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EVALUATING THE EFFICACY OF INDIA'S MATERNITY BENEFIT FRAMEWORK A COMPARATIVE ANALYSIS OF THE 1961 ACT AND THE 2017 AMENDMENT IN BALANCING STATUTORY PROTECTION AND FEMALE WORKFORCE RETENTION

***Nehaa Nangrale**

Student of Law, Haveli Institute of Legal Studies & Research, Silvassa, Dadra & Nagar
Haveli.

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***Corresponding Author: Nehaa Nangrale**

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Student of Law, Haveli Institute of Legal Studies & Research, Silvassa, Dadra & Nagar
Haveli.

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ABSTRACT

This research evaluates the paradigm shift in India's statutory maternal protection framework, moving from welfare-centric safeguarding under the Maternity Benefit Act, 1961, to an outcome-driven focus on female workforce retention through the Maternity Benefit (Amendment) Act, 2017. While the 2017 Amendment introduced progressive mandates—extending paid leave from 12 to 26 weeks, introducing crèche facilities, and recognizing adoptive and commissioning mothers—its long-term efficacy in sustaining Female Labour Force Participation (FLFP) remains contested.

Through a comparative legislative and economic analysis, this paper examines how enhanced statutory protections intersect with market realities. The findings indicate a critical structural paradox: by placing the full financial and operational burden of expanded benefits exclusively on employers rather than through a shared social security fund, the 2017 Amendment has unintentionally incentivized discrimination in hiring practices against women of childbearing age, particularly within small and medium enterprises (SMEs). Furthermore, the benefits remain largely localized to the formal sector, leaving over 90% of India's female workforce in the informal and gig economies effectively excluded.

This study advocates for a policy transition toward government-subsidized social insurance models and the statutory introduction of gender-neutral parental leave to decouple maternity costs from hiring decisions, ultimately aligning legal protections with sustainable female workforce retention.

KEYWORDS: Maternity Benefit Act, Female Labour Force Participation (FLFP), Workplace Retention, Social Security, Labour Law Reform, Gender Discrimination, Indian Economy.

1. INTRODUCTION

1.1 Background and Socio-Legal Context

The intersection of gender, labor, and social security in India has historically been governed by statutory protections designed to mitigate the physical and structural disadvantages faced by working women. Central to this framework is the mandate of protective discrimination envisioned under Article 15(3) of the Constitution of India, which empowers the State to enact special provisions for women to ensure substantive equality in the workplace.

To operationalize this constitutional ideal, the Parliament enacted the Maternity Benefit Act, 1961. Designed primarily as a welfare mechanism, the 1961 Act aimed to safeguard female employees from wage loss and unfair termination during pregnancy and post-childbirth. It introduced a standardized regime of 12 weeks of fully paid maternity leave, basic medical bonuses, and job security protections for establishments employing ten or more persons. While progressive for its era, the 1961 statute treated maternal protection strictly as a brief biological hiatus, focusing on physical recovery rather than long-term career continuity or early childhood development.

Decades later, economic expansion and shifting labor demographics revealed structural inadequacies in the 1961 legislation. Despite robust national economic growth, India faced a persistent challenge: declining or stagnating Female Labour Force Participation (FLFP). Working women routinely confronted the "motherhood penalty"—a phenomenon where childbirth catalyzed permanent exit from the formal economy due to inadequate child care infrastructure, rigid work environments, and insufficient recovery periods.

Recognizing that basic physical protection was insufficient to retain skilled female talent, the legislature introduced the Maternity Benefit (Amendment) Act, 2017. This amendment marked a fundamental paradigm shift from mere welfare protection to proactive workforce retention. By extending paid maternity leave from 12 to 26 weeks, introducing mandatory crèche facilities for larger establishments, recognizing non-traditional motherhood (adoptive and commissioning mothers), and sanctioning flexible work-from-home options, the 2017

framework sought to align Indian labor standards with International Labour Organization (ILO) directives and global benchmarks.

1.2 Statement of the Problem

Despite its progressive design, the 2017 Amendment introduced a significant structural conflict. Under the current legislative design, the entire financial and operational liability of providing 26 weeks of paid leave and crèche infrastructure rests solely on the employer. Unlike many international jurisdictions—where statutory maternity benefits are co-funded through government-backed social security funds or general taxation—India's employer liability model imposes a direct cost on hiring female workers.

Consequently, a critical policy paradox emerges: measures intended to protect working mothers can inadvertently make women of childbearing age more expensive to employ. This dynamic creates subconscious hiring biases, particularly within Small and Medium Enterprises (SMEs) and startup ecosystems. Furthermore, because statutory protections are restricted to organized establishments with ten or more employees, over 90% of India's female workforce operating in the informal, gig, and unorganized sectors remains largely excluded.

1.3 Research Questions

How significantly did the Maternity Benefit (Amendment) Act, 2017 alter the statutory framework of the 1961 Act regarding leave duration, coverage, and workplace obligations?

To what extent has the shift from 12 to 26 weeks of employer-funded paid leave achieved its objective of female workforce retention versus creating unintended market biases in recruitment?

What structural reforms, such as government-backed social insurance models or gender-neutral parental leave, are required to reconcile statutory maternal protection with sustained economic competitiveness?

1.4 Research Objectives

To conduct a comparative legal analysis of the provisions, scope, and entitlements under the 1961 Act and the 2017 Amendment.

To critically evaluate the economic implications of an employer-funded maternity liability on female labor force participation, particularly in formal private establishments.

To examine judicial trends and landmark court decisions that have interpreted maternity entitlements under Article 21 and labor jurisprudence.

To propose policy interventions—including cost-sharing mechanisms under the Code on Social Security, 2020—to balance employer sustainability with statutory worker protection.

1.5 Scope and Methodology

This research utilizes a doctrinal and analytical approach. The secondary legal analysis relies on primary statutory authorities, including the Maternity Benefit Act, 1961, the Maternity Benefit (Amendment) Act, 2017, the Code on Social Security, 2020, and relevant judicial precedents from the Supreme Court of India and state High Courts.

The legal analysis is supplemented by secondary empirical data and economic reports from the International Labour Organization (ILO), Ministry of Labour and Employment, NITI Aayog, and academic literature on labor economics. The geographical scope is confined to the Indian legal regime, with selective comparative references to global social security practices.

2. COMPARATIVE LEGISLATIVE ANALYSIS: 1961 ACT VS. 2017 AMENDMENT

2.1 Paradigm Shift in Statutory Philosophy

The evolution of India's statutory maternal protection framework reflects a transition from basic welfare protection to a strategy centered on workforce retention. The Maternity Benefit Act, 1961 was enacted primarily to prevent physical hardship and wage deprivation during pregnancy and post-childbirth. However, its scope was largely reactive, treating pregnancy as a temporary interruption in employment rather than a career stage requiring structural workplace integration.

By contrast, the Maternity Benefit (Amendment) Act, 2017 recognized the "motherhood penalty"—the sharp exit of women from the formal labor force post-childbirth—as a structural defect in India's economic growth. The legislative intent shifted from mere financial relief to facilitating career continuity, work-life balance, and early childhood care.

2.2 Comparative Analysis of Core Provisions

Duration of Paid Leave	12 Weeks (Maximum 6 weeks pre-delivery).	26 Weeks for up to 2 surviving children. Subsequent children remain eligible for 12 weeks.	Aligns India with ILO standards (14-week minimum), ranking among the world's longest statutory leaves.
Scope of Motherhood Recognized	Biological Mothers Only; strictly linked to pregnancy and physical delivery.	Includes Non-Traditional Mothers: 12 weeks for Adoptive Mothers (adopting a child under 3 months) and Commissioning Mothers (surrogacy).	Broadens legal definitions of family to align with evolving social structures and reproductive technologies.
Crèche Facility Mandate	No Statutory Obligation; left to general provisions under the <i>Factories Act, 1948</i> .	Mandatory for establishments with 50 or more employees. Includes 4 daily visits to the facility.	Transitions child care from a private domestic burden to a shared corporate responsibility.
Flexible Work Arrangements	No Statutory Provision; flexible arrangements were entirely at employer discretion.	Work-From-Home (WFH) provision post-maternity leave, based on mutual consent and job feasibility (Section 5(5)).	Codifies flexible working models, supporting gradual re-entry into the workplace.
Statutory Disclosure / Awareness	No Requirement to inform employees of statutory rights at the point of hiring.	Mandatory Written Notice of all maternity benefits provided at the time of initial appointment (Section 11A).	Enhances legal literacy and prevents procedural denial of statutory entitlements.

2.3 Detailed Analysis of Key Changes

1. Duration of Paid Leave & The Two-Child Limitation

The expansion from 12 to 26 weeks under Section 5(3) provides extended medical recovery and supports exclusive breastfeeding during an infant's crucial first six months. However, the legislature introduced a proviso capping the 26-week benefit at the first two surviving children. For a third child, entitlement reverts to the original 12-week limit, reflecting a policy intersection between labor protection and population planning strategies.

2. Recognition of Adoptive and Commissioning Mothers

Section 5(4) created a statutory category for adoptive mothers (adopting an infant under three months) and commissioning mothers. While progressive, two legal discrepancies persist: the 12-week entitlement is less than half the 26-week period granted to biological mothers, and the requirement that an adopted child be under three months old excludes women adopting older infants, creating an arbitrary barrier.

3. Crèche Mandate and Operational Hurdles

Section 11A requires establishments employing 50 or more workers to maintain an in-house crèche or contract with a nearby facility. While intended to alleviate childcare burdens, the provision lacks clear national standards regarding safety criteria, staff-to-child ratios, and financial cost-sharing, as operational costs fall entirely on the employer.

4. Flexible Work Provisions (Section 5(5))

The inclusion of a "Work-from-Home" clause acknowledges modern digital work environments. However, because the benefit remains subject to "mutual agreement" and the "nature of work," it remains discretionary rather than an absolute legal right.

3. ECONOMIC IMPACT AND THE EMPLOYER LIABILITY MODEL

3.1 The Employer Liability Paradox

The foundational bottleneck in India's maternal benefit architecture lies in its financial model. Under Section 5 of the 1961 Act and 2017 Amendment, the obligation to fund 26 weeks of paid leave, maintain medical bonuses, and establish crèche infrastructure rests 100% on the individual employer.

This creates structural friction between statutory social welfare goals and corporate market realities. Globally, over 100 countries fund statutory maternity leave through multi-payer social security funds or general taxation models. In contrast, India's total reliance on an employer liability framework internalizes social costs directly into company payroll expenses, turning protective legislation into a financial liability tied to female headcount.

3.2 Financial and Operational Cost Burdens

Direct Wage Liabilities: Payment of 26 weeks of full salary without state subsidies.

Replacement and Continuity Costs: Hiring temporary contract replacements or redistributing workloads, leading to overtime compensation or operational friction.

Infrastructure Overhead: Setting up and maintaining crèche facilities under Section 11A imposes recurring capital expenditure.

Post-Leave Flexibility Costs: Managing non-revenue hours created by four mandatory daily crèche visits and potential remote-work arrangements.

3.3 Unintended Consequences: Recruitment Bias

Because the marginal cost of hiring a female employee of childbearing age is higher than hiring a male counterpart of equal competence, the 2017 Amendment has driven unintended corporate discrimination:

Subconscious Hiring Biases: Industry reports (e.g., TeamLease Services) revealed that a significant percentage of surveyed employers admitted to reluctance when hiring female candidates in the 20–35 age bracket to sidestep mandates.

Impact on SMEs and Startups: Micro, Small, and Medium Enterprises (MSMEs) operate on narrow margins. Losing an employee for 26 weeks while paying full wages can interrupt core operations, prompting SMEs to systematically reduce female hiring or pivot to short-term contracts.

Casualization of Work: To avoid falling under the 10-employee threshold under Section 1(3), businesses rely on consultant agreements, gig-based work, or third-party staffing, pushing female workers into precariously structured jobs stripped of maternity coverage.

3.4 The Informal Sector Exclusion

Over 90% of working women in India operate in the informal economy—as agricultural laborers, domestic workers, construction laborers, and self-employed artisans. For these women, pregnancy leads directly to immediate income loss, physical strain up to delivery, and early post-partum return to work. By placing the cost burden on formal employers rather than building a tax-funded social security net, the state has deepened a two-tiered system where formal workers enjoy extensive protections while the vast majority remain exposed to economic instability.

4. JUDICIAL INTERPRETATION AND LANDMARK CASE LAWS

4.1 The Constitutional Bedrock: Articles 14, 15, and 21

The Indian judiciary has played a pivotal role in shifting maternity entitlements from discretionary statutory perquisites to enforceable fundamental human rights. The constitutional jurisprudence draws strength from Article 14 (Equality), Article 15(3) (Special Provisions for Women), and Article 21 (Right to Life and Dignity), read alongside Directive Principles under Article 39 and Article 42.

4.2 Landmark Judgments

Air India v. Nergesh Meerza (1981): The Supreme Court struck down regulations mandating automatic termination of air hostesses upon their first pregnancy, holding that forcing a woman to choose between employment and motherhood violated Article 14.

Municipal Corporation of Delhi v. Female Workers (Muster Roll) (2000): The Supreme Court affirmed that the Maternity Benefit Act applies universally to casual and daily-wage workers, ruling that physical labor in advanced stages of pregnancy without statutory relief violates human dignity under Article 21.

Dr. Kavita Yadav v. Secretary, Ministry of Health and Family Welfare (2024): The Supreme Court held that maternity benefits are not co-terminus with contractual tenure. Once a worker fulfills the statutory 80-day threshold under Section 5(2), her right to 26 weeks of benefits vests completely, overriding private fixed-term contract expirations.

Hamsaanandini Nanduri v. Union of India (2026): The Supreme Court struck down the statutory restriction limiting adoption leave to infants under three months old, ruling that statutory protection is aimed at bonding and caregiving, which applies equally regardless of biological origin or adoptive age.

5. GLOBAL MODELS, RECOMMENDATIONS, AND CONCLUSION

5.1 Comparative Global Models

Nordic Model (Sweden & Norway): Paid parental leave is funded through state social security generated via general taxation and collective employer contributions, featuring shared parental leave quotas that normalize career breaks for both genders.

ILO Standards (Convention No. 183): Mandates that maternity benefits must be provided through social insurance or public funds, explicitly stating that employers should not be held individually liable for direct costs.

Brazil & South Africa: Brazil funds leave through its INSS social security system with tax deductions for employers, while South Africa utilizes an Unemployment Insurance Fund (UIF).

5.2 Reformative Pathways Under the Code on Social Security, 2020

Universalization of the ESIC Risk-Pool: Expanding Employees' State Insurance Corporation (ESIC) coverage to shift statutory payouts from individual firm balance sheets to a national tripartite insurance pool.

Government Reimbursement Schemes for MSMEs: Introducing wage-reimbursement mechanisms where the central government co-funds 12 to 14 weeks of paid salary for establishments employing fewer than 50 workers.

Extending Protection to Gig & Informal Workers: Funding maternity relief through aggregator levies on platform transactions under Chapter IX of the Social Security Code.

Transition to Gender-Neutral Parental Leave: Establishing statutory paternity leave to distribute caregiving responsibilities equally and neutralize recruitment bias.

5.3 Conclusion

The evolution of India's maternal health legislation reflects a commendable socio-legal transition from basic welfare safeguards to structural workforce retention. However, reliance on an exclusive employer liability model creates a fundamental structural paradox, inadvertently incentivizing recruitment bias against female talent.

To align statutory legislative intent with workplace realities, India must transition toward a government-supported social insurance model. By distributing costs through shared state funds, expanding protections to the unorganized economy, and institutionalizing shared parental leave, the legal framework can ensure that maternal health protection strengthens—rather than hinders—female workforce retention and constitutional equality.

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