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India's New Labour Code favour the Employers.

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In News: India's new labour codes violate tripartite agreements and give too much power to employers, said Felix Anthony, senior leaders of the International Trade Unions Confederation (ITUC) workers' representative in the Asia and the Pacific Regional Meeting of the ILO.

What is Labour Law?

Labour laws, also known as employment laws, are the body of laws, administrative rulings, and precedents that address the legal rights and restrictions of working people and their organisations. Labour laws attempt to regulate the relationships between an employer or group of employers and their employees. This branch of law has the broadest application because it affects more men and women than any other branch of law. As a result of its vast implications and dynamic facets, it is also the most fascinating area to study. These laws generally address issues like workplace health and safety, collective bargaining, unfair labour practices, certification of unions, labour-management relations, general holidays, annual leave, working hours, unfair terminations, the minimum wage, layoff procedures, severance pay and so on.

What is New Labour Code?

Merging all the labour related central laws in to four labour codes i.e. wages, industrial relations, social security , safety and welfare. Bundle related laws into a specific legal code for a particular industrial aspect. For example, laws related to social security—such as the Employees Provident Fund and Miscellaneous Provisions Act, the Employees State Insurance Corporation Act and other laws—will be bundled into a single social security law or code. Similarly, laws on remuneration of employees will be merged into a single law. This drastically reducing the number of laws that companies are subjected to reduces compliance costs. (To Simplify and to unify labour laws)

All the labour laws (29 in number) being amalgamated into 4 labour codes are:

Name of the Code

Amalgamated laws

Wage Code

4 laws –

1 The Payment of Wages Act, 1936

2 The Minimum Wages Act, 1948

3 The Payment of Bonus Act, 1965

4 The Equal Remuneration Act, 1976

IR Code

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3 laws –

1The Trade Unions Act, 1926

2The Industrial Employment (Standing orders) Act, 1946

3The Industrial Disputes Act, 1947

OSH Code

13 laws –

1The Factories Act, 1948

2The Plantations Labour Act, 1951

3The Mines Act, 1952

4The Working Journalists and other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955

5The Working Journalists (Fixation of Rates of Wages) Act, 1958

6The Motor Transport Workers Act, 1961

7The Beedi and Cigar Workers (Conditions of Employment) Act, 1966

8The Contract Labour (Regulation and Abolition) Act, 1970

9The Sales Promotion Employees (Conditions of Service) Act, 1976

10The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979

11The Cine-Workers and Cinema Theatre Workers (Regulation of Employment) Act, 1981

12The Dock Workers (Safety, Health and Welfare) Act, 1986

13The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996

Social SecurityCode

9 laws –

1The Employees' Compensation Act, 1923

2The Employees' State Insurance Act, 1948

3The Employees Provident Fund and Miscellaneous Provisions Act, 1952

4The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959

5The Maternity Benefit Act, 1961

6The Payment of Gratuity Act, 1972

7The Cine Workers Welfare Fund Act, 1981

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8The Building and Other Construction Workers Welfare Cess Act, 1996

9The Unorganised Workers' Social Security Act, 2008

What is the need for Labour Law Reform in India?

That India's complicated labour law regime is in dire need of reform is an open secret. Issues are as following:

Since 1947, India has crafted a plethora of labour laws involving safety at workplace, wages, social security and industrial relations. added layers of complexity to the overall labour law landscape. On the one hand, it has distorted the labour market and on the other it has increased compliance costs of companies. These laws are a big reason for the substitution of capital for labour. This has hurt Indian labour—in terms of employment, training and opportunities—and has not helped anyone.

There are over 200 laws related to labour. Labour being in concurrent list, many states and even centre have enacted laws. So many laws leads to confusion about regulation giving rise to inspector raj.

Due to the complex and massive numbers of labour laws, industries prefer to hire contractual labourers not covered under these laws and without any social security or termination protection. (Industrial dispute act demands government approval in case company having more than 100 employees wants to lay off its employees)

Another major weakness in current labour reforms is less focus on apprenticeship. Our education system is not responsive to need of market therefore apprenticeship becomes important.

What is the concern?

To realise the dreams of make in India and to tap the demographic dividend of the country, it is essential to have the reforms in labour market. Further there is also need to upgrade the ease of doing business. Objections raised by ILO includes: lack of provision for collective bargaining (proposed Labour Code on industrial relations emphasizes arbitration) and not allowing outsiders in union activities.

Why Trade Unions are not able to show credible opposition?

- Trade Unions are divided : For instance, out of the 12 major CTUs, 10 have been jointly spearheading agitations calling for the repeal of all four Codes while the BMS has been conducting its own limited agitation. Further, thousands of enterprise-based unions lack political consciousness and therefore do not always support the CTUs' agitations.
- Labour Codes matter less: With the support of the government, employers have been able to achieve labour flexibility (the rampant contractualisation of the workforce) denied to them by formal laws. Hence, the Labour Codes matter less even if they are repealed.
- Unorganised: Though there are around 400 million unorganised and informal workers, they are scattered and not organised in a consolidated manner to mount significant political opposition and demand labour market securities.
- Industrial workers cannot organise longer and larger strikes: Unlike farmers, they would lose their jobs and wages.
- Neoliberal order: Labour reforms agendas such as privatisation, flexible labour markets, etc. are supported by global financial institutions like the World Bank and the International Monetary Fund.