

## **Fixed-term employment extended to all sectors to boost ease of business**

As announced in the Union Budget 2018-19, the government has extended the facility of hiring workers on fixed term employment to all sectors. The facility for hiring on fixed term contract was initially available only for the apparel manufacturing sector as per the Industrial Establishment (Standing Order) 1946.

It also states that no permanent employee be moved to fixed term employment. The fixed-term worker would be entitled to all benefits such as wages, hours of work, allowances and others statutory benefits, not less than permanent workmen. To protect existing permanent workers, the rules provide that no employer will convert the posts of permanent workmen into fixed-term employment.

This move will facilitate ease of doing business in the economy as this will lead to lower restrictions in hiring workforce in factories and establishments. Further, this would also lead to free labour movement giving companies more flexibility in hiring employees and is expected to boost job creation in the coming times.

### **Background-**

Fixed-term employment is defined as a workman who is employed on a contractual basis for a fixed period. Thus the services of the workman will be automatically terminated as a result of non-renewal of the contract between the employer and the workman concerned.

This facility will facilitate the industry to employ workers in sectors which are of seasonal nature and witness fluctuation of demand and hence requires flexibility in employing workers.

**Please contact for any query related to this mail to Ms. Megha Kaul, Associate Economist at [megha@phdcci.in](mailto:megha@phdcci.in) with a cc to Dr. S P Sharma, Chief Economist at [spsharma@phdcci.in](mailto:spsharma@phdcci.in), PHD Chamber of Commerce & Industry.**

**Warm regards,**

**Dr. S P Sharma**  
**Chief Economist**

-----  
PHD Chamber of Commerce and Industry  
PHD House, 4/2 Siri Institutional Area  
August Kranti Marg, New Delhi-110016  
Ph.: + 91-11-26863801-04, 49545454  
Fax: +91- 26855450, 49545451  
Email: [spsharma@phdcci.in](mailto:spsharma@phdcci.in)  
Website: [www.phdcci.in](http://www.phdcci.in)

***"We Walk Our Talk"***

**PHD CHAMBER OF COMMERCE AND INDUSTRY**

PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel. : +91-11-2686 3801-04, 49545454, 49545400  
Fax : +91-11-2685 5450 • E-mail : [president@phdcci.in](mailto:president@phdcci.in) • Website : [www.phdcci.in](http://www.phdcci.in), CIN: U74899DL1951GAP001947



