

# Decoding the New **Labour Codes**



Page No.

**2-3**

Cover  
Story

**4**

Sector Skill  
in focus

**5**

Industry  
News

**6**

From Our  
Desk

## Decoding the New Labour Codes

After a relentless crusade of more than 2 decades, India has finally brought in landmark changes to its archaic labour codes. The 4 new labour codes related to industrial relations, occupational safety, social security, and health and working conditions could be implemented in F.Y. 2022-23, providing an impetus to economic activities and uplifting workers' conditions at the same time. Since labour is a concurrent subject, states are now in the process of pre-publishing draft rules for the laws. This could delay the implementation.



These transformative labour codes were much needed for the huge informal sector in the country, which contributed almost **15%-20% of the formal GDP** in 2020-21. Labour reform is expected to take care of 3 main issues in the unorganised sector:

1. Creation of formal jobs
2. Addressing the wage problem
3. Consolidation of several laws into fewer ones, both pro-labour and employer

Before these 4 codes came into the picture, India had 463 Acts, 32,542 compliances, and 3,048 filings. Now the country has 434 acts, as the 4 bills amalgamate 29 of the 44 central laws in 4 codes. Let's look at these laws and what the changes could mean for employers and employees.

### The 4 New Labour Codes

Four new labour codes have been enacted to simplify and rationalise the existing 29 labour laws

- The Code on Wages 2019
- The Code on Social Security 2020
- The Occupational Safety Health and Working Conditions (OSH), 2020
- The Industrial Relations Code 2020

### The Code on Wages 2019

The Code on Wages 2019 has repealed 4 major laws:

- The Payment of Wages Act, 1936
- The Minimum Wages Act, 1948
- The Payment of Bonus Act, 1965
- The Equal Remuneration Act, 1976

Under the old laws, there were around 12 definitions of wages, leading to confusion and litigation costs. The new Code provides a common definition to allow a standard practice for wage computation, simplifying the process for companies and employees.

Further, employers have to pay wages not less than 50% of the total CTC. Minimum 50% of the CTC will account for basic pay and dearness allowance (DA). Calculation of wages shall include basic pay and DA, retaining allowance, but excludes conveyance, house rent allowance, overtime, and commissions. Also, now the central and state governments have to revise minimum wages within 5 years.

As per the Code, a Central Advisory Board will be constituted by the central government consisting of employer and employee representatives (in equal numbers). There will also be

5 state government representatives, and independent persons (not exceeding one-third of total members). Earlier, there were no state government representatives on this Board.

### Low Take-Home Salary More PF Liability

The potential increase in the Basic Pay may increase Gratuity, Provident Fund, and other Retirals. So, in the short-term, less take-home salary and more PF is expected. The overhead for employers will increase, and so will the wage bill.

There is a concept of floor wage, which would be introduced by the government after the assessment of workers' living conditions in various geographies. The State Government won't be able to lower the wages below this floor rate.



## The Code on Social Security 2020

The Code amalgamates 9 major laws, including The Employees' Compensation Act, 1923, and The Maternity Benefit Act 1961.

One of the major highlights of this Code has been giving specific definitions for fixed-term employment, home-based workers, self-employed workers, and platform workers. The law empowers the Centre to notify various social security schemes for these workers, like the EPF, ESI, and EPS. The Centre will also be able to frame schemes for the gig workers and their families.

## The Recognition of Gig Workers

The legitimisation of fixed-term employment creates transparency and clear accountabilities for employers. There is now a clear role definition in contract labour. National licensing of the contractors will provide companies with clear criteria for eligibility.

Further, the code acknowledges gig work and gig platforms and brings them under the various outreach schemes, including maternity benefits, accident, health insurance, and disability cover. Now, contract labourers can be assured of being paid on a par with anyone else doing the

same job. This will encourage many workers and aspirants to consider these roles as a career option, helping in the increase of the employment rate.

## The Occupational Safety Health and Working Conditions (OSH), 2020



Around 13 existing labour laws about health and safety conditions of workers in the workplace have been amalgamated in this code.

Under this code, inter-state migrant workers will now be provided travel allowance, and ration, including cess. Special provisions have been laid out regarding leave requirements for people employed in sectors like sales, journalism, and transport. Now, employers will have to provide an appointment letter to every worker in the facility. Further, employees will be given a health check-up by the company annually free-of-cost.

## Gender Equality and Formalisation of Unorganised Sector

There are now provisions regarding consent, safety, working hours for women working in night shifts. This code brings in provisions for gender equality. It not only empowers the women workforce but also recognises the rights of transgender. Industrial entities will now have to provide washrooms, locker rooms, bathing places for men, women, and transgender.

The statutory requirement of issuing appointment letters will help prevent exploitation. Companies will be able to enforce proper ways of employee engagement across the workforce.

## The Industrial Relations Code 2020

The code amalgamates 3 laws and brings persons employed in manual, technical, unskilled, and clerical roles under the definition of worker. People working in a supervisory capacity and earning less than ₹18,000 are also now included.

A "strike" is now defined as mass casual leave, taken by more than 50% of workers on any day. But, no worker can go on strike, without giving a notice of 60 days, or before 14 days of submission of the notice. It is now mandatory for all workers to approach

the grievance redressal committee. They can't move directly to the conciliation officer.

## Ease of Doing Business for Companies

The code improves the ease of doing business by allowing companies with up to 300 workers, to proceed with lay-offs, closure, and retrenchment without prior permission from the government. This number was limited to 100 employees, in the previous laws.

The codes reduce the complexity of compliance for employers, reducing the number of labour laws. It also reduces the cost of compliance. The provision of one license or one registration will save money and resources. Web-based facilitators or labour inspectors will allow companies to comply with laws before initiating proceedings, eliminating the high cost of claims for beneficiaries.

India currently **ranks 63 worldwide**, in the ease of doing business. The new labour codes could catapult it to the top 50 in the coming years. This was a much-needed step towards economic recovery.

# Apparels Sector Skill Council



## About AMH SSC

AMHSSC has been authorized by NSDC for evolving assessing proficiencies of skills of trainees for the apparel sector, made-ups and home furnishing for their respective subject areas.



Incorporated on December 24, 2013, as a company with the object to Develop a skills repository for the Apparel, Made-Ups and Home Furnishings value chain. To build an organization that can develop Standards, evaluation criterion and accreditation systems for providing multiple and varied technical skills in the textile sector including employ ability skills to both men and women, as well as challenged persons with regular and direct inputs from industry.

AMH SSC a body has a well defined organizational structure comprising industry members from knitwear, apparel, hosiery, fashion design, made-ups / home furnishing, association, academia, domestic apparel industry, NSDC besides representative from MoT.

## Job Scenario in Apparels Sector

### By State/ UT (Top 10)

TAMIL NADU

117,755

MADHYA PRADESH

1,550

KARNATAKA

8,121

MAHARASHTRA

1,067

RAJASTHAN

5,250

N/A

1,005

GUJARAT

3,170

PANJAB

1,000

WEST BENGAL

3,000

HIMACHAL PRADESH

900

### By Jobs role (Top 10)

SEWING MACHINE OPERATOR

42,071

CUTTING SUPERVISOR

9,366

MACHINE MAINTENANCE MECHANIC (SEWING MACHINE)

27,791

PACKER

7,524

SELF EMPLOYED TAILOR

26,124

SEWING MACHINE OPERATOR-KNITS

3,381

EMBROIDERY MACHINE OPERATOR

11,055

MEASUREMENT CHECKER

2,011

SAMPLING TAILOR

11,050

SPECIALIZED SEWING MACHINE OPERATOR

1,510

### More blue-collar jobs up for grabs as economy opens up

India's blue- and grey-collar job markets recorded their strongest growth in February in over a year, as a falling number of Covid infections, lifting of restrictions and a pickup in economic activity led to higher demand for manpower.

[Read Article](#)

### We are in talks with HR heads of companies on wage code: Labour Minister Bhupender Yadav

According to labour and employment minister Bhupender Yadav, India's labour codes are futuristic. "India is one of the few countries in the world that has recognised gig and platform workers in our Codes and they have been registered on the e-Shram portal."

[Read Article](#)

## Blogs



### How to Generate, Activate UAN?

[Read Blog](#)

### 10 Candidate Sourcing Strategies to Find Top Talent

[Read Blog](#)

### Top Challenges in Blue-Collar Shift Management

[Read Blog](#)

## Conversations

LeadingThoughts is our latest initiative to have our leaders themselves highlight what they think of the blue-collar ecosystem.

In this episode we have our Co-founder & CEO, Pravin Agarwala talk about his vision for the company, our journey thus far and the achievements of 2021. As the pioneer of change in the blue-collar ecosystem, BetterPlace has always led the path of transforming enterprises and their workforce.

[Click here to listen to Pravin](#)[Follow us on LinkedIn for more such videos](#)

## Customer Success Story

### In Focus : Tender Cuts

TenderCuts - Farm Fresh Meats and Seafood required a robust training program for its workforce and our customized upskilling solution ensured significant results across all their locations.

[Know More](#)

Check Out Rohan Naik, the lead Learning & development Tendercuts on what he has to say About Employee upskilling using Oust From BetterPlace



