

Industry may get transition period to implement Labour Codes

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New Delhi, August 29

In what could help industry and employers ease into the new framework, the government is likely to provide a transition period to them for the implementation of the Labour Codes.

"The thinking is to provide about a two-month switchover or transition period from the date of the notification for companies and establishments to implement the Codes. This will ensure that it is done in a smooth manner, without too much confusion and problems on the ground," said a source close to the development.

Laying groundwork

A short transition period to lay the groundwork and adapt their systems to the new laws has also been a key suggestion of the industry, in recent discussions with the Ministry of Labour.

In discussions with industry, including a recent



Industry has asked for time to lay the groundwork and adapt to new laws

meeting with CII, representatives have indicated to the Labour Ministry that the provision of a 50 per cent cap on wages is acceptable, but they would like more clarity on the definition of wages. It has also requested that the new calculation of gratuity should kick in from the day the law is implemented.

A transition period will especially be required in case of a mid-year implementation of the Labour Codes, sources further indicated.

Implementation of codes

The Centre continues to remain keen on rolling out the

four Codes this fiscal and if possible, over the next few months.

"A mid-year roll out will mean that most companies will have to re-do their employment contracts. This will take some time but industry is eagerly awaiting the implementation of the Codes," said another source.

A staggered implementation of the Codes is also likely as a number of States are also ready.

In such a scenario, the Code on Wages and the Code on Social Security would be the first ones to be rolled out while the Industrial Relations Code and The Occupational Safety, Health and Working Conditions Code could be implemented later.

The Centre and States have also held discussions on the four Codes in the National Labour Conference last week, where there was a separate session on framing of rules and modalities for effective implementation of the Labour Codes.