

Industrial Relations Code 2020

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In light of various steps taken by the government to facilitate Ease of Doing Business, labour reforms and revised labour codes are a step forward. They not only seek to streamline formal processes but also incentivise investments. The draft code on Industrial Relations has been prepared after amalgamating, simplifying and rationalizing the relevant provisions of following three Central Labour Acts: **The Trade Unions Act, 1926; The Industrial Employment (Standing Orders) Act, 1946 and The Industrial Disputes Act, 1947.**

The industrial relations code is the **third of four labour codes** that have got approval from the Cabinet.

Key features of the bill

- **Termination of service:** Under the code, termination of service of a worker on completion of tenure in fixed-term employment will not be considered as retrenchment.
- **Statutory benefits:** The bill also says that fixed-term employees will get all statutory benefits like social security, wages, etc. at par with the regular employees who are doing work of the same or similar nature.
- Under the proposed code the ministry has **amended the definition of strike to bring mass casual leave within its ambit** while suggesting that a union will be recognised only if it has support of 75% or more workers.
- The Code has **raised the threshold for the requirement of a standing order** (rules of conduct for workmen employed in industrial establishments) to over **300 workers**. This implies industrial establishments with up to 300 workers will not be required to furnish a standing order, a move

which experts say would enable companies to introduce arbitrary service conditions for workers.

- **Flexibility with respect to the threshold:** Flexibility has been provided to reduce or increase the threshold by the appropriate government, for the purpose of seeking permission before closure, retrenchment, and lay-off.
- **Varied thresholds in some states:** States like Andhra Pradesh, Assam, Haryana, Jharkhand, Madhya Pradesh, Rajasthan, Uttarakhand and Uttar Pradesh, where the threshold has been enhanced from 100 to 300 by state amendments, have been protected in the Code.
- **Re-Skilling fund:** The Code also proposes setting up of a re-skilling fund for the training of retrenched employees. The retrenched employee would be paid 15 days' wages from the fund within 45 days of retrenchment.
- **Contribution from Industrial establishment:** An industrial establishment will have to contribute an amount equal to 15 days' wages or such other days as may be notified by the central government, to this fund for every worker retrenched.
- The IR Code proposes that no person employed in any industrial establishment shall go on strike without a 60-day notice and during the pendency of proceedings before a Tribunal or a National Industrial Tribunal and sixty days after the conclusion of such proceedings.

Significance

- The labour ministry is of the view that the proposed amendments will make it easier for an employer to engage/ disengage workers based on the requirement.
- On the other hand, it is also being ensured that the retrenched worker is provided an opportunity of acquiring new skills through the re-skilling fund to enhance employability.
- The ease of compliance of labour laws will promote the

setting up of more enterprises, thus catalyzing the creation of employment opportunities in the country.