



New Labour Code For New India

The major Labour Reforms for workers in Independent India.



“

Long due and much awaited Labour reforms have been passed by Parliament. The reforms will ensure well-being of our industrious workers and give a boost to economic growth. They are also shining examples of ‘Minimum Government, Maximum Governance.’ The new Labour code universalises minimum wages & timely payment of wages and gives priority to occupational safety of the workers. The reforms will contribute to a better working environment, which will accelerate the pace of economic growth. The Labour reforms will ensure ‘Ease of Doing Business.’ These are futuristic legislations to empower enterprises by reducing compliance, red-tapism and ‘Inspector Raj.’ The reforms also seek to harness the power of technology for the betterment of the workers and industry both.”

Prime Minister - Narendra Modi

(In a tweet on the occasion of passing of Labour Reforms Bill on 23.09.2020 in the Parliament)



Chapters

1. Introduction.....	01
2. Only discussion for 18 years.....	02
3. Satyamev Jayate To Shramev Jayate.....	04
4. 4 Labour Codes and freedom from the web of legis- lation.....	07
5. Right To Minimum Wages for everyone.....	10
6. Social Security for everyone.....	12
7. The provision of security for workers in all situation..	15
8. Industries disputes heading towards end.....	18

Introduction

The empowerment of workers is necessary for the empowered, happy and independent India. Even after 73 years of Independence, approximately 90% of workers work in unorganized sector that do not have access to all the social securities. The total number of workers, comprising of organized and unorganized worker, are more than 50 crores. For the very first time, any Government has cared for the workers in organized and unorganized sector and their families.

Earlier, when the working class was entangled in web of multiple legislations, the Central Government has taken the revolutionary steps in the right direction to provide them freedom in true sense.

For this, the Central Government, while codifying 29 laws into 4 Codes, has taken a historical step so that workers can get respect along with security, health and other welfare measures.

Only discussion since 18 years

Total number of workers, containing organized and unorganized sector, are more than 50 crores. Majority of these workers i.e. 90 percent are in unorganized sector. Through these four Labour Codes, it has been ensured for all the workers to get the benefit of Labour Laws. Now, workers of the organized and unorganized sector will get the minimum wages and a large section of workers in unorganized sector would also get social security.

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 this multiplicity of Labour Laws should be codified in 4 or 5 Labour Codes in Central Sphere. Discussions were held on it, however, no serious step was in progress on it during the time period from 2004 to 2014. Labour Reforms also remained untouched from

the economic reforms carried out in 1991.

The brainstorming on Labour Codes were fast-tracked when the GST, which means One Nation One Tax, was made applicable in the country with consensus and with the strong will of the Hon'ble Prime Minister Modi Ji to take tough decisions with motto "Sabka Sath Sabka Vikas aur Sabka Vishwas". By taking forward this progressive thinking, the reforms in Labour Laws were speeded up.

The extensive discussions were held before initiation of Labour Reforms by Ministry of Labour and Employment. Initially, as a part of pre-legislative consultative policy, the Ministry uploaded all the draft Labour Codes on Ministry's website for all the stakeholders and public consultation. During the period from 2015 to 2019, the Ministry has organized 9 tripartite discussions in which all the Central Trade Unions, Employers' Association and representatives of State Government were invited to give their opinions/suggestions on Labour reforms. All the four Bills were also examined by the Parliamentary Standing Committee which gave its recommendation to the Government.

Satyamev Jayate to Shramev Jayate

The forward thinking plan for workers by the existing Government was clear in October 2014 itself. The moment Prime Minister Modi took the reign of the Government, Shramev Jayate Scheme was started.

Giving importance to the workers, the Prime Minister had started “Shramev Jayate” on 16th October, 2014 itself, and at that moment while terming the workers as “Nation Builders”, he said that the power of “Shramev Jayate” for growth of the country is equally important as that of “Satyamev Jayate”.

Workers were given the benefit of portability through Universal Account Number (UAN) so as to enable them to withdraw their provident fund from anywhere in secured manner. In addition, the system of inspector raj was replaced from supervision to that of advisor and facilitator.

In addition, through Shram Suvidha Portal, the industry was facilitated with ease in return filing. At that time, the Government made it clear that if attitude is respectful then workers become “Shram Yogi, Rashtra Yogi and Nation Builder”. The Prime Minister made it clear even then that issue of the workers should be seen from perspective of workers.

Through continuous reforms and by taking care for workers, the Modi Government had started the initiative of providing social security to old age workers of unorganized sector. For this, Pradhan Mantri Man Dhan Yojana was started, in which the provision was made for pension benefit of Rs 3,000 per month after reaching the age of 60.

The Central Government also wanted to know the correct status of Labour Laws made for the workers, whether these are really beneficial or not and whether there is any Labour Law which is not allowing the workers to make progress.

Labour Reforms undertaken since 2014

- 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 16.12.2017, 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.

4 Labour Codes And Freedom From The Web Of Legislation

Many provisions of Labour Laws trace their origin to the time of British Raj. However, with changing times, many of them became ineffective and did not have any relevance in contemporary times. Rather than protecting the interests of workers, these provisions became difficulties for them.

The web of legislations was such that workers had to fill four form to claim a single benefit. Therefore, the existing government has repealed these Labour Laws and the 29 Labour Laws are being codified into 4 Labour Codes.

4 Codes are beneficial for all

For workers' right and minimum wages, social security, occupational safety and health etc the Central Government has amalgamated four laws in Wage Code, 9 laws in Social Security Code, 13 laws in OSH Code and 3 laws in IR Code.

For that, the Central Government has got the Bills passed in Parliament for making headway towards changing the standard of living of workers in a fundamental manner which will have positive and far reaching effect on workers and nation building.

These Labour Reforms will increase the pace of reforms for Ease of Doing Business. Employment creation and output of workers will get enhanced.

The benefits of all the four Labour Codes will be available to both i.e. organized and unorganized sector. Now, the workers will get Employees' Provident Fund (EPF), Employees' Pension Scheme (EPS) and coverage of all types of medical benefit under Employees' Insurance to all workers.



The Labour Tribunal will institutionalize the vibrant mechanism for speedy disposal of cases because delay in justice equals to injustice.

(New Labour Code for New India)



It Will Be Necessary For The Employers To Provide Secure Working Condition At Workplace For Women Workers.

(New Labour Code for New India)

Right to Minimum Wages for everyone

Four Labour Laws have been amalgamated into the Code on Wages. Due to this, all the workers have got the Right to Minimum Wages for the first time.

(Labour Code (Wage Code) – Workers will get benefitted from 2019

- After 73 years of independence, 50 crore workers, covering organized and unorganized, will get wage security, social security and health security.
- The guarantee of Right to Minimum Wages is available to 50 crore workers of organized and unorganized sector.
- Review of minimum wages in every 5 years.
- The guarantee of timely payment of wages to all workers.

- Equal remuneration to male and female workers.
- First time, the 40 crore workers in this country have got this right.
- To remove regional disparity, the provision of floor wage has been introduced.
- The determination of minimum wages has been made easy. It will be based on criteria such as skill level and geographical area.
- Payment of Wages Act has increased wage ceiling from 18000 to 24000 on 28.07.2017



To replace inspector raj system, inspector will be made inspector cum facilitator and random web based inspection system will also be started.

(New Labour Code for New India)

Social Security for everyone

To ensure security for workers, the Central Government has amalgamated 9 Labour Laws into Social Security Code in order to secure the right of workers for insurance, pension, gratuity, maternity benefit etc.

Through this Code, a broad comprehensive framework for Social Security has to be created so that workers can receive social security completely.

In step wise manner, this system would be institutionalized based on the contribution received from employer and worker.

The Government will fund the contribution of workers from disadvantaged section.

Social Security Code, 2020

- Through small contribution, benefit of free treatment is available under hospitals and dispensaries of ESIC.
- The doors of ESIC will be opened for the workers of all sectors along with the workers of the unorganized sector.
- Expansion of ESIC hospital, dispensaries and branches upto district level. This facility to be increased to all the districts of the country.
- If there is a single worker in hazardous work, then he would be given ESIC benefit. Institutions working in hazardous area should be compulsorily registered with ESIC.
- Opportunity to join ESIC for platform and gig workers engaged through new technology.
- Benefit of ESIC to plantation workers.

Expansion of Social Security

- Benefit of pension scheme (EPFO) to all workers of organized, unorganized and self-employed sector.
- 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 employment.
- Employees, engaged on fixed term, will get social security benefit the same as that of permanent employees.
- Creating national database of workers of unorganized sector through registration on Portal.
- Establishments with more than 20 workers will have to mandatorily report vacancies online.
- A Universal Account Number (UAN) for ESIC, EPFO and Unorganised Sector workers.
- Seamless portability has been ensured through Aadhaar based Universal Account Number (UAN)

Provision of security for workers in all situations

For providing better and safe environment along with occupational Health safety to workers at work place, 13 existing Labour Laws are subsumed in the Occupational, Safety, Health and Working Conditions Code, 2020.

In this Code, the security of interests of workers engaged in factories, Mines, plantations, Motor Transport Sector, Bidi and Cigar, Contract and Migrant workers has been ensured.

OSH Code (Occupational, Safety, Health and Working Conditions Code) - 2020

- Various provisions in the OSH Code will ease the life of the interstate migrant workers.
- Anomalies of the ISMW Act, 1979 have been comprehensively addressed to in the OSH Code.

Earlier workers appointed by the Contractor were recognized as ISMW. However, under new provisions of the Code, workers can be self-reliant as they can now register themselves as ISMW on the National Portal. By this provision, the worker would get a legal identity which would enable them to get benefits of Social Security.

- A provision has been made for employers to provide travelling allowance annually for undertaking a to and fro journey by migrant worker to visit his native place.
- Mandatory providing of appointment letters to the workers.
- Mandatory free annual health check-up by the employers for their workers
- Benefit to a worker who is engaged in building and other construction work in one State and move to another State from the Building and other Construction Cess fund.
- Under the “One Nation - One Ration Card”, ISMW 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 their residing State.

- Mandatory helpline facility for resolution of ISMW grievances in every State.
- National database to be created for the ISMW.
- 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 his work.
- **Women empowerment through the Labour Codes**
- Right to the women workers to work in all types of establishments.
- Women have been given the right to work at night with their consent and it has been ensured that the employer would make arrangements to provide adequate safety and facilities to women workers at night.
- Maternity Benefit Act was amended in 2017 which provides to increase the paid Maternity leave from 12 to 26 weeks and ensures for crèche facility in the establishments having 50 or more workers.

Industries now towards end of disputes

The Central Government while amalgamating 3 Labour Laws into the Industrial Relations Code has taken steps for safeguarding the interest of Trade Unions and the workers. In this Code, all possible steps have been taken for Industrial units and the workers so that disputes do not arise in future

Industrial Relations (IR) Code, 2020

- A worker would be provided 15 days' wages for re-skilling at the time of retrenchment. The wages would be delivered directly into bank accounts of the workers so that to enable them in learning new skills.
- Faster justice to the workers through Tribunal.
- Workers disputes will be resolved within a year in the Tribunal.

- Double Bench Tribunal to facilitate faster disposal of cases.
- In industrial establishments, a Trade Union having 51 per cent votes shall be recognised as the sole negotiating union which would make agreements with employers.
- In industrial establishments in which no trade union gets 51 per cent votes, then, for making agreements with employer, a negotiating council of trade unions shall be constituted.



We need to come out of this mentality that Industry and Labour are always in conflict with each other, why should not there be a system in which both will get equal benefit? As Labour Law is a subject in concurrent list, thus States have been provided flexible powers to amend the Labour Laws as per their specific situation and needs. There is no restriction in the right to strike. In reality, the Trade Unions have been empowered through a new right which would provide statutory recognition to them. We have made Employer - Worker relations more systematic. The provision of period of Notice provides an opportunity to cordially settle any type of dispute between workers and employers.”

- Prime Minister Narendra Modi

Benefit of ISMW

Regarding welfare of ISMW, the Government was working for a long time for increasing benefits of the ISMW. Initiatives have been taken in this direction to strengthen laws for the ISMW.

For ISMW and the poorer, the Central Government has accelerated many schemes like Garib Kalyan, delivery of free food grains to the homes, etc.

Benefits of the Labour Codes

- 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



Until there are family sentiments among Workers and Employers, there does not arise, the feeling of belongingness. If employer thinks that he feeds someone and if the Labour thinks his sweat is running employers' world, then I do not think that the business will work smoothly. However, if family sentiments exist, sorrow of a worker ruins nights of the employer and a worker does not sleep in the night for some loss of the factory, with the arising of such family sentiments, the journey of development cannot be stopped by anyone.”

- Prime Minister Narendra Modi



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Simple and responsible system
will simplify the processes.
One Registration - one
License, single return for all
the Codes.

(New Labour Code for New India)



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A Social Security fund to
be created for 40 crore
unorganized workers including
the gig and platform workers.
This would help in extending
comprehensive Social security
coverage.

(New Labour Code for New India)

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These reforms are worker friendly. Now, even those employed on a fixed term are eligible for all benefits and Social Security. Labour Codes will not only generate employment opportunities, but would also ensure minimum wages reforms, provide social security for workers in the unorganized sector and by reducing Government interferences, ensure timely payment of wages and prioritize occupational safety for workers. This would enable creating of a better working environment. In last few weeks, we have done all what we had decided. The Central Labour Acts having more than 1200 Sections have been subsumed into 4 Codes. Now, single registration, single assessment and single return are to be filed. Simple compliance will make a predictable regime for investments in businesses and in making a win-win situation of employers and the workers.”

- Prime Minister Narendra Modi



Labour Code for welfare of the workers

- Worker became stronger with increase in trust of security.
- Doors of development are open along with respect and equality for female workers.
- Social Security has been extended and unorganized workers have also got their rights.
- Only factor responsible for happiness of the workers is accountable and simple system.
- Right of Social Security for all along with cheers and respect for worker.



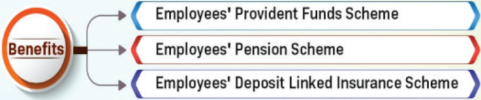
Labour Code for welfare of the workers

- Processes have become simple which leads to success of tasks.
- Now rights of temporary and platform workers are safeguarded through Social Security Schemes.
- Unorganized Workers will get all the Rights.
- Respect for hard work, equality of rights and self-respect for Labour.
- Reskilling has made a worker once-again ready with skills to work.

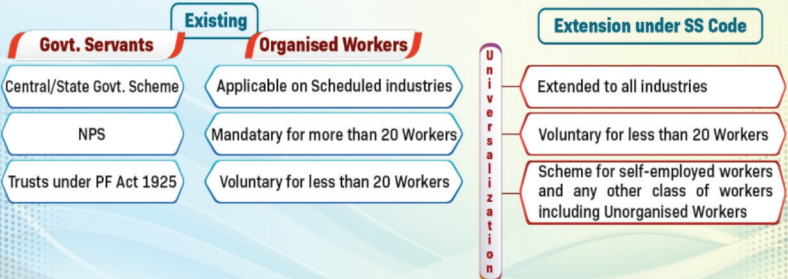
Achievement

Universalization of Social Security

Employees' Provident Fund Organisation



Extension of Applicability

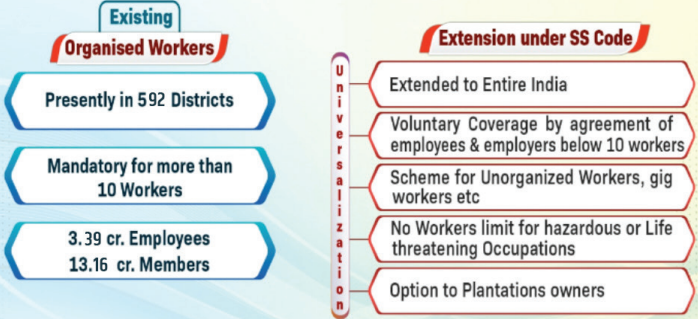


Universalization of Social Security

Employees' State Insurance Corporation



Extension of Applicability











Ministry of Information and Broadcasting
Government of India