

## Labour Codes: A Tool To Promote Worker Empowerment

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**How to cite this article:** Srigouri Kosuri (2024) Labour Codes: A Tool To Promote Worker Empowerment. *Library Progress International*, 44(3), 22816-20823.

### Abstract

The 2nd National Commission on Labour (NCL) recommended consolidation of central labour laws. Since labor laws are dynamic in nature, new legislation were drafted to adapt to the changing world and to ensure that they continue to evolve. They used in the four new labor codes - Code on Wages, 2019 (Wages Code), Code on Social Security, 2020 (SS Code), Industrial Relations Code, 2020 (IR Code) and Occupational Safety, Health and Working Conditions Code, 2020 (OSH Code), are well understood by employers in respect of determining the application to employment and work culture, in general, might change – including the take-home salary of employees, working hours, and the number of weekdays.

**Key words:** labor laws, of provisions thereto to specific classes of employed individuals. Under these new codes, a number of aspects related Social Security, employment, culture

Labour Code will facilitate the implementation and also remove the multiplicity of definitions and authorities without compromising on the basic concepts of welfare and benefits to workers. The Code would bring the use of technology in its enforcement. All these measures would bring transparency and accountability which would lead to more effective enforcement. Widening the scope of minimum wages to all workers would be a big step for equity. The facilitation for ease of compliance of labour laws will promote in setting up of more enterprises thus catalyzing the creation of employment opportunities.

The 2nd National Commission on Labour (NCL) recommended consolidation of central labour laws. It observed that there are numerous labour laws, both at the centre and in states. Further, labour laws have been added in a piecemeal manner, which has resulted in these laws being ad-hoc, complicated, mutually inconsistent with varying definitions, and containing outdated clauses.

The Commission emphasized the need to simplify and consolidate labour laws for the sake of transparency, and uniformity in definitions and approach. Since various labour laws apply to different categories of employees and across various thresholds, their consolidation would also allow for greater coverage of labour. Following the recommendations of NCL, the four Codes on wages, industrial relations, social security, and occupational safety were introduced in Parliament.

The Code on Wages, 2019 has been passed by both Houses of the Parliament and assented to by the President on 08.08.2019. The other three Codes such as Code on Social Security, 2020, Industrial Relations Code, 2020 and Occupational Safety, Health and Working Conditions Code, 2020 received the assent of President on 28th September, 2020.

### CODE ON WAGES, 2019:

The Code on Wages, 2019 amalgamate, simplify and rationalise the relevant provisions of the following four central labour enactments relating to wages, namely i. The Payment of Wages Act, 1936; ii. The Minimum Wages Act, 1948; iii. The Payment of Bonus Act, 1965; and iv. The Equal Remuneration Act, 1976.

### OCCUPATIONAL SAFETY, HEALTH AND WORKING CONDITIONS CODE 2020:

Occupational Safety, Health and Working Conditions Code, 2020 is an Act to consolidate and amend the laws regulating the occupational safety, health and working conditions of the persons employed in an establishment. Occupational Safety, Health and Working Conditions Code, 2020 amalgamate, simplify and rationalise the relevant provisions of the following thirteen Central labour enactments relating to occupation, safety, health and working conditions of workers, namely. . The Factories Act, 1948; ii. The Plantations Labour Act, 1951; iii. The Mines Act, 1952; iv. The Working Journalists and other Newspaper Employees (Conditions of Service and Miscellaneous Provisions) Act, 1955; v. The Working Journalists (Fixation of Rates of Wages) Act, 1958; vi. The Motor Transport Workers Act, 1961; vii. The Beedi and Cigar Workers (Conditions of Employment)

Act, 1966; viii. The Contract Labour (Regulation and Abolition) Act, 1970; ix. The Sales Promotion Employees (Condition of Service) Act, 1976; x. The Inter-State Migrant workmen (Regulation of Employment and Conditions of Service) Act, 1979; xi. The Cine Workers and Cinema Theatre Workers Act, 1981; xii. The Dock Workers (Safety, Health and Welfare) Act, 1986; and xiii. The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996.

### **INDUSTRIAL RELATIONS CODE, 2020**

The Industrial Relations Code, 2020 is an Act to consolidate and amend the laws relating to Trade Unions, conditions of employment in industrial establishment or undertaking, investigation and settlement of industrial disputes. Industrial Relation Code 2020 amalgamate, simplify and rationalise the relevant provisions of i. the Trade Unions Act, 1926; ii. the Industrial Employment (Standing Orders) Act, 1946; and iii. the Industrial Disputes Act, 1947.

### **CODE ON SOCIAL SECURITY, 2020**

The Code on Social Security, 2020 is an Act to amend and consolidate the laws relating to social security with the goal to extend social security to all employees and workers either in the organised or unorganised or any other sectors. Code On Social Security, 2020, amalgamate, simplify and rationalise the relevant provisions of the following nine central labour enactments relating to social security, namely i. The Employees' Compensation Act, 1923; ii. The Employees' State Insurance Act, 1948; iii. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952; iv. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959; v. The Maternity Benefit Act, 1961; vi. The Payment of Gratuity Act, 1972; vii. The Cine Workers Welfare Fund Act, 1981; viii. The Building and Other Construction Workers Welfare Cess Act, 1996; and ix. The Unorganised Workers' Social Security Act, 2008.

These Acts were passed to bring to light the social and economic problems that the working class faces. Since labor laws are dynamic in nature, new legislation were drafted to adapt to the changing world and to ensure that they continue to evolve<sup>1</sup>.

All above Labour Laws are based on one or other human rights specified in Universal Declaration of Human Rights in its various Articles. For example the Trade Union Act, 1926 manifest the human rights like right to freedom of peaceful assembly in Article 20 right to form and join trade union in Article 23. Similarly the Labour Legislation on working conditions is based on right to rest and leisure limited working ours, holidays with pay in Article 24 and just and favourable conditions of work in Article 23. In the same manner the wage legislation ensures just remuneration to enable a worker to live with dignity and equal pay for equal work in Article 23, right to standard of living in Article 25. Again Social Security Legislation covers the right to social security in Article 24, the security in the event of unemployment, sickness, disability, widowhood and old age etc. in Article 25. Thus all the Labour Laws are utility based and oriented towards the protection of human rights of industrial labour in particular and the other labour in general.

Trade union movement in India launched several struggles over a period which compelled the government to adopt labour laws to give some concessions to the working class without basically changing the exploitative system. Several welfare legislations have been brought, though in practice applicable to a small section of the working class.

While adopting the laws several loopholes were left to suit the interests of the capitalist class. Working class had to fight a bitter struggle even to put an end to some of the loopholes. The capitalist landlord government on its own never brought any labour law to grant benefits to the working class. The trade union movement had to conduct sustained struggles even to implement the labour laws passed by parliament and state legislatures.

### **Comparison of Employee v. Worker**

It is critical that the terms 'employee' and 'worker' as defined and used in the four new labor codes - Code on Wages, 2019 (Wages Code), Code on Social Security, 2020 (SS Code), Industrial Relations Code, 2020 (IR Code) and Occupational Safety, Health and Working Conditions Code, 2020 (OSH Code), are well understood by employers in respect of determining the application of provisions thereto to specific classes of employed individuals.

### **Employee v. Worker**

*Employee:* While the SS Code uses the term 'employee', the Wages Code, IR Code and the OSH Code use both the terms "employee" and "worker" in different contexts. The definitions of 'employee' in the 4 labor codes are typically similar and fairly broad to include persons who are "employed on wages by an establishment to do any skilled, semi-skilled or unskilled, manual, operational, supervisory, managerial, administrative, technical or

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<sup>1</sup> S.I. Mohd. Yasir, Labour Legislation in India – A Historical Study, *IJAR* 34, (2016).

clerical work for hire or reward, whether the terms of employment be express or implied”.

An employee excludes an apprentice engaged under Apprentices Act, 1961, besides members of armed forces. The OSH Code qualifies ‘employee’ with a caveat with respect to mine workers for consistency with the provisions under the Mines Act, 1952. The SS Code in its definition of ‘employee’ provides for certain qualifications for application of provisions related to Employees’ Provident Fund Scheme, Employees’ State Insurance Corporation and employees’ compensation, to maintain consistency with the currently applicable laws.

*Worker*: The gender-neutral definition of ‘worker’ under the IR Code, OSH Code and Wages Code is largely similar to ‘workman’ under the Industrial Disputes Act, 1947. A worker is “any person (except an apprentice as defined under clause (aa) of section 2 of the Apprentices Act, 1961)<sup>1</sup> employed in any industry to do any manual, unskilled, skilled, technical, operational, clerical or supervisory work for hire or reward, whether the terms of employment be express or implied”<sup>2</sup> with certain exceptions<sup>3</sup>, and for the purposes of any proceeding under a labor code<sup>4</sup> in relation to an industrial dispute, the term ‘worker’ includes any person who has been dismissed, discharged or retrenched in connection with, or as a consequence of such dispute, or whose dismissal, discharge or retrenchment has led to such dispute. A worker however excludes a person who is employed mainly in a managerial<sup>5</sup> or administrative capacity; or who, being employed in a supervisory capacity, draws wages exceeding INR 15,000 (approx. US\$ 200) per month. The INR 15,000 wage threshold for exclusion of supervisors from the definition of ‘worker’ under the Wages Code has been revised to INR 18,000 (approx. USD 240) under the IR Code and OSH Code. The definition of “worker” under the IR Code includes workers in unorganized sector for the purpose of application of trade union related provisions under the IR Code.

#### **Standing Committee Recommendations and Treatment Thereof**

In the parliamentary standing committee reports containing recommendations on the labor codes including the IR Code and the OSH Code, the respective standing committees have dealt with the multiplicity of expressions used to refer to different classes of employed individuals to which the provisions of the codes apply. While the Indian Ministry of Labour and Employment (MoLE) has purported that the use of the terms ‘employee’ and ‘worker’ in the labor codes is in order to retain the limits of protection as applicable under the predecessor statutes to the labor codes, the Standing Committees for the labor codes have consistently proposed uniform use of one term for employed individuals, thereby extending labor law protections consistently to employees beyond workers, especially in case of OSH Code and IR Code. The labor codes, as were finally notified by the Union government continue to retain the use of the distinct terms ‘employee’ and ‘worker’.

Standing Committee Report on Occupational Safety, Health and Working Conditions Code, 2019 (Bill)<sup>2</sup>: The committee, considered it desirable to extend protection of the provisions of OSH Code to all employees without distinction between employees and workers. While the MoLE in relation to the OSH Code standing committee report noted that usage of distinct terms ‘employee’ and ‘worker’ is to maintain consistency with the provisions of Factories Act, 1948 and applicability thereof, the OSH Code permits the federal government to prescribe health and safety requirements for all employees (including workers) in establishments other than factories as well.

Standing Committee Report on the Industrial Relations Code, 2019 (Bill)<sup>3</sup>: The IR Code standing committee expressed dissent with the argument forwarded by the MoLE for distinctive use of the terms employee and worker, and noted: “As a matter of fact, every employee is a worker and vice-versa. Therefore, the industrial dispute mechanism and other rights like forming of Trade Unions, being office bearers of the Trade Unions, etc. should be made available to each and every employee/ worker, notwithstanding the relevant provisions contained in the Industrial Disputes Act, 1947 which was enacted as early as 1947.”

The standing committee recommended exclusion of only persons “empowered with exercise of administrative responsibilities like granting service benefits to the workers, initiating disciplinary proceedings against them etc.” from definition of worker.

#### **Implications on Differential Use of the Terms “Employee” and “Worker”<sup>4</sup>**

The distinction between ‘employee’ and ‘worker’ is most well noted in the OSH Code. There are certain provisions under the OSH Code relating to working hours of employees, overtime payments, leave etc. which are applicable to workers in all establishments<sup>5</sup>. There are similar provisions in relation to commercial establishments under state specific shops and establishments statutes. To the extent OSH Code provisions are more beneficial, they may be applicable to only workers in commercial establishments with at least 10 employees. Since ‘worker’ excludes persons in managerial, administrative and certain supervisory positions, in case the applicable shops and

<sup>2</sup>Further reading: India: Proposed Changes on The Law on Employing Contract Labor: <https://www.natlawreview.com/article/india-proposed-changes-law-employin...>

<sup>3</sup> Standing Committee Report published in April 2020 available at: <http://164.100.47.193/lssccommittee/Labour,%20Textiles%20and%20Skill%20De...>

<sup>4</sup> Comparison table of definitions of ‘employee’ and ‘worker’ in labor codes available at: <https://docs.google.com/document/d/1tPOeFMSip8Z-BI8Z4Wxl9q6S3SN0vqhw/edi...>

<sup>5</sup> Ibid.

establishments act does not make exception for such category of employees in application of their less beneficial overlapping provisions, such provisions with lesser benefits may be exclusively applicable to employees in such excluded positions, who are not covered as 'worker' under the OSH Code. These excluded categories of employees may include employees in leave administration and payroll functions with administrative powers, managers with control over a class of workers or an establishment or supervisors with teams reporting into them. A notable feature of the IR Code in this context is application of the trade union related provisions under IR Code to employees in unorganized sectors, the definition of 'worker' being expanded beyond the ambit of 'workman'<sup>611</sup> under the Trade Unions Act, 1923 ("TUA"). To that extent, under the IR Code, a worker need not be employed in an organized trade or industry to enjoy the protection and benefits if TUA and unorganised sector workers, such as self-employed workers will also enjoy such legal advantage.

### **Contract Labor**

An inadvertent aspect of the change or harmonization of the definition of 'worker' across labor codes is its impact on contract labor related provisions under the OSH Code. While the Contract Labour (Regulation and Abolition) Act, 1970 (CLRA) excluded out-workers<sup>12</sup> from its ambit, there is no such exclusion under the OSH Code<sup>7</sup>. This may potentially bring remote workers under manpower supply arrangements within the ambit of CLRA provisions under OSH Code. This is in addition to change in the threshold of applicability of CLRA related provisions of OSH Code, which will on notification of such provisions, be applicable to establishments and 'manpower supply contractors' engaging at least 50 contract workers (as opposed to erstwhile threshold of 20 contract workers)<sup>8</sup>.

Further, the definition of 'contract labour' under OSH Code excludes certain 'workers' who being employed in connection with work of an establishment through a contractor<sup>15</sup> are otherwise regularly employed by the contractor for any activity of the contractor's establishment and whose employment is governed by mutually accepted employment standards (including permanent employment) with periodic pay increments, social security coverage and provision of other statutory/ legal welfare benefits, as applicable. In view of the aforesaid, and specification of core-activities in which contract labor can be engaged by employers under the OSH Code<sup>9</sup>, there will be a considerable change in the coverage of the CLRA framework *vis-à-vis* the existing CLRA regime, with notification of the provisions of the OSH Code<sup>10</sup>

### **CENTRE'S PUSH FOR LABOUR CODE:**

Central government is pushing for the implementation of four codes introduced in 2020 (Code of Wage Act in 2019), replacing 29 sets of labour laws.

Labour Code includes 4 versions: Code of Wages Act 2019, Industrial Relations Code Bill, 2020, Social Security Code Bill, 2020, Occupational Safety, Health and Working Conditions Code Bill, 2020

Code of Wages Act 2019:

The bill aims to transform the old and obsolete labour laws into more accountable and transparent ones and seeks to pave the way for the introduction of minimum wages and labour reforms in the country.

It regulates the wages and bonus payments in all employment areas where any industry, trade, business, or manufacturing is being carried out.

The bill subsumes the following four labour laws:

- The Payment of Wages Act, 1936
- The Minimum Wages Act, 1948
- The Payment of Bonus Act, 1965
- The Equal Remuneration Act, 1976

It universalizes the provisions of minimum wages and timely payment of wages to all employees irrespective of the sector and wage ceiling and seeks to ensure "Right to Sustenance" for every worker and intends to increase

<sup>6</sup> "Workman" under the Trade Unions Act, 1926 means "all persons employed in trade or industry whether or not in the employment of the employer with whom the trade dispute arises".

<sup>7</sup> Sec. 2(m), OSH Code

<sup>8</sup> This may be subject to state specific amendments.

<sup>9</sup> Sec. 2(p) read with Sec. 57 of OSH Code.

<sup>10</sup> As per Sec. 2 (v) of the OSH Code "establishment" means

- (i) a place where any industry, trade, business, manufacturing or occupation is carried on in which ten or more workers are employed; or
- (ii) motor transport undertaking, newspaper establishment, audio-video production, building and other construction work or plantation, in which ten or more workers are employed; or
- (iii) factory, for the purpose of Chapter II, in which ten or more workers are employed, notwithstanding the threshold of workers provided in clause (w); or
- (iv) a mine or port or vicinity of port where dock work is carried out.

the legislative protection of minimum wage.

It has been ensured in the bill that employees getting monthly salary shall get the salary by 7th of next month, those working on a weekly basis shall get the salary on the last day of the week and daily wagers should get it on the same day.

The Central Government is empowered to fix the floor wages by taking into account the living standards of workers. It may set different floor wages for different geographical areas.

The minimum wages decided by the central or state governments must be higher than the floor wage.

#### **INDUSTRIAL RELATIONS CODE BILL, 2020:**

Industrial Employment (Standing Orders) Act, 1946 makes it obligatory for employers of an industrial establishment where 100 or more workers are employed to clearly define the conditions of employment and rules of conduct for workmen, by way of standing orders/services rules and to make them known to the workmen employed.

The new provision for standing order will be applicable for every industrial establishment wherein 300 or more than 300 workers are employed or were employed on any day of the preceding twelve months.

It was earlier suggested by the Standing Committee on Labour which also suggested that the threshold be increased accordingly in the Code itself and the words 'as may be notified by the Appropriate Government' be removed because reform of labour laws through the executive route is undesirable and should be avoided to the extent possible.

After becoming a law, orders will not be dependent on whims and fancies of executives of state governments. It also introduces new conditions for carrying out a legal strike. The time period for arbitration proceedings has been included in the conditions for workers before going on a legal strike as against only the time for conciliation at present.

No person employed in any industrial establishment shall go on strike without a 60-day notice and during the pendency of proceedings before a Tribunal or a National Industrial Tribunal and sixty days after the conclusion of such proceedings. At present, a person employed in a public utility service cannot go on strike unless they give notice for a strike within six weeks before going on strike or within fourteen days of giving such notice, which the IR Code now proposes to apply for all the industrial establishments. It has also proposed to set up a re-skilling fund for training of retrenched workers with contribution from the employer, of an amount equal to 15 days last drawn by the worker.

#### **SOCIAL SECURITY CODE BILL, 2020:**

It proposes a National Social Security Board which shall recommend to the central government for formulating suitable schemes for different sections of unorganized workers, gig workers and platform workers. Also, aggregators employing gig workers will have to contribute 1-2% of their annual turnover for social security, with the total contribution not exceeding 5% of the amount payable by the aggregator to gig and platform workers.

#### **OCCUPATIONAL SAFETY, HEALTH AND WORKING CONDITIONS CODE BILL, 2020:**

It has defined inter-state migrant workers as the worker who has come on their own from one state and obtained employment in another state, earning up to Rs. 18,000 a month. The proposed definition makes a distinction from the present definition of only contractual employment. It has dropped the earlier provision for temporary accommodation for workers near the worksites and has proposed a journey allowance, a lump sum amount of fare to be paid by the employer for to and fro journey of the worker to their native place from the place of their employment.

#### **BENEFITS OF LABOUR CODE**

Code of Wage Act 2019:

It is expected to reduce litigation as it streamlines the definition of wages. It will substantially reduce the number of minimum wages in the country from the existing more than 2000 rates of minimum wages.

This would ensure that every worker gets a minimum wage which will also be accompanied by an increase in the purchasing power of the worker thereby giving a fillip to growth in the economy.

*Consolidation and simplification of the Complex laws:*

The three Codes (IR, SS & OSHW) simplify labour laws by subsuming 25 central labour laws that have been on the table for at least 17 years.

It will provide a big boost to industry & employment and will reduce multiplicity of definition and multiplicity of authority for businesses.

*Single Licensing Mechanism:*

The codes provide for a single licensing mechanism. It will give fillip to industries by ushering in substantive reform in the licensing mechanism. Currently, industries have to apply for their licence under different laws.

*Easier Dispute Resolution:*

The codes also simplify archaic laws dealing with industrial disputes and revamp the adjudication process, which will pave the way for early resolution of disputes.

*Ease of Doing Business:*

According to the industry and some economists, such reform shall boost investment and improve ease of doing business.

It drastically reduces complexity and internal contradictions, increases flexibility & modernizes regulations on safety/working conditions

Other benefits for Labour:

The three codes will promote fixed term employment, reduce influence of trade unions and expand the social security net for informal sector workers.

Gender parity:

Women have to be permitted to work in every sector at night, but it has to be ensured that provision for their security is made by the employer and consent of women is taken before they work at night.

The maternity leave is increased from 12 weeks to 26 weeks. Women were allowed to work in mines under Pradhan Mantri Rojgar Protsahan Yojana (PMRPY). Pay parity to women workers as compared to their male counterparts.

## **LABOUR CODE FACING CHALLENGES**

### ***Constitutional Challenge:***

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, and the Centre pre-published the draft rules for all four codes, some state governments are yet to complete the process.

### ***Industrial Relations Code Bill:***

It will water down the labour rights for workers in small establishments having less than 300 workers and would enable companies to introduce arbitrary service conditions for workers.

### ***Code of Wages Act:***

It has been alleged that the new wage code will push the starvation wages further by increasing the income capacity and purchasing power of the informal workers.

### ***Concern of Exclusion:***

The draft rules mandate the registration of all workers (with Aadhaar cards) on the Shram Suvidha Portal to be able to receive any form of social security benefit.

This would lead to Aadhaar-driven exclusion and workers will most likely be unable to register on their own due to lack of information.

### ***Urban Centric:***

The codes fail to extend any form of social protection to the vast majority of informal sector workers which is predominant in rural areas including migrant workers, self-employed workers, home-based workers and other vulnerable groups.

### ***No-Right Based Framework:***

The Code does not emphasize social security as a right, nor does it make reference to its provision as stipulated by the Constitution.

## **Way Forward**

### ***Looking After Migrant Workforce:***

It is important for the draft rules to clearly state how their applicability will unfold with respect to the migrant informal workforce. In this context, the governments' scheme of one India one ration card is a step in the right direction.

### ***Skilling under CSR Expenditure:***

The large corporate houses should also take the responsibility of skilling people in the unorganized sectors under CSR expenditure.

### ***Recognizing Invisible Labour:***

A national policy for domestic workers needs to be brought in at the earliest to recognize their rights and promote better working conditions.

### ***Other Measures:***

A very robust, reliable and fairly decent social security package needs to be created for workers of unorganised sectors as well.

### ***Most states frame draft rules, Centre's push on rollout of labour codes:***

While early-2023 is being considered a feasible option, the fact that it cuts too close to the 2024 general elections and the possible spillover impact of the farm laws' debacle is a concern.

With the rollout of the labour codes getting delayed due to the pandemic, renewed deliberations are underway at the highest levels of government on a fresh implementation schedule, amid divergent views on whether to push through all four codes simultaneously or opt for the more practical option of staggering them.

With most of the states ready with draft rules, the view in the Labour Ministry is converging towards a "one-go" or simultaneous implementation of all four codes, said a senior government official, even as there are concerns about the timing of the rollout. While early-2023 is being considered a feasible option, the fact that it cuts too close to the 2024 general elections and the possible spillover impact of the farm laws' debacle is a concern.

The streamlining of labour laws has been a work in progress, with the Centre notifying four broad labour codes to replace 29 sets of labour laws: The Code on Wages, 2019; The Industrial Relations Code, 2020; The Code on Social Security, 2020; and The Occupational Safety, Health and Working Conditions Code, 2020.

Some of the key features of the proposed labour codes include bringing in a national minimum wage, widening of coverage of social security to cover informal and gig/ platform workers, providing greater flexibility to employers in hiring decisions without government permission by raising the threshold for requirement of a standing order – rules of conduct for workmen employed in industrial establishments – from 100 workers to 300 workers.

With 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, and the Centre pre-published the draft rules for all four codes, some state governments are yet to complete the process.

In the states where the draft rules are pending, most are related to The Code on Social Security and The Occupational Safety, Health and Working Conditions Code. In West Bengal, draft rules are pending for all four labour codes; in Rajasthan, draft rules are pending for three labour codes. Andhra Pradesh, Meghalaya and Nagaland are among the other states where the draft rules are pending.

Since last year, however, states have made considerable progress in drafting rules. “That time, only 10-11 states had drafted rules for the labour codes; now 30 states have completed for Wage Code, 26 for Industrial Relations and 24 each for Occupational Safety, Health and Working Conditions and Social Security Code. Since it’s a concurrent subject, states have to do their share, one cannot force it. Then it won’t get implemented properly. Industry and union representatives have also been asked to convey their feedback on the draft rules in states, so that proper consultations happen at this stage,” said the official.

“It was deliberated whether it should be implemented phase-wise. A part of the discussion was that the Wage Code and the Social Security Code could be brought first, but then it was felt that if the remaining two are not brought in simultaneously, their turn may not come. The sense within the government was whether it should be staggered, but the main concern was that this may pave the way for only two codes, and not result in the rollout of the other two. It has to be wholesome, for both workers and the industry,” said the official.

The government is learnt to have held discussions with trade unions and industry representatives to ascertain the difficulties expected from the proposed rollout of the labour codes. During the discussions, it was pointed out that the Centre may have missed the “ideal time” for rollout – in 2019, the first year of the second term of the BJP-led government. “The first year of the rollout is better. We missed out on that opportunity in 2019. Then Covid happened unfortunately. So it got delayed, although work had begun much earlier in 2017,” said the official.

Some trade unions are also learnt to have approached the government for further consultations on some issues, which are likely to be considered by the government. “Due process has been followed. The Standing Labour Committee had cleared it. But still, if there are some issues which they wish to highlight, they are being heard on those,” said the official.

The government had earlier considered implementing the labour codes early last year with an expected deadline of April 1, although this was not formally announced. But the implementation took a backseat as states were still drafting rules, and there was also the fallout of the pushback on the farm laws. After the government announced repeal of the proposed amendments in farm laws in November last year, trade unions also appealed for a rollback of the labour codes.

#### *Government Policies and issues:*

India is likely to implement four labour code (on wages, social security, occupational safety and industrial relations) by the next fiscal year beginning 2022.

Under these new codes, a number of aspects related to employment and work culture, in general, might change – including the take-home salary of employees, working hours, and the number of weekdays.

#### *Opposition:*

Trade unions, however, have planned to intensify their agitation this week against the codes in the wake of the government’s decision to repeal the three farm laws.

#### *Demands by trade unions:*

The two codes we accepted — on wages and social security — be implemented immediately and the two to which we had objections — industrial relations and occupational safety — be reviewed.

#### *About the labour code:*

The new set of regulations consolidates 44 labour laws under 4 categories of Codes namely, Wage Code; Social Security Code; Occupational Safety, Health & Working Conditions Code; and the Industrial Relations Code.

The Parliament has already passed all the four Codes and it has also received the President’s assent.

The 4 codes are:

1. The Code on Wages, 2019, applying to all the employees in organized as well as unorganized sector, aims to regulate wage and bonus payments in all employments and aims at providing equal remuneration

- to employees performing work of a similar nature in every industry, trade, business, or manufacture.
- 2.The Code on Occupational Safety, Health and Working Conditions, 2020 seeks to regulate the health and safety conditions of workers in establishments with 10 or more workers, and in all mines and docks.
- 3.The Code on Social Security, 2020 consolidates nine laws related to social security and maternity benefits.
- 4.The Code on Industrial Relations, 2020 seeks to consolidate three labour laws namely, The Industrial Disputes Act, 1947: The Trade Unions Act, 1926 and The Industrial Employment (Standing Orders) Act, 1946. The Code aims to improve the business environment in the country largely by reducing the labour compliance burden of industries.

Issues with these codes:

- The work hours provisions for regular workers do not provide flexibility to fix work hours beyond eight hours a day.
- The codes have also missed laying down uniform provisions for part-time employees.
- There are also provisions that impact employee wages.
- The labour codes also chalk out fines on businesses for non-compliance of provisions, second offences and officer-in-default. In the current pandemic situation, a majority of small businesses are in no position to adopt and implement the labour code changes.

*New Wage Code: Salary Slips to Change From FY 2022-23:*

The New Wage Code is all set to be implemented from the next financial year, i.e 2022-23. According to media reports, the new wage code can be implemented anytime after April 2022. According to the new rules, Basic Salary will be at least 50 per cent of the net Cost To the Company (CTC). This is expected to bring a plethora of changes in the salary structure of the private working class. Also Read - Daily Wager in Bihar's Khagariya Gets Income Tax Notice of Rs 37.5 Lakh

The meaning of 'wage' has been altered in the Wage Code Bill, 2019. Now, due to changes in the Basic Salary percentage, the changes in Provident Fund contribution, gratuity and other components are inevitable. The most immediate effect is the fall in take-home or in-hand salary. But, employers' contribution towards Provident Fund is bound to increase.

*Fall in Allowances and Variables*

According to new rules, the basic salary cannot be less than 50 per cent of the CTC. Currently, this ranges anywhere from 30 to 40 per cent of the gross salary. The rest is covered by allowances like HRA, Telephone charges, Newspapers etc. Now, since the Basic Salary is increasing, the allowances will go down.

For example, if a person has a salary of Rs 1 lakh per month, earlier Basic Salary was Rs 30,000-40,000 and rest were the allowances. Now basic salary will be at least Rs 50,000 and allowances will have to come down in order to not exceed the 50 per cent limit.

### Conclusion:

In any country the Labour laws act as a tool to promote worker empowerment as well as worker protection. Automatically our new Labour Codes also very useful and gives empowerment to workers.

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