



TeamLease Services lauds government's efforts to bring amendments in the Maternity Benefit Act 2017, suggests reforms to certain clauses of the Act

National, 21st November 2018: TeamLease Services, India's largest composite staffing company had recently released their report, **The Impact of Maternity Benefits on Business and Employment**, further to the Maternity (Amendment) Bill which was passed in 2017. A detailed analysis on the maternity amendment bill, the report focused on key elements of the Maternity Benefit Act and its effect on the representation of women workforce in India. The analysis covering 10 key sectors comprising of Aviation, BPO / ITeS, Real-Estate, E-Commerce, Education, BFSI, IT, Manufacturing, Retail and Tourism has triggered a series of dialogues among multiple stakeholders from the HR fraternity. Further to this The Ministry of Labour and Employment (Social Security Division) issued a proposal on September 12th, 2018 for providing incentives to entities that provide maternity benefits of 26 weeks paid leave to their women employees. In light of this proposal, TeamLease Services would like to represent the recommendations which were suggested in the earlier released TeamLease report as well as suggest a few new recommendations to the Labour Ministry, calling for amendments in the Maternity Benefit Act, 2017; driving a much needed reform in the industry.

TeamLease Services Limited has made a few suggestions to further make this act more holistic and beneficial to all stakeholders. Multiple recommendations have been made under the 6th clause 'Proposed Incentive' of the 2017 Act. The clause not only states the increase of paid maternity leave from 12 to 26 weeks, but also elaborates on the added provisions such as facility of "crèche" with certain pre-requisites (caretakers, visit by mothers, suitable location). This has had a huge financial impact for employers, thereby causing a deceleration in the entry of new women in the workforce.

Commenting on this aspect, Rituparna Chakraborty, Co-Founder & EVP at TeamLease Services and President of ISF said, *"At TeamLease, we are extremely appreciative of the government considering our recommendations as well as the insights from the industry towards making reforms in the current Maternity Benefit Act. However, it is crucial to also consider the implications that the current Act has on employers and representation of women in the workforce. To encourage employers genuinely to provide employment opportunities to more women, the government must consider partaking half of the total leave benefits, by absorbing 13 weeks of wages out of the 26 weeks. In addition to this the government can also assist by setting up of added provisions which are proposed in Maternity Benefit (Amendment) Act 2017, and allow eligible employees to access it at nominal costs. This will ease out the financial pressure on employers."*

Another key aspect under consideration is the wage ceiling covered under the current parameters of the Act. Many organizations, trade unions and TeamLease Services have sparked a conversation to urge the Indian Labour Ministry to revise the wage ceiling for women employees covered under the government's seven week wage reimbursement plans under the Maternity Benefit Act.

Currently the proposal recommends that entitlement of women to avail the proposed 7 weeks wage benefit has been linked to the slab of salary less than Rs.15, 000 per month. Additionally the employee must be a member of EPFO for at least one year and not be covered under ESIC. While the ESIC Act mandates that all employees earning wages of Rs.21, 000 or less shall be covered under the ESIC Act, the proposal to consider employees earning wages of Rs.15, 000 or less is not justifiable as women employed in non-implemented areas shall not be entitled to the benefits. Moreover, a large number of employees are in sectors (like IT, ITES, Pharmaceutical, Logistics, BFSI and Service sectors) where the paid wages are higher than Rs.15, 000. In both cases the employer will be forced to bear the entire cost.

Suggesting the reform to the clause, Rituparna added, “The wages of 13 weeks (as requested in this representation) needs to be extended to all women employees who are not covered under ESIC, without any pre-conditions on wage ceiling or being member of PF for one year.” She further said, “We need to think holistically about the Maternity Act and ensure that it is beneficial to all stakeholders without creating any burdens on employers or adversely affecting inclusion of women in the workforce.

In conclusion, the recommendation paper also suggested that the in order to maintain uniformity and standardization, as well as to provide a level playing field to employers in matters of social security benefits, the Maternity Benefit Act must function only as a Central Government legislation rather than being subjective to change by State Governments. This will ensure fair and standard implementation of the law.

With the proposed changes in the Act, employers will be encouraged to provide employment opportunities to women without any gender discrimination and allow women to be part of the mainstream of India’s progress and improve hiring and employee retention.

SUMMARIZING THE PROPOSAL

PROPOSED RECOMMENDATION FROM TEAMLEASE:

➤ **Proposal by Ministry of Labour & Employment, Government of India**

- Wages equivalent to 7 weeks shall be reimbursed by the Government of India to employers who employ women workers and provide maternity benefits of 26 weeks paid leave.

Recommendations from TeamLease:

- Partaking half of the total leave benefits, by absorbing 13 weeks of wages out of the 26 weeks
- Set up crèches with all the attendant facilities and allowing employees eligible to use these “crèches” at a very nominal cost

➤ **Proposal by Ministry of Labour & Employment, Government of India**

- To enable an entity to avail of the incentive, the women employees working in their entity should be a wage earner of less than Rs.15,000/- per month and a member of EPFO for at least one year and not covered under ESIC.

Recommendations from TeamLease:

- The period of wages of 13 weeks may be extended to all women employees who are not covered under ESIC, without any pre-conditions on wage ceiling or being member of PF for one year

➤ **Proposal by Ministry of Labour & Employment, Government of India**

- It is proposed to administer the scheme through the offices of the Director General of Labour Welfare(DGLW) across the country

Recommendations from TeamLease:

- Actions to legislate the Maternity Benefit Act should reside only as a Central legislation/Statute, without any power to State Governments to change the provisions

About TeamLease Services Ltd.

TeamLease Services established in 2002, is one of India's leading human resource service companies in the organized segment. A Fortune India 500 company listed on both NSE & BSE markets, TeamLease has a presence in 8 locations, with over 2500+ clients and 1700+ employees across the country. It is a one-stop provider of human resources services to various industries and diverse functional roles, offering staffing, payroll processing, recruitment, compliance and training services. TeamLease set in motion the larger company mission of 'Putting India to Work' by focusing on its vision of 3 E's – Employment, Employability and Education.

The Company in partnership with the Government of Gujarat set up TeamLease Skills University (TLSU), India's first vocational university, at Vadodara. In FY2015, TeamLease rolled out NETAP (National Employability through Apprenticeship Program) to provide on-the-job training to apprentices. The company at present has nearly **2,00,000** associates/trainees spread across the country in **6,600+ locations** and has till date given employment to 1.7+ million people with an aim to hire millions more.