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LABOUR MARKET FLEXIBILITY IN INDIAN INDUSTRY:
A SCEPTICAL VIEW

Abstract:

Changes in India's 'archaic' labour laws have long been regarded as the 'unfinished agenda' of the liberalizing reforms that began in the 1980s. This presentation takes a critical look at the evidence that relates the poor performance of the organized sector of Indian industry to its supposed lack of employment flexibility due to restrictive labour laws. The 1947 Industrial Disputes Act (IDA) has been at the heart of controversial claims that pro-worker amendments have led to adverse economic outcomes, while pro-employer amendments have brought benefits. I show that these claims are based on misinterpretations of the law, that the IDA has not constrained flexibility, and that the condition of workers in the organized sector has been deteriorating for decades even without amendments in the labour laws. These findings are relevant in the context of the reduced protection for workers in the new Industrial Relations Code, which was enacted in 2020 to replace the IDA.

The Speaker:

Aditya Bhattacharjea is Senior Professor of Economics at the Delhi School of Economics, University of Delhi, and Distinguished Fellow of the Indira Gandhi Institute of Development Research, Mumbai. He taught at St Stephen's College from 1980 to 1996, and has been a visiting professor at Duke University, USA. His research interests include competition (antitrust) law and economics, labour market regulation, and trade policy under imperfect competition. His articles have appeared in leading law and economics journals in India and abroad. He has served on many committees of the Government of India, and has been on the advisory boards of several scholarly journals including the *Indian Journal of Labour Economics*.