

# New labour laws- Rule change for final settlement of wages gets delayed

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The new labour laws, notably the wage code rules specifying that full and final settlement of wages have to be paid within two days of an employee's last working day, were supposed to go into effect on July 1 but have been delayed. With a number of revisions, including the pay code, the new regulation has combined the former 29 laws into the four labour codes. Currently, firms require anywhere from 15 to 60 days, and in some situations up to 90 days, to pay the full settlement of wages.

According to the new wage code, once an employee quits, is fired, or is removed from employment and services, a company is required to pay the full and final settlement of their salaries within two days after their last working day.

The government has made a number of adjustments to create new rules for wage, social security, labour relations, occupational safety, health, and working conditions by integrating and evaluating earlier Central Labour Laws.

The implementation of the labour regulations, approved by the parliament and were supposed to go into effect on July 1st, has been postponed since the constitution requires the states to create the rules using the more comprehensive set of guidelines that have not yet been provided.

For these new regulations to be put into effect, all the states and UTs must prepare and notify these laws, which has not yet been done.

"These reforms are very pro-worker. They are now entitled to all benefits and social security even if hired for fixed term. The labour reforms will help create significant employment while also protecting the worker by ensuring minimum wage reforms, provision for social security for workers in the informal sector, and minimising government interference. It will ensure timely payment of wages and give priority to occupational safety of the workers, thus contributing to a better working environment. In the last few weeks, we have finished what we had set out to do," Prime Minister Narendra Modi has said about the new labour laws.

Companies would need to adjust their payroll operations if the wage code were to become law, working around the deadlines and methods for determining the full settlement of salaries within two working days.