

Long-awaited four labour codes may not come up before June-end

Updated at March 30, 2022 06:10 IST

The long-awaited introduction of four labour codes, originally scheduled to happen at the beginning of the current fiscal year, may take at least three more months because all states have not framed rules on them. Officials said the introduction could drag at least until the end of June.

Their implementation is expected to create investment owing to improving ease of doing business as well as initiating pro-worker measures.

“Labour is on the Concurrent List of the Constitution. As many as 23 states have framed rules on the codes. Seven states are left,” a key government source said.

The Concurrent List is the one with items on which the Centre and the states can enact laws. However, in the case of a conflict between Central legislation and a state law, the former prevails.

In the case of the labour codes, apart from the states, the Centre too is required to frame rules.

The government wants to introduce all four labour codes — the code on wages; on industrial relations; on occupational safety, health and working conditions (OSH); and on social security — at one go. Experts said while quick implementation would draw in investors, a few months’ delay would not scare them away, either.

▶ **Four labour codes subsumed
29 central labour laws**

▶ **The code on wages was
passed by Parliament in
August 2019**

▶ **The other three were passed
in September 2020**

▶ **The code on wages
envisages uniform
applicability of the provisions
of timely payment of wages
and minimum wages to all
employees irrespective of the
wage ceiling and sector**

Madan Sabnavis, chief economist at Bank of Baroda, said: “Problems of labour were well known even in the past. Expediting the labour codes will hasten investor interests. A temporary delay in their introduction to my mind should not create any problem.”

Disclaimer: The content above is taken from the source mentioned

Resource: Business Standard, 30 Mar 2022

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

Making Corporate India Comply

After taking a severe beating during Covid-affected 2020-21, gross fixed capital formation (GFCF), which denotes investment, is projected to grow 14.5 per cent in the current fiscal year. However, when seen on the base year of 2019-20, at the end of which the pandemic arrived, growth would be just 2.54 per cent. GFCF contracted 10.40 per cent during 2020-21.

The Union Ministry of Labour and Employment has been holding consultations with states and India Inc. on the codes. Among the four, the most controversial is the one on wages. One of its provisions says if all payments 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 do not constitute 50 per cent of the remuneration. They are in the range 30-35 per cent because remuneration is increasingly based on performance incentives, bonuses, and other allowances.

In a recent meeting, the Confederation of Indian Industry (CII) expressed the fear that the definition will lead to a sudden increase in the wages on a cost-to-company (CTC) basis.

Given the current financial stress, many employers may be forced to pass on some impact of it to employees in the form of reduced cash in hand in spite of an increase in overall wages on a CTC basis.

“This would mean less disposable income in the hands of the workforce, impacting consumption demand. Given the industries are still trying to recover from the impact of Covid, the additional financial impact will only be adding to their financial woes,” the CII said.

Labour codes in consonance with ILO norms, says minister

Union Labour Minister Bhupender Yadav has said that the Centre notified four labour codes in consonance with the norms set by the International Labour Organisation (ILO). Addressing the annual general meeting of the Federation of PTI employees unions on Monday as the chief guest, Yadav said the labour codes have been notified, keeping in mind social security, safety, occupational hazards and the welfare of the workers of all sectors. The process of ratifying the four labour codes in all the states is on, and as soon as it is completed, it will come into effect across the country. Labour is on the concurrent list of the Constitution. PTI