



LABOUR LAW REFORMS

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OVERVIEW

With the objective of strengthening the safety, security, health, social security for every worker and bringing ease of compliance for running an establishment and to catalyse creation of employment opportunities, **Ministry of Labour and Employment**, as per the recommendations of the 2nd National Commission on Labour, has taken steps for codification of existing 29 Central Labour laws into 4 Codes by simplifying and rationalizing the relevant provisions thereof.

The newly enacted Labour Codes are-

- **The Code on Wages, 2019**
- **The Occupational Safety, Health and Working Conditions Code, 2020**
- **The Code on Social Security, 2020**
- **The Industrial Relations Code, 2020**



The New Codes ...

2019

Code on Wages

2020

Industrial Relations Code
2020

Code on Social Security 2020

Occupational Safety, Health
& Working Conditions Code
2020



CODE ON WAGES, 2019

The Code amalgamated the relevant provisions of 4 Central Labour enactments relating to wages, namely:

- The **Payment of Wages Act, 1936** (Remedy against unauthorized deductions and/or unjustified delay in Payment of Wages)
- The **Minimum Wages Act, 1948** (Ensure secure and adequate living wages for all laborers in interest of public)
- The **Payment of Bonus Act, 1965** (To reward the employees by sharing the profits earned and is linked to productivity)
- The **Equal Remuneration Act, 1976** (To provide for payment of Equal Remuneration to men and women workers)



MAJOR REFORMS: CODE ON WAGES

- The provisions relating to wages shall be applicable to all employments covering both organised as well as un-organised sectors. (whereas earlier it included only scheduled employments)
- The power to fix minimum wages continues to be vested in the Central Government as well the State Government in their respective sphere.
- It provides for floor wage for different geographical areas so as to ensure that no State Government fixes the minimum wage below the National floor wage. (only advised to be Rs. 176 per day and not final yet)
- It empowers the appropriate Government to determine the ceiling of wage limit for the purpose of eligibility of bonus and calculation of bonus. (Earlier the appropriate authority was Central Government for which it was appropriate government for Industrial Disputes Act, 1947)
- In the place of number of authorities at multiple levels, it empowers the appropriate Government to appoint authorities to hear and decide the claims under the legislation



MAJOR REFORMS: MAJOR REFORMS CONTD.

- An employee shall be disqualified from receiving bonus if he is dismissed from service for **sexual harassment** (newly inserted). (earlier there were only (a) fraud (b) riotous or violent behavior (c) theft or sabotage of any property)
- Time period for application in case any money is due to any employee by way of bonus has been increased from **1 year to 3 years** from the date on which the money become due. (single application in Form II)



THE CODE ON WAGES, 2019

THE INDUSTRIAL RELATIONS CODE 2020



Trade Union Act, 1926



Industrial Employment
(Standing Orders) Act,
1946



Industrial Disputes
Act, 1947



MAJOR CHANGES: THE INDUSTRIAL RELATIONS CODE 2020

Major changes in the Code relate to the number of Workers.

Establishment having 300 or more workers to compulsorily make rules and regulations w.r.t. the following areas:

- ✓ Workers Classification
- ✓ Holidays
- ✓ Paydays
- ✓ Wage Rates

(These regulations are also called standing orders. Earlier this limit was 100 workers)



MAJOR CHANGES: THE INDUSTRIAL RELATIONS CODE 2020

Closure, Layoff or Retrenchment in any Organisation having 300 or more workers: Need prior permission of the Government.

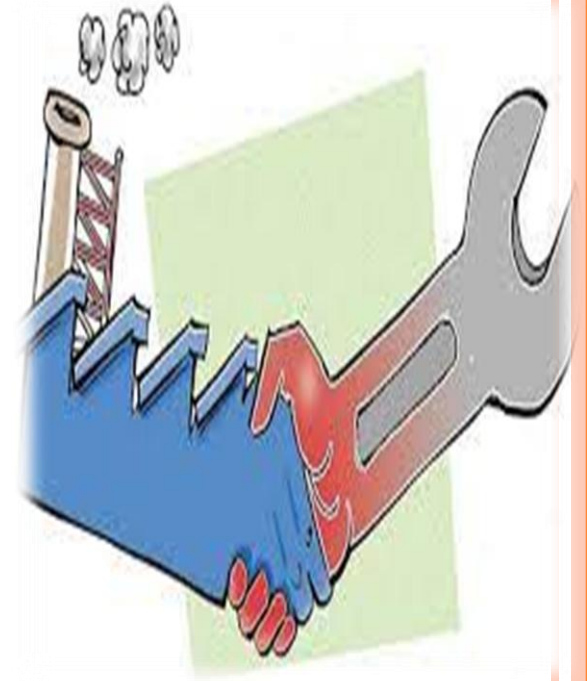
In case any employee want to go on strike: 14 days notice (which is valid for maximum 60 days)

"Strike" now includes mass casual leave on any given day by 50% or more workers employed in an industry. (Newly inserted concept of Mass Casual Leave)



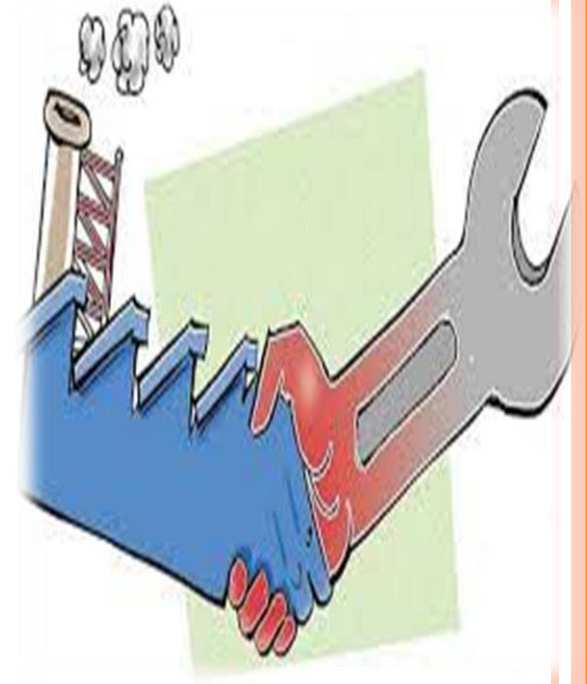
MAJOR REFORMS: CONTD.

- Definition of "**Worker**" has been revised to include persons in supervisory capacity getting wages up to Rs 18,000 per month. (Earlier defined as Workman Rs 10,000 limit)
- Introduction of "Grievance Redressal Committee" mandatory for every establishment employing twenty or more workers.
- Changes for Trade Unions: Any establishment having more than ONE (1) Trade Union, it will get sole negotiating unit status only if it has 51% employees as members. (Earlier this requirement was 75%).



MAJOR REFORMS: CONTD.

- The Code streamlined structure of resolution of industrial disputes-removes multiple adjudicating bodies. Now, the code provides resolution of disputes through a Conciliation Officer and Industrial Tribunal/ National Industrial Tribunal.
- Introduction of "**Workers re-skilling fund**" to be utilised by crediting 15 days wages last drawn by the worker to his account who is retrenched, within 45 days of such retrenchment.



CODE ON SOCIAL SECURITY, 2020

The Code amalgamate the provisions of the following 9 Central Labour enactments relating to social security, namely:-

1. The **Employees' Compensation Act, 1923**
2. The **Employees' State Insurance Act, 1948**
3. The **Employees' Provident Funds and Miscellaneous Provisions Act, 1952**
4. The **Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959**
5. The **Maternity Benefit Act, 1961**
6. The **Payment of Gratuity Act, 1972**
7. The **Cine Workers Welfare Fund Act, 1981**
8. The **Building and Other Construction Workers Welfare Cess Act, 1996**
9. The **Unorganised Workers' Social Security Act, 2008.**

Social Security

Retirement

**Employee
Benefits**



MAJOR REFORMS: CODE ON SOCIAL SECURITY

- All establishments to which the Code applies are required to get themselves registered.
- Aadhar based registration is required for all employees and unorganised workers.
- Contribution rate of employer in Employees Deposit Linked Insurance Scheme - increased from 0.5% to 1%.
- For registration of unorganised workers, the age is increased from 14 years to 16 years.
- New definition introduced for "Inter-state migrant workmen" "Platform Worker" and "Gig Worker". Also, **Fixed Term Employment (FTE)** is also defined to provide benefits to these employees at par with regular employees.
- Fixed term employees are entitled to receive gratuity on pro rata basis on termination of the contract and the completion of 5 years of continuous service is not necessary.



MAJOR REFORMS: CONTD.

- The limit of medical bonus is increased from INR 1000 to INR 3500, if no pre-natal confinement and post-natal care is provided for by the employer free of charge.
- Introduction of "Career Centre" which would including employment exchange, place or portal within its ambit.
- Central Government to constitute National Social Security Board for unorganised workers.



OCCUPATIONAL SAFETY, HEALTH AND WORKING CONDITIONS CODE, 2020

The Code amalgamate the provisions of 13 Central Labour enactments relating to occupation, safety, health & working conditions of workers, namely:-

- The **Factories Act, 1948**
- The **Plantations Labour Act, 1951**
- The **Mines Act, 1952**
- The **Working Journalists and other Newspaper Employees (Conditions of Service and Miscellaneous Provisions) Act, 1955**
- The **Working Journalists (Fixation of Rates of Wages) Act, 1958**
- The **Motor Transport Workers Act, 1961**
- The **Beedi and Cigar Workers (Conditions of Employment) Act, 1966**
- The **Contract Labour (Regulation and Abolition) Act, 1970**
- The **Sales Promotion Employees (Condition of Service) Act, 1976**
- The **Inter-State Migrant workmen (Regulation of Employment and Conditions of Service) Act, 1979**
- The **Cine Workers and Cinema Theatre Workers Act, 1981**
- The **Dock Workers (Safety, Health and Welfare) Act, 1986**
- The **Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996**

Occupational Safety, Health And Working Conditions Code




MAJOR REFORMS: OCCUPATIONAL SAFETY, HEALTH AND WORKING CONDITIONS CODE, 2020

- All establishments to which the Code applies are required to get themselves registered within 60 days from the date of applicability of this Code. (The application will be filed electronically to the registering officer appointed by the appropriate Government)..
- Definition of "Factory" has been amended to increase the limit of employees from 10 to 20, in case of working with aid of power and from 20 to 40, in case of working without aid of power.
- The Code provides for appointment of Safety Officers where 250 or more workers are employed in a factory. The duties and functions of the officer shall be determined by the appropriate government.
- The Code provides for a common license in respect of a factory, industries for beedi and cigar work and for engaging contract workers.



MAJOR REFORMS: CONTD...

- The Code is applicable to a contractor who employs 50 or more contract labour. Earlier, applicability was on contractor employing 20 contract labours.
 - The Code specifies general health and working conditions which is to be adhered by all establishments.
 - The Code provides threshold of workers for canteen and creche as 100 and 50 respectively. The facility of creche will be available for the use of children under the age of six years of the employees.
 - The Code provides that the overtime of workers is subject to their consent for the work.
 - The Code has made provision for employing women in night shift before 6 a.m. and beyond 7 p.m. with their consent.
 - The onus of providing canteens, rest rooms, drinking water and first aid to contract labour is now on the principal employer.
 - The Code makes provision for the appropriate government to provide facility of toll- free helpline to the inter-State migrant workers.
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BENEFITS

The end benefits of the codification of Labour Laws can be summarised as-

For Employers:-

- Ease of compliances
- Less complexity
- Simplification and accountability
- No multiplicity of Acts
- No overlapping of provisions

For Employees:-

- Inclusion of workers of un-organised sector.
- Inclusion of employees working out of traditional relation of employer- employee i.e. Gig workers and Platform workers.
- Identifying Inter-state Migrant workers earning wages up to INR 18,000 per month.



CONCLUSION

The Codification of Labour Law open doors for increased employment opportunities for workers. On the other hand, unifying of various Labour Laws can be viewed as industry-friendly change.

Thank You & Stay Connected



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