

## **Four day work week, change in salary India's new Labour Codes likely in FY 2022, 23**

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**If the new labour codes are implemented, there's a likelihood that employees in India may be able to enjoy a four-day workweek from next year, as opposed to the current five-day workweek.**

India is likely to implement four new labour codes on wages, social security, industrial relations, and occupational safety by the next fiscal year beginning 2022, according to a senior government official cited by the PTI news agency. 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.

If the new labour codes are implemented, there's a likelihood that employees in India may be able to enjoy a four-day workweek from next year, as opposed to the current five-day workweek. In that case, however, employees will have to work for 12 hours on those four days since the labour ministry has made it clear that even if the proposal comes through, the 48-hour weekly work requirement has to be met.

The labour codes also attain added significance in light of the fact that once these are implemented, there would be a reduction in the take-home pay of employees and firms will have to bear a higher provident fund liability.

Less take-home salary, more PF

According to experts who are assessing the proposed labour codes, the new laws will bring about a major change in the way employees calculate their basic pay and the provident fund (PF). Under these new codes, the contribution of employees to their PF account every month will increase but the monthly in-hand salary would get reduced, in turn.

The regulations restrict allowances to 50 per cent, which implies that half of the salary would be basic wages and contribution to provident fund is calculated as a percentage of basic wage that involves the basic pay and dearness allowance (DA).

Under the current labour regulations, the employer's percentage-based contribution towards the PF balance depends on the employee's basic pay and dearness allowance. Say, if an employee's salary is ₹50,000 per month, their basic pay could be ₹25,000 and the remaining ₹25,000 might go into allowances. However, if this basic pay is increased, more PF will be deducted, thus decreasing the in-hand salary and hiking the contribution of the employer/company.

Labour codes finalised, likely to be implemented next fiscal

The central government has already finalised the rules under the four labour codes and now states are required to frame regulations on their part as labour is a concurrent subject.

“The four labour codes are likely to be implemented in the next financial year of 2022-23 as a large number of states have finalised draft rules on these,” the senior government official was quoted by PTI as saying. “The Centre has completed the process of finalising the draft rules on these codes in

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February 2021. But since labour is a concurrent subject, the Centre wants the states to implement these as well in one go.”

At least 13 states have pre-published draft rules

At least 13 states have pre-published draft rules on these laws, the official said.

Union labour minister Bhupender Yadav, too, had said in a reply to the Rajya Sabha earlier this week that the Occupational Safety, Health and Working Conditions Code is the only code on which the least number of 13 states have pre-published the draft rules.

The highest number of draft notifications are pre-published on The Code on Wages by 24 states/UTs followed by The Industrial Relations Code (by 20 states) and The Code on Social Security (18) states.