

New Labour Codes- Salient Features

As you are aware that recently the Government of India have passed Four (04) Labour codes in the Parliament.

These codes were long awaited and being projected as when implemented, will result into most awaited Labour market reforms which are envisaged to generate employment and improve the service conditions of the workers and shall boost the government initiative of “ease of doing business” and likely to attract foreign investment simultaneously. (Although it is expected that most of the employment generation shall happen at the entry level jobs, fixed short terms and other contract basis jobs).

A total of 29 laws have been merged / amalgamated into these 04 labour codes.

Before these codes are enforced, a major aspect /component ‘National Floor Wage’ will be required to be notified by the Central Govt – we shall have to wait for it to assess the increase in financial obligation towards the minimum wages (it is part of Labour Code 01 – titled “Wages Code” which was cleared by Legislative in year 2018 and Central govt was expected to notify it within 3 months from then). Also impact of gratuity payment and other statutory obligation which will now be payable on short fixed term employment contract as well, would need to be assessed to see the tentative impact on the P&L. Retrenchment/laying off flexibility has been given to establishments by increasing employees number from 100 to 300 (in other word it means such an establishment shall be exempted from standing orders provisions).

However, It is important to note that these codes are still little away to become the laws of the Land and are expected to become so in another 4 – 6 months from now (As they now have to be assented by the President and then notified by the Labour Ministry before these are enforced / enacted).