labour has reportedly urged States to issue orders permitting fixed-term employment (FTE) across industries.

\n\n

### What is fixed-term employment?

\n\n

\n

- In March 2018, the Centre notified on fixed-term employment (FTE) for all sectors. Click [here](#) to know more.

\n

- Under this, a company or an enterprise hires an employee for a specific period of time.

\n

- The contract can be renewed or terminated according to the performance of the worker.

\n

- The notification does not permit conversion of permanent posts into FTE.

\n

- Therefore, the move, for now, is aimed at turning contract workers into FTE ones.

\n

\n\n

### What are the benefits?

\n\n

\n

- **Entitlements** - Under FTE, workers will be entitled to benefits available to permanent workers.

\n

- Contract workers, if turned to FTE workers, stand to gain in terms of the statutory benefits.

\n

- They can possibly be assured of a greater sense of accountability from the principal employer.  
\n
- **Jobs** - For the contract workforce, poor work environment has been a major trigger for unrest in industrial hubs.  
\n
- It is, therefore, in the industry's interest to improve their working conditions.  
\n
- However, the industry had largely been reluctant to go ahead, in view of rising costs and obligations.  
\n
- The cost of capital had remained so low as to deter labour use.  
\n
- Notably, this is said to be a factor for the slowed down job growth in the last decade.  
\n
- But industries will now gain from FTEs category of the workforce, as it gives them the much-needed flexibility.  
\n
- **Sectors** - FTEs are particularly useful in executing specific projects, such as in the infra sector.  
\n
- They are prevalent in apparel, footwear and sections of the media.  
\n

\n\n

## **What are the concerns and ways out?**

\n\n

- **Rules** - The present rules do not explicitly mention the minimum or maximum term of an FTE and the maximum permissible number of consecutive FTEs.  
\n
- The FTE conditions need to be defined clearly to make them acceptable to both employers and employees.  
\n
- E.g. In China, a worker employed without an FTE for a year is deemed to be on an open-ended contract  
\n
- She is considered a permanent employee after two successive renewals.  
\n
- While introducing FTEs to promote employment, these norms should be arrived at in a transparent, consensual manner.

\n

- It is also important to ensure that new labour reforms have a better social safety net.

\n

- **Legal** - FTE has been notified by an executive order, without Parliament having ratified it.

\n

- So states are not really obliged to take it forward.

\n

- This is because labour is a Concurrent List subject, and States are bound only by a central law (unless they choose to amend that).

\n

- The Centre's notification at present applies to central public sector undertakings.

\n

- It also applies to activities governed by the Centre such as banking, civil aviation, finance, insurance, ports and mining.

\n

- So for the FTE to function across regions and industries, the Centre must take the Parliament route.

\n

\n\n

\n\n

**Source: BusinessLine**

\n

