

Centre pushes timeline for labour code roll-out

Wage code sees best response: 31 states & UTs pre-publish draft rules

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The central government has refused to commit to a timeframe for introducing labour codes, even as 12 states and union territories (UTs) out of 36 have yet to publish draft rules on at least one of the four labour codes. Asked when the codes will be introduced by notifying rules, an official said the process of introducing the labour codes is in the works.

The Centre had enacted the four labour codes — on wages, industrial relations, social security, and occupational safety, health and working conditions (OSH) — in 2019 and 2020.

Of the four codes, the one on wages has seen the best response with 31 states and UTs pre-publishing draft rules on it, according to a written reply in Parliament. Only West Bengal, Meghalaya, Nagaland and the UTs of Dadra and Nagar Haveli and Daman and Diu and Lakshadweep have not done so. In fact, these states and UTs have not published draft rules on any of the four codes. The UTs that have not floated draft rules do not have a legislature.

Delhi, Mizoram, and Rajasthan have pre-published draft rules on only wages. Sikkim has done so on wages and industrial relations and Puducherry and Andaman and Nicobar on wages and social security. Maharashtra has floated draft rules on all the codes, except OSH.

As many as 26 states and UTs have floated draft rules on industrial relations, 25 on social security, and 24 on OSH.

Earlier this month, Union Labour and Employment Minister Bhupender Yadav had said almost all states have prepared draft rules on the four labour codes and the new rules will be implemented at an “appropriate” time.

However, labour lies in the concurrent list of the Constitution. As such, rules on these codes are to be made by both the Centre and the states. The Centre has already floated draft rules inviting comments from stakeholders on all the four codes. Another official said the labour codes can be introduced even if there are one or two states that do not float draft rules. It is as yet undecided whether the codes will be implemented individually or together. “That decision is yet to be taken. There are pros and cons of both approaches,” a source said.

He said if all the codes are implemented at one go it may take some time, since



STATES & UTs YET TO PUBLISH DRAFT RULES ON CODES

WAGES, SOCIAL SECURITY, INDUSTRIAL RELATIONS AND OSH

- West Bengal
- Meghalaya
- Nagaland
- Lakshadweep
- The Dadra & Nagar Haveli and Daman & Diu

SOCIAL SECURITY, INDUSTRIAL RELATIONS AND OSH

- Delhi
- Mizoram
- Rajasthan

INDUSTRIAL RELATIONS AND OSH

- Puducherry
- Andaman & Nicobar

SOCIAL SECURITY & OSH

- Sikkim

OSH

- Maharashtra

OSH: occupational safety, health and working conditions

all the states have not published rules on all four codes. But if it is implemented individually, then at least some codes would come into effect. However, there is apprehension that other codes may take longer to be introduced in this case.

The Indian Staffing Federation has appealed to the government to introduce the codes in phases in case all the laws can't be introduced at the same time.

“In case there are expected delays in implementation, we would be better placed to implement them code by code instead of delaying the launch of all the four codes altogether. Our appeal to the government is to implement the codes one by one or section-wise rather than not moving at all,” Federation president Lohit Bhatia said.

Once implemented, the codes will replace 29 central labour laws. Among the four, the most controversial is the one on wages. One of its provisions says if all pay-

ments other than wages (basic and dearness allowance) exceed 50 per cent (of the total) or such other percentage as may be notified by the government, then the excess will be included in wages. This means wages will need to be at least 50 per cent of the remuneration of the employee.

As a general industry-wide practice, wages constitute 30-35 per cent of remuneration, because of performance-based incentives, bonuses, and other allowances. This change would mean that a larger sum would be deducted as provident fund contribution from staff, which many fear would leave less cash in hand for them.

However, sources said this also means long-term benefits. Besides, employees would have better bargaining power to ask for more wages, they said, adding that there are distortions in the existing pay structures of many workers. Citing an example to buttress the point, the sources said basic wages could be as low as ₹2,000 a month but gross could touch ₹20,000 a month.

Meanwhile, a committee is working to determine the national minimum wage rate. The rules also empower the Centre and states to notify industries that can opt for a four-day week. However, it will have to meet the condition that workers will work a maximum of 48 hours in a week. So if a four-day week is resorted to, workers will work 12 hours a day for four days. Besides, any work done beyond eight hours will be considered overtime and companies will have to provide double the wages to workers for this. This rule does not apply for administrative and managerial staff.

The codes also raises the maximum overtime to 125 hours in three months from 50 hours at present. This would provide companies the flexibility to adjust for changing cycles in the economy, sources explained.

The code on industrial relations will raise the minimum threshold for its applicability to firms with over 300 workers from the current limit of firms with over 100. Already, 12 states have implemented this by reforming their labour laws. Besides, units using power will have to register with the government only if they employ more than 20 workers, against 10 now. Similarly, those not using power will have to register only if they employ 40 or more workers, from 20 at present. This will provide flexibility to micro, small, and medium enterprises (MSMEs), a source said.