

# Simplification and Consolidation of Labour Laws

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It's an update to our previous article on labour laws. [Read here..](#)

Source: *The Hindu*

## Manifest pedagogy

Labour reforms have been one of the sticky points, both with respect to industry and trade unions. A comprehensive law will not only help ease of doing business but also promote organisation of industry along formal lines with adequate opportunity for retraining of the workforce. Mains exam would focus on the effects of labour reforms in era of globalisation 4.0 and industry 4.0, safeguards and government policy where prelims would be more about institutions, programmes, policies and schemes

## **In news**

Cabinet cleared Occupational, Safety, Health and Working conditions (OSH) code

## **Content**

The Union Cabinet cleared **Occupational Safety, Health and Working Conditions Bill, 2019**, to merge 13 labour laws into a single code. The New Code has been drafted after amalgamation, simplification and rationalisation of the relevant provisions of the **13 Central Labour Acts**

The Factories Act, 1948;

The Mines Act, 1952; The Dock Workers (Safety, Health and Welfare) Act, 1986;

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

The Plantations Labour Act, 1951;

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

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

The Working Journalist and other Newspaper Employees (Conditions of Service and Misc. Provision) Act, 1955;

The Working Journalist (Fixation of rates of wages) Act, 1958;

The Motor Transport Workers Act, 1961;

Sales Promotion Employees (Condition of Service) Act, 1976;

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

The Cine Workers and Cinema Theatre Workers Act, 1981.

After the enactment of the Code, all these Acts being subsumed in the Code will be repealed.

Cabinet recently had given its go-ahead to a labour code on wages.

- The OSH code would apply to all establishments that employ 10 or more workers.
- It is expected to benefit 400 million workers and will ensure that all workers now get an offer letter besides an annual medical check-up.
- This proposal would enhance the coverage of the safety, health and working conditions provisions manifold as compared to the present scenario.
- The bill provides for a single licence regime for staffing firms, thus significantly improving their ease of doing business.

- It will ensure that provisions pertaining to 622 sections in 13 laws will now be simplified and covered by just 134 sections.
- The code also says that women working in mines should be provided creches for children under the age of six.
- The code also suggests showers or bathing places and locker rooms with separate ones for women mine workers.
- The code empowers every employee to demand information.

Safety, Health, welfare and improved Working Conditions are pre-requisite for well-being of the worker and also for economic growth of the country as healthy workforce of the country would be more productive and occurrence of less accidents and unforeseen incidents would be economically beneficial to the employers also

### **Code on wages bill**

- The Union Cabinet recently had cleared the new version of Code on Wages Bill, which seeks to define the norms for fixing minimum wages that will be applicable to workers of organised and unorganised sectors, except government employees and MNREGA workers.
- As per the Bill, minimum wages will be linked only to factors such as skills and geographical regions.
- At present, minimum wages are fixed on the basis of categories such as skilled, unskilled, semi-skilled, high skilled, geographical regions, and nature of work such as mining and are applicable for 45 scheduled employments in the central sphere and 1709 scheduled employments in states.
- This is expected to effectively reduce the number of minimum wage rates across the country to 300 from about 2,500 minimum wage rates at present.
- The Code on Wages will amalgamate the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, and the Equal Remuneration Act, 1976.

- A National Floor Level Minimum Wage will be set by the Centre to be revised every five years, while states will fix minimum wages for their regions, which cannot be lower than the floor wage. The current floor wage, which was fixed in 2017, is at Rs 176 a day.

## **Rajasthan model**

- Underlining the need for flexibility in labour laws, the Economic Survey 2019 has cited the Rajasthan model of labour reforms to boost employment and factory productivity.
- Taking 2014-15 as the base year when labour reforms picked up pace in Rajasthan, the Economic Survey said the state performed much better in terms of factory output, growth in the number of large factories and jobs creation than the rest of India.
- The Survey said it compared the number of operating factories employing more than 100 employees in the state, the average number of workers per factory, total output and total output per factory.
- For all the above variables, compound annual growth rate post-labour reforms in Rajasthan has increased significantly vis-à-vis the rest of India.
- The average employee headcount in a Rajasthan factory grew 4.17% in 2017 compared to a decline of 8.9% in 2013.
- The growth rate in Rajasthan is a little less than double for the rest of India.
- To reduce trade union influence, the state has amended laws to increase the minimum membership requirement to form a union as 30% of total workmen at an establishment from 15% earlier.
- The state has said that no prior government nod is required for companies employing up to 300 people for firing and laying off workers or shutting down units. The earlier limit was 100 workers.

- The state's laws now mandates that a worker can raise an objection about wrongful termination only within three years. There was no deadline earlier.

Former NITI Aayog chairman and economist Arvind Panagariya had praised Rajasthan for its labour reforms that paved way for ease of doing business