



**PRESS INFORMATION BUREAU**  
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Ministry of Information and Broadcasting  
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## **New Labour Code for New India - Biggest Labour Reforms in Independent India**

Ministry of Labour & Employment

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### **Introduction:**

Since Independence, 90 per cent of workers work in the unorganized sector did not have access to all the social securities. Today, the total number of workers, comprising of organized and unorganized sectors, is more than 50 Crores. The Second National Commission of Labour had submitted its report in 2002 which said that there was multiplicity of Labour Laws in India and therefore, recommended that **at the Central level, multiple labour laws should be codified in four or five Labour Codes.** 44 central labour laws with over 1200 sections have been assimilated into just four codes i.e. **Wage Code, Social Security Code, Occupational Safety, Health and Working Conditions Code and Industrial Relations Code.**

### **Labour Reforms undertaken since 2014**

- Prime Minister had started **“Shramev Jayate”** on 16th October, 2014 wherein workers were given benefit of portability through Universal Account Number (UAN) to enable them to withdraw their provident fund securely from anywhere.
- Through **Shram Suvidha Portal**, the industry was provided ease in return filing.
- In order to provide social security to old age workers of the unorganized sector, the **Pradhan Mantri Shram Yogi Maan Dhan Yojana** was started, in which provision was made for pension benefit of Rs 3000 per month after reaching the age of 60.
- For transparency and accountability, the usage of IT-enabled system for inspection has been made mandatory.
- The ceiling limit of gratuity has been increased from Rs 10 Lakhs to Rs 20 Lakhs on 29.03.2018.
- On 16.02.2017, **Payment of Wages Act** enabled payment of wages to employees by cheque or crediting it to their bank account.
- **Maternity Benefit Amendment Act, 2017**, which came into effect on 01.04.2017, increased the paid maternity leave from 12 weeks to 26 weeks.

## Four New Labour Codes:

- **Labour Code (Wage Code), 2019: Right to Minimum Wages**
  - Wage security, social security and health security to 50 crore workers, covering organized and unorganized sectors.
  - Guarantee of minimum wages.
  - Review of minimum wages in every five years.
  - Guarantee of timely payment of wages to all workers.
  - Equal remuneration to male and female workers.
  - To remove regional disparity in minimum wages the provision of floor wage has been introduced.
  - From 28.08.2017 Payment of Wages Act has increased the wage ceiling from Rs. 18000 to Rs. 24000.
  
- **Social Security Code, 2020: Social Security for everyone** to secure the right of workers for insurance, pension, gratuity, maternity benefit etc.
  - The doors of Employees' State Insurance Corporation (ESIC) will now be opened for the workers of all sectors.
  - Expansion of ESIC hospitals, dispensaries and branches up to district level. This facility to be increased from 566 districts to all the 740 districts of the country.
  - Plantation workers and workers engaged in hazardous work would be given ESIC benefit. Institutions working in hazardous area to be compulsorily registered with ESIC.
  - Opportunity to join ESIC for platform and gig workers engaged in new technology.
  - Benefit of pension scheme (Employees' Provident Fund Organisation) to all workers.
  - Creation of social security fund for providing comprehensive social security to the unorganized sector.
  - Requirement of minimum service has been removed for payment of gratuity in case of fixed term employees.
  - Employees engaged on fixed term to get same social security benefit as permanent employees.
  - Creating a national database of workers of unorganized sector through registration on Portal.
  - Employers employing more than 20 workers to mandatorily report vacancies online.

- Aadhaar based Universal Account Number (UAN) for ESIC, EPFO and Unorganized Sector workers to ensure seamless portability.
- Occupational, Safety, Health and Working Conditions Code (OSH Code): to provide better and safe environment along with occupational health and safety to workers at the work place. The security of interests of workers engaged in factories, mines, plantations, motor transport sector, bidi and cigar workers, contract and migrant workers has been ensured.
  - Anomalies of the Inter-State Migrant Workers Act, 1979 have been comprehensively addressed in the OSH Code. Earlier only workers appointed by a contractor were recognized as Inter-State Migrant Workers. However, under the new provisions of the Code, workers can now register themselves as Inter-State Migrant Workers on the national portal. By this provision, the worker would get a legal identity which would enable them to get benefits of all social security schemes.
  - Employers to provide travelling allowance annually to an Inter-State Migrant Worker for undertaking to and fro journey to his native place.
  - Providing appointment letters to the workers has been made mandatory.
  - Mandatory, free annual health check-up of workers to be provided by the employers.
  - For a worker engaged in building and other construction work in one State and moving to another State, benefit from the Building and other Construction Workers' Cess fund will be provided.
  - Under the "One Nation - One Ration Card", an Inter-State Migrant Worker would get ration facility in the State he is working in and the remaining members of his family would be able to avail of the ration facility in the State where they reside.
  - Mandatory helpline facility in every State for resolution of Inter-State Migrant Workers' grievances.
  - National database to be created for the Interstate Migrant Workers.
  - Instead of 240 days, now if a worker has worked 180 days, he shall be entitled for one-day leave for every 20 days of work done.
  - Women empowerment through the Labour Codes:
    - Right to women workers to work in all types of establishments.
    - Women have been given the right to work at night with their consent and employer to make adequate arrangements to provide safety and facilities to women workers at night.
    - Maternity Benefit Act amended in 2017

- **Industrial Relations (IR) Code, 2020: Towards End to Disputes**
  - In case of job loss, a worker will get benefit under the **Atal Bimit Vyakti Kalyan Yojna** - a worker of organized sector who loses his job gets financial aid from the Government. This is a type of unemployment allowance, the benefit of which is admissible to the workers covered under the ESI Scheme.
  - At the time of retrenchment a worker would be provided 15 days' wages for re-skilling. The wages would be credited directly into the bank account of the worker so as to enable him to learn new skills.
  - Faster justice to the workers through the Tribunal.
  - Workers disputes to be resolved within a year in the Tribunal.
  - Industrial Tribunals to have 2 members to facilitate faster disposal of cases.
  - In industrial establishments, a Trade Union having 51 per cent votes shall be recognized as the sole negotiating union which can make agreements with employers.
  - In industrial establishments in which no trade union gets 51 per cent votes, a negotiating council of trade unions shall be constituted for making agreements with employer.

**Benefits of Codification:**

- Single Registration; Single License; Single Statement; Minimum Forms
- Common definitions
- Reduction of Committees
- Web-based surprise inspection
- Use of technology – Electronic registration and licensing.
- Reduction of compliance cost and disputes

**Source:** PIB e-Booklet on **New Labour Code for New India - Biggest Labour Reforms in Independent India**

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