

Working towards a single licence, registration, return regime: Labour secy

Updated at October 28, 2020 06:05 IST

- **There are significant changes that have been introduced through the labour codes, which considerably reduce the compliance burden for companies, said Chandra.**

The Central government is aiming to implement all the four labour codes, which subsume 29 central labour laws along with bringing key changes to them, by April 1. It has expedited the rule-making process and the first set of rules will now be rolled out for consultation by the end of October and sent to states, Labour and Employment Secretary Apurva Chandra tells Somesh Jha in an interview after taking charge this month. He discusses key details of the new labour law regime. Edited excerpts:

Do you consider yourself lucky that you have come at a time when tougher part of getting laws passed in Parliament is done?

Of course, passing a law is the toughest part, which has been done. That's a much bigger task. But implementing laws in such a way that it speaks the will of Parliament is also a major task and the wordings of the rules is critical for this. We want to ensure that rules are not cut-and-paste of the previous norms. Some of the rules are very detailed in nature. For instance, there is micro-management related to setting up of canteens or for installing machines and moving it within the same factory premises. There are permissions required to be taken at each step. The rules will bring about changes in these matters.

How will labour laws ease compliance burden for companies?

There are significant changes that have been introduced through the labour codes, which considerably reduce the compliance burden for companies who have had to deal with 40-odd central laws, involving filing separate returns and multiple registrations. After reduction of labour laws, we are working towards a single licence, registration, and return regime, which will lead to less paperwork. For undertaking several projects, there will be a single pan-Indian licence that a firm needs to obtain. Further, the inspection process will also get simplified and made web-based.

How will inspection be simplified?

We are working towards single randomised inspection so that for both Employees' Provident Fund Organisation (EPFO) and Employees' State Insurance (ESIC) related inspections, the officer can go at once, rather than making a separate visit on office premises. Our first target would be to achieve faceless inspection by examining of records. Physical visits (for inspection) should be avoided as much as possible. If it is to happen then there should be a common inspection. We also want to emulate the provisions in the income tax law to ensure that only authorised inspections take place, a model that works well. Even though we have moved towards randomised inspection system, there are no checks on inspectors making

Disclaimer: The content above is taken from the source mentioned

Resource: Business Standard, 28 Oct 2020

Copyright © 2019 Aparajitha Corporate Services Pvt., Ltd. All Rights Reserved.

Making Corporate India Comply

visits to a factory without really being assigned to do so. The inspector will go only if he is authorised to go through a portal and the establishment to which the inspector makes a visit gets intimation, maybe on the day of visit or at the time inspector reaches the premises.

But if companies get to know, wouldn't the important surprise element in an inspection go away?

Most of the inspections are record-based, and records cannot be created within a day. We are still working on the framework but the companies can cross-check whether an inspector who is making a visit has been assigned to do so or not on that particular date.

The tenure of a pan-Indian licence for contractors and work contracts is five years. How will you ensure there are adequate checks and balance so that workers aren't exploited by firms?

The establishment has to inform the local authority each time they get a work order, along with the number of workers that are involved in the project. Intimation has to go electronically, which will help the authorities in monitoring and interest of workers can be protected.

Under the re-skilling fund, companies will be bound to inform government about retrenchments every time they do it as a contribution is necessary. Will it not increase compliance?

Permission increases compliances but not information. Submitting information electronically will only be for data collection purposes.

Will the money for re-skilling fund be sourced from only employers?

The skilling fund is to largely come from employers. They have to give 15 days of wage for each retrenched worker, which will be given to employees. Other than that, we can explore other streams such as corporate social responsibility fund, etc. But we are yet to decide the modalities.

You recently wrote to state governments asking them to start work on the rules soon. Have you heard back from them?

I wrote to the states on October 7, and the minister (of labour and employment) also wrote to the chief ministers on October 20. We held a video-conference meeting with states on Monday and some of them have already started working on the rules. On the Code on Wages, most have said they have submitted the rules for the approval of their respective Cabinets. Work has started on other states, too. Many states said they were looking forward to the central rules as it would help them in framing it in a better way. Our Industrial Relations Code is almost ready. Now, we are targeting pre-publication by the end of this month. We will share it with the states and they can use it to frame their own rules.

Making Corporate India Comply

Is it the way forward that the Centre will frame model rules and the states will pick it up?

There are three set of rules. One is central, state, and there are rules to be framed by appropriate government. Rules to be framed by the appropriate governments are common in nature but it varies depending upon which sector is to be covered. Once we frame those, the states are free to adopt. In the Code on Social Security, there are only 11 rules under the state domain and 22 with appropriate government, out of total 82 rules. In the Occupational Safety Health and Welfare Code, out of 108 rules, only 26 are with the state, 68 with the appropriate government and rest 18 with the Centre. In the IR Code, there are 57 rules and mostly they are with the central government, except we will not be framing rules for the trade unions. In the Wages Code, all the rules are with appropriate government.

How many states have started work already? Does April 1 look like a good deadline to implement the codes?

States, including Uttar Pradesh, Andhra Pradesh, Haryana, Tamil Nadu, Karnataka, have started the process of framing rules. We are targeting the rules for other two codes by November 15 for pre-publication. April 1 is the outer limit. However, I am confident that rules will be ready and codes will can be notified much earlier..

Since the government also has the power to notify different provisions on different dates, will you go for a one-time implementation or in a staggered manner?

As of now, we are planning to notify the IR Code in totality and the same goes for the other two codes too, except for, maybe, one or two provisions here or there.

Fixed-term employment is a part of the law now. How will you ensure it is now used as a tool to exploit worker and becomes a backdoor entry for hire-and-fire?

I think hire-and-fire cannot happen in India because any employer would like to retain good quality employees. Success of a company also depends upon the quality of workers and the way they perform. Creating uncertainties in the mind of workers doesn't lead to good outcomes. In fact, our feeling is that employers may start fixed-term employment but as a reward they will convert workers into permanent contract over a period. Fixed-term employment will increase permanent employment but there will be a premium on performance.

Countries like China and Vietnam have put a cap on the number of times fixed-term contracts can be renewed to avoid its misuse. Do you see that happening in India?

As of now, there is no cap in the law. The rules cannot go beyond the law. Currently, whatever is in the law has to be implemented. It's for the first time that fixed-term employment is recognised in the law so we have to see how it develops. Our expectation is it will lead to more formalisation over a period.