



New Labour Code For New India

**Biggest Labour Reforms in
Independent India.**



“

Long due and much awaited Labour reforms have been passed by the 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 codes universalise minimum wages and timely payment of wages. They give priority to occupational safety of the workers. These reforms will contribute to a better working environment, which will accelerate the pace of economic growth. These Labour reforms will ensure ‘Ease of Doing Business.’ These are futuristic legislations which will empower enterprises by reducing compliance, red-tapism and ‘Inspector Raj.’ These 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)



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Introduction

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

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

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

Only discussion since 18 years

There are more than 50 crore workers in the organized and unorganized sector of the country. A majority of these workers i.e. around 90 percent, are in the unorganized sector. Through these four Labour Codes, it has been ensured that all these workers will get the benefit of Labour Laws. Now all 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 at the Central level multiple Labour Laws should be codified in 4 or 5 Labour Codes. While discussions were held on it, however, no serious initiative was taken in this direction during the time period from 2004 to

2014. Labour Reforms also remained untouched during the economic reforms carried out in 1991.

The brainstorming on Labour Codes were fast-tracked when the GST, as 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 for “Sabka Sath Sabka Vikas aur Sabka Vishwas”. By taking forward this progressive thinking, the reforms in Labour Laws were also speeded up.

Extensive discussions were held before initiation of Labour Reforms by Ministry of Labour and Employment. Initially, as a part of Government's pre-legislative consultative policy, the Ministry uploaded all the draft Labour Codes on its website for stakeholders and public consultation. During 2015 to 2019, the Ministry organized 9 tripartite discussions in which all the Central Trade Unions, Employers' Associations and representatives of State Governments 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 recommendations to the Government.

Satyamev Jayate to Shramev Jayate

The far reaching vision of the existing Government for workers became clear in October 2014 itself. The moment Prime Minister Modi took over the reign of the Government, the Shramev Jayate Scheme was started.

Giving importance to the workers when the Prime Minister had started “Shramev Jayate” on 16th October, 2014 at that moment, while terming the workers as “Nation Builders”, he had said that the power of “Shramev Jayate” for growth of the country was equal to 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 securely from anywhere. In addition, the system of 'inspector raj' was removed by making the role of inspector to that of advisor and facilitator for workers.

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

Through continuous reforms and by taking care of the interest of workers, the Modi Government started the initiative of providing social security to old age workers of unorganized sector. For this, the Pradhan Mantri Shram Yogi Man Dhan Yojana was started, in which 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 16.02.2017, 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.

4 Labour Codes and Freedom from the Web of Legislation

Many provisions of Labour Laws trace their origin to the time of the British Raj. However, with changing times, many of them either became ineffective or did not have any contemporary relevance. 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 forms to claim a single benefit. Therefore, the present Government has repealed the non-useful Labour Laws. Now 29 Labour Laws have been codified into 4 Labour Codes.

New 4 Codes are beneficial for all

For ensuring workers' right to minimum wages, the Central Government has amalgamated 4 laws in the Wage Code, 9 laws in the Social Security Code, 13 laws in the The Occupational Safety, Health and Working Conditions Code, 2020 and 3 laws in the Industrial Relations Code.

For this, by getting the Bills passed by the Parliament, the Central Government has made a headway towards changing the standard of living of workers in a fundamental manner. This will have positive and far reaching effect on workers and nation building.

These Labour Reforms will enhance Ease of Doing Business in the country. Employment creation and output of workers will also get enhanced.

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



A 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 Minimum Wages Code. Due to this, for the first time, all the workers have got the Right to Minimum Wages.

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

- After 73 years of independence, work is being done to provide wage security, social security and health security to 50 crore workers, covering organized and unorganized sectors.
- The guarantee of minimum wages is available to 50 crore workers of organized and unorganized sectors.
- Review of minimum wages in every 5 years.
- Guarantee of timely payment of wages to all workers.

- Equal remuneration to male and female workers.
- For the first time, around 40 crore workers of unorganized sector in the country have got this right.
- To remove regional disparity in minimum wages 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.
- From 28.08.2017 Payment of Wages Act has increased the wage ceiling from Rs. 18000 to Rs. 24000.



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

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Social Security for everyone

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

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

Under this, in a step wise manner, a system would be institutionalized for the contributions received from employer and worker.

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

Social Security Code, 2020

- Through a small contribution, benefit of free treatment is available under hospitals and dispensaries of ESIC.
- The doors of ESIC will now be opened for the workers of all sectors along with the workers of the unorganized sector.
- Expansion of ESIC hospitals, dispensaries and branches upto district level. This facility to be increased from 566 districts to all the 740 districts of the country.
- Even if a single worker is engaged in hazardous work, he would be given ESIC benefit.
- Opportunity to join ESIC for platform and gig workers engaged in new technology.
- Plantation workers to get benefit of ESIC.
- Institutions working in hazardous area to be compulsorily registered with ESIC.

Expansion of Social Security

- Benefit of pension scheme (EPFO) to all workers of organized, unorganized and self-employed sectors.

- 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.
- A Universal Account Number (UAN) for ESIC, EPFO and Unorganised Sector workers.
- Aadhaar based Universal Account Number (UAN) to ensure seamless portability.

Right of security to workers in all situations

For providing better and safe environment along with occupational health and safety to workers at the work place, 13 existing Labour Laws have been 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 workers, 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 lives of the Inter-State Migrant Workers.
- Anomalies of the Inter-State Migrant Workers Act, 1979 have been comprehensively

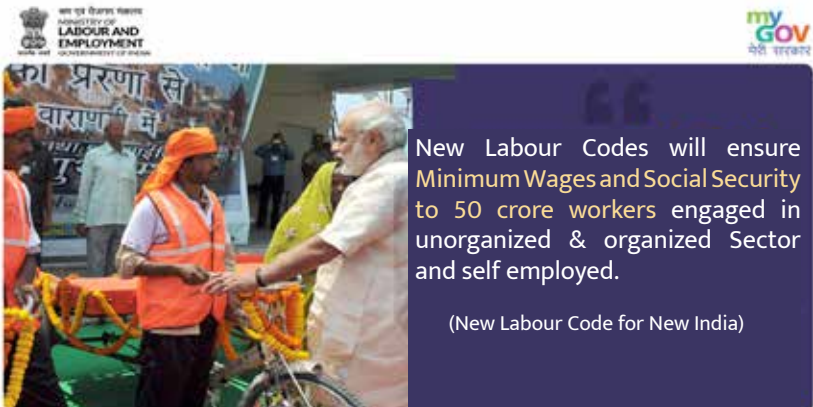
addressed in the OSH Code. Earlier only workers appointed by a contractor were recognized as Inter-State Migrant Workers. However, under the new provisions of the Code, workers can be Aatmanirbhar as they can now register themselves as Inter-State Migrant Workers on the national portal. By this provision, the worker would get a legal identity which would enable them to get benefits of all social security schemes.

- A provision has been made for employers to provide travelling allowance annually to an Inter-State Migrant Worker for undertaking a to-and-fro journey to his native place.
- Providing of appointment letters to the workers has been made mandatory.
- Mandatory, free annual health check-up of the 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 Inter-State 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 it has also been ensured that the employer would make adequate arrangements to provide safety and facilities to women workers at night.

- Maternity Benefit Act was amended in 2017 to increase the paid Maternity leave for women workers from 12 to 26 weeks and ensure mandatory crèche facility in all establishments having 50 or more workers.



Towards end to disputes

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

Industrial Relations (IR) Code, 2020

- In case of job loss, a worker will get benefit under the Atal Bimit Vyakti Kalyan Yojna.
- 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 recognised 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.



We need to come out of the mindset that industry and labour are always in conflict with each other. Why not have a mechanism where both benefit equally? Since labour is a concurrent subject, the law gives flexibility to state governments to modify the codes further as per their unique situation and requirements. The right to strike has not been curtailed at all. In fact, trade unions have been conferred with a new right, enabling them to get statutory recognition. We have made the employer-employee relation more systematic and symmetrical. The provision of notice period gives an opportunity for amicable settlement of any grievance between employees and employers.”

- Prime Minister Narendra Modi

Welfare of Inter-State Migrant Workers

The Government had been working for a long time for increasing benefits of the Inter-State Migrant Workers. Initiatives have been taken in this direction to strengthen laws for the Inter-State Migrant Workers.

For Inter-State Migrant Workers and the poor, the Central Government has accelerated many schemes like Garib Kalyan, delivery of free food grains to the homes, etc.

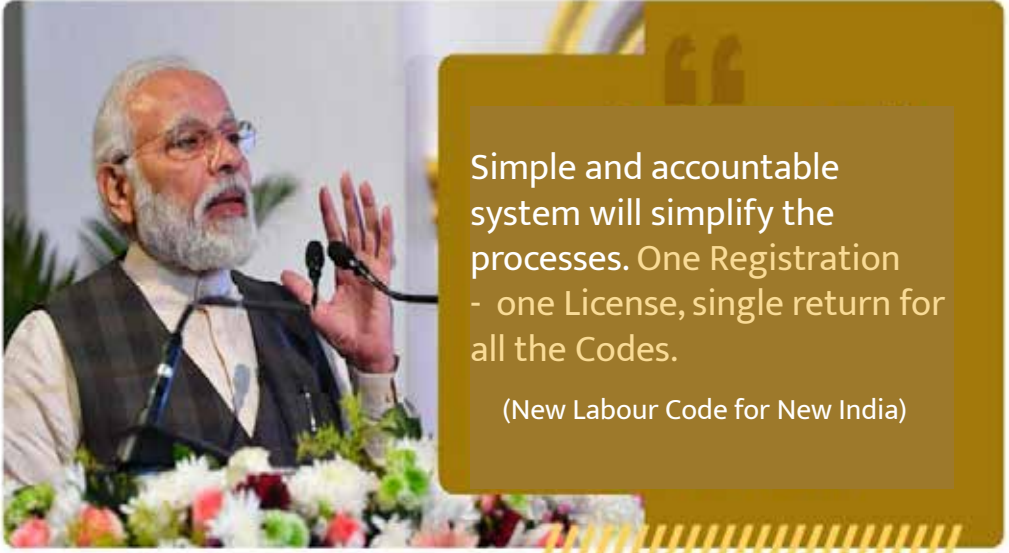
Benefits of Codification

- 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



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

- Prime Minister Narendra Modi



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

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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.

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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. The 44 central labour laws with over 1,200 sections have been assimilated into just four codes. There will now be just one registration, one assessment and one return filing. Along with easier compliance, this will lead to a stable regime for businesses to invest and create a win-win situation for the employee and the employer.”

- Prime Minister Narendra Modi



श्रमिकों के कल्याण के लिए श्रम संहिता

- मजदूर और मजबूत बना, सुरक्षा का विश्वास बढ़ा
- खुल गये हैं प्रगति के द्वार, नारी को सम्मान और समान अधिकार
- सामाजिक सुरक्षा का हुआ विस्तार, असंगठित क्षेत्र के श्रमिकों को भी मिला उनका अधिकार
- श्रमिकों की खुशहाली का एक ही मन्त्र जवाबदेह और सरल तंत्र
- सामाजिक सुरक्षा सबका हक, श्रम की जय जयकार हो



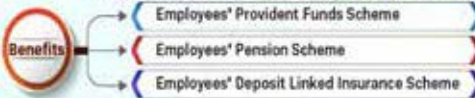
श्रमिकों के कल्याण के लिए श्रम संहिता

- सरल हो गई प्रक्रिया, सफल हुए काम
- अब अस्थायी और प्लेटफॉर्म श्रमिकों के हित “सामाजिक सुरक्षा योजना” से हैं सुरक्षित
- असंगठित कामगार पाए हर अधिकार
- मेहनत का सम्मान, अधिकार एक समान एवं श्रम ही स्वाभिमान हो
- पुनर्कोशलिकरण के द्वारा कामगार फिर हुआ हुनर के साथ तैयार

Achievement

Universalization of Social Security

Employees' Provident Fund Organisation



Extension of Applicability

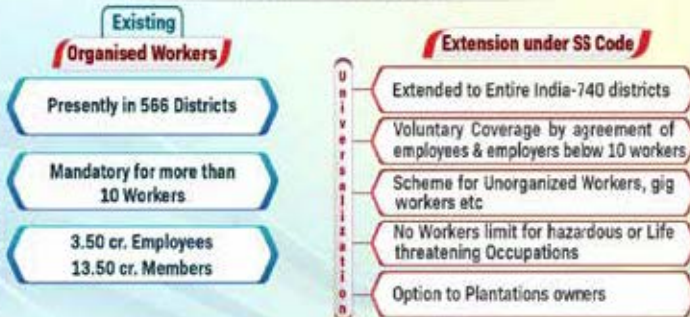


Universalization of Social Security

Employees' State Insurance Corporation



Extension of Applicability











Ministry of Information and Broadcasting
Government of India