

Sansad TV Perspective: New Labour Code

In the series Sansad TV Perspective, we bring you an analysis of the discussion featured on the insightful programme 'Perspective' on Sansad TV, on various important topics affecting India and also the world. This analysis will help you immensely for the [IAS exam](#), especially the mains exam, where a well-rounded understanding of topics is a prerequisite for writing answers that fetch good marks.

In this article, we feature the discussion on the topic: **New Labour Code**

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Guests:

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Highlights of the Discussion:

- Policy perspective behind the consolidation of 29 labour laws into four labour codes.
- Industry's perspective on impact of these codes on the organisations after implementation.
- What reforms are these codes bringing
- Ways to expedite the implementation procedure
- Apprehensions of the industry and other stakeholders
- How are these labour laws going to encourage more and more female participation in the Labour force

Introduction:

- The government is set to introduce four new [labour codes](#) that have been framed by amalgamating 29 central labour laws.
- These labour codes are related to wages, social security, occupational safety, health and working conditions, and industrial relations.
- These codes will ensure empowerment of workers via minimum wages, job security, social & health security.

Policy perspective behind the consolidation:

- Labour laws have been rationalised and transformed to bring the balance between the requirement of Industry and the protection of rights of every labour worker in the country.

- Consolidation of labour laws was recommended by the Second National Commission on Labour (2002) because the existing labour laws were archaic, complex and had inconsistent definitions. The Commission suggested simplification of the labour codes for the sake of transparency and uniformity.
- The main objective was to create new labour laws in light of the economic revolution, new economic order as well as to ensure that each and every worker whether in the organised or disorganised sector gets protection against the exploitation.

Impact of these codes on Industries:

- Various provisions such as capping daily working hours from the current 8 to 12 while weekly work hours capped at 48. Employers can step towards a 4-day work week.
- The new codes also allow an increase in the maximum number of overtime hours from 50 hours (under the Factories Act) to 125 hours (in new labour codes) in a quarter across industries.
- This would give headroom to companies to adopt the 4-day work week and employ workers on the weekend, if necessary.
- The labour codes have rules for payment of full and final wages as well.
- The Code on Wages 2019 introduced a standardised definition of 'wage', which was previously an ambiguous concept. Wages now include all types of remuneration including Basic Pay, Dearness Allowance (DA) and Retaining Allowance (RA), applicable to all prospective social security schemes.
- Now applicable to both organised and unorganised sectors, the Employee Provident Fund (EPF) and gratuity contributions are set to rise under the Wage Code and the Social Security Code.
- The Wage Code also mandates a rise in employer and employee contributions to EPF on the revised basic pay provisions.
- Industry will have a lot of issues and feel the pinch as the cost to the industry will increase.
- Most of the industry over the last five-ten years has started understanding the importance of going digital which is going to benefit every stakeholder

Benefits of new labour codes:

- It is expected to reduce litigation as it streamlines the definition of wages.
- It will reduce the number of minimum wages in the country from the existing more than 2000 rates of minimum wages. This would ensure minimum wage for every worker.
- Simplification of laws will provide a big boost to industry & employment and will reduce multiplicity of definition and multiplicity of authority for businesses.
- The codes bring reforms in licensing by providing for a single licensing mechanism.
- They provide for easier dispute resolution.
- Reduction in complexity and internal contradictions with increased flexibility facilitates ease of doing business.
- It will promote fixed term employment, reduce influence of trade unions and expand the social

security net for informal sector workers.

Ways to expedite the implementation procedure

- Labour being a concurrent subject, both the Centre and states have to frame laws and rules. While Parliament cleared the four labour codes in 2020, some state governments are yet to complete the process. Primarily because of the difference of opinion between the state governments and the centre.
- Recently, Labour Ministers and Labour Secretaries of States and Union Territories, met to discuss the framing of Rules under the four Labour Codes. Regular meetings to iron out the differences on the four Codes will help in quicker implementation.
- Creating awareness about rights and obligations under these laws in both formal and informal sectors

Apprehensions:

- The new codes have denied workers the right to form trade unions and indulge in collective bargaining for their rights.
- They also triggered apprehensions over social security benefits for workers in the unorganised sector.
- The labour codes also provide employers with flexibility to hire and fire at will. Such insecurity of tenure will lead to even more fluctuation in employment rates.
- Categorisation of employees as highly- skilled, skilled, semi- skilled and unskilled would make fixing of minimum wages a complex procedure.

Female participation in Labour Force:

- The new labour laws permit women to be employed for night shifts, i.e., for shifts after 7 P.M and before 6 A.M. This could be a big boost for the female workforce,
- Work from home has found a place in the legislation. This could help make remote working more prevalent, which could help a lot of women continue their work or even re-start their careers.
- Amendments brought to the Maternity Benefit Act in 2017 have increased the duration of maternity break for women from 12 weeks to 26 weeks.
- Code on Wages, 2019 provides for the prohibition of discrimination on the grounds of gender which is a positive move to fix gender pay gap in India.

Conclusion: We have to change with the changing scenario to take full advantage of the fourth industrial revolution. India needs to translate its advantage of the largest young workforce into a highly skilled workforce and towards this these kinds of labour reforms are the need of the hour now the key lies in the timely implementation.