

Ministry of Labour and Employment

New Labour Codes aimed at simplifying procedures and enhancing safety, health and working conditions launched

November 20, 2020


Relevant to all Mahindra Businesses

Background

- The reforms allow industries flexibility in hiring and retrenchment. They will make industrial strikes more difficult by clamping new conditions and also expand the social security net for both formal and informal workers.
- Under the Industrial Relation Code, the government has allowed companies with up to 300 workers to fire workers or shut plants without the prior approval of the government. Hitherto, prior approval had been required. Firms with more than 300 workers need to still apply for approval. However, if the authorities do not respond to their request, the retrenchment proposal will be deemed to be approved. Earlier labour laws required a 30- to 90-day notice period before retrenching “workmen”, which is a class of mainly shop floor workers. In the case of manufacturing units, plantations, and mines with 100 or more workmen, lay-offs also required government approval.
- To be sure, 90% of India’s workforce, which is employed in the informal sector, won’t be affected by these changes.

Salient features

- i. Appointment letter in prescribed format including designation, category of skill, wages, avenue for achieving higher wages/higher position etc. to every employee of an establishment within three months of coming into force of the rules. As per new rules no employee shall be employed in any establishment unless he has been issued a letter of appointment.
- ii. Annual health examination to be conducted by the employer free of cost for every worker of factory, dock, mine and building or other construction work, who has completed 45 years of age.

- 
- iii. Provision has also been made in the rules regarding journey allowance once in a year for to & fro journey and Toll Free Helpline number for interstate migrant worker with a view to address their concerns and grievances in a timely manner.
 - iv. Single electronic registration, license and annual integrated return for an establishment.
 - v. An all India single license for contractor supplying or engaging contract labour in more than one State for five years has been provided as against work order based licensing at present.
 - vi. Rules for prohibition of employment of contract labour for core activity of an establishment and the classification of core and non-core activities is laid down in the Occupational Safety, Health and Working Conditions Code, 2020.
 - vii. Payment of wages to contract labour (a) the contractor shall fix the wage periods and no wage period shall exceed one month. (b) The wages of every person employed as contract labour in an establishment or by the contractor shall be paid before the expiry of seventh day after the last day of the wage period. (c) The wages shall be disbursed through bank transfer or electronic mode only.
 - viii. Safety committees have been made mandatory for every establishment employing 500 or more workers to provide an opportunity for the workers to represent their concern on occupational safety and health matters and rules have been provided for composition and functions of safety committees.
 - ix. The rules has been made regarding conditions relating to safety of women employment in all establishment for all type of work before 6 a.m. and beyond 7 p.m. with their consent.
 - x. In calculating overtime on any day, a fraction of an hour between 15 to 30 minutes shall be counted as 30 minutes, at present less than 30 minutes is counted as no overtime.
 - xi. Mines rules have also been simplified and integrated with the Occupational Safety, Health and Working Conditions rules.
 - xii. Thus, the draft Rules are aimed at enhancing safety, health and working conditions in establishments, simplifying the procedures and protocols, allowing electronic mode of maintaining registers, records and furnishing returns, thus ensuring safe, healthy and decent working conditions.

For Further Reading

1. <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1673004>
2. <https://www.hindustantimes.com/india-news/understanding-the-new-labour-codes/story-III015EZK8EYtDHmP9SXVP.html>
3. <https://www.financialexpress.com/industry/new-labour-codes-may-take-effect-in-current-fiscal-itself/2122798/>
4. <https://indianexpress.com/article/explained/govts-new-versions-of-labour-codes-key-proposals-and-concerns-6603354/>