



## **Labour Codes: Update on State rules and overall status**

The Dbriefs Global Mobility, Talent & Rewards series

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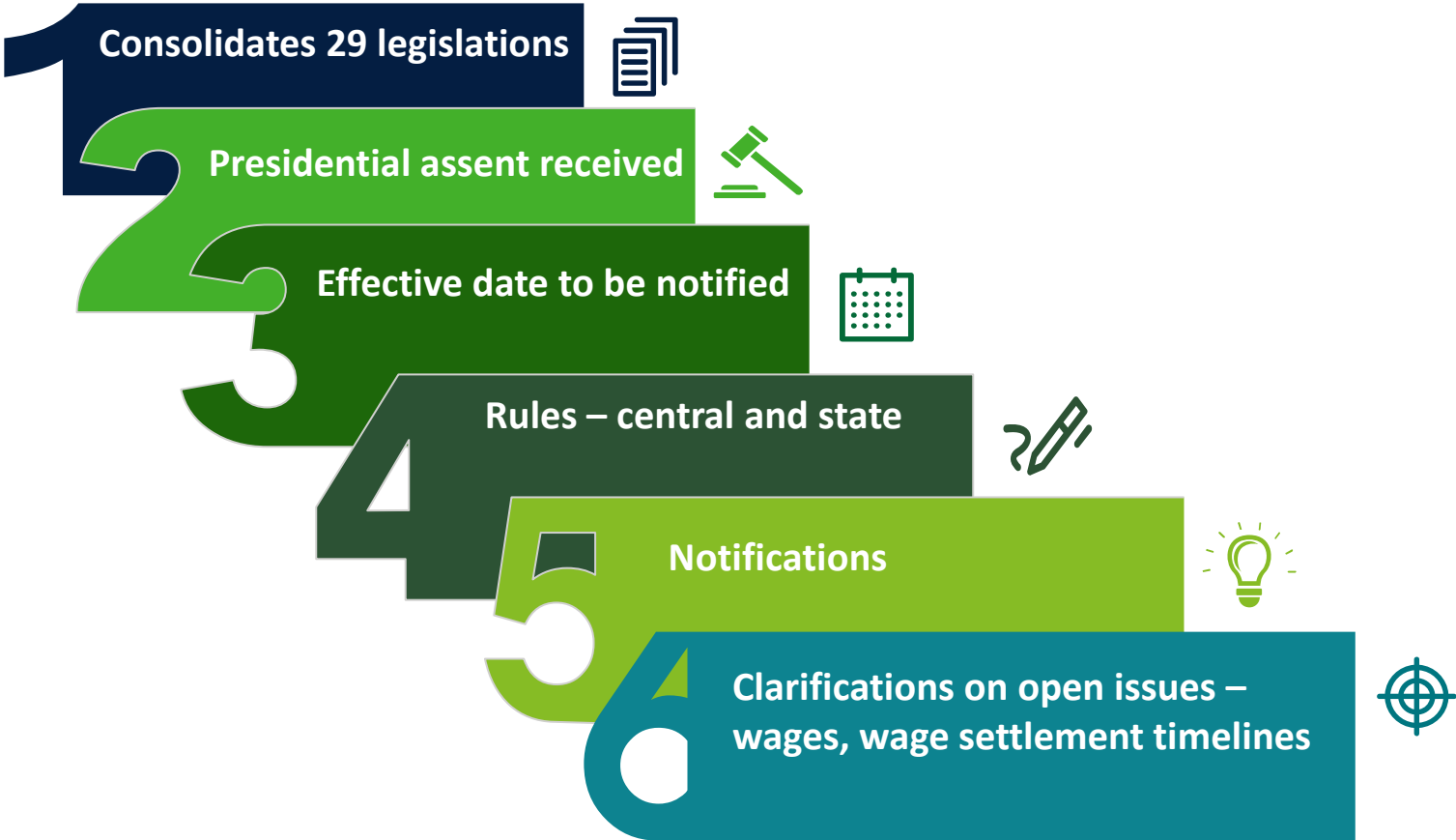
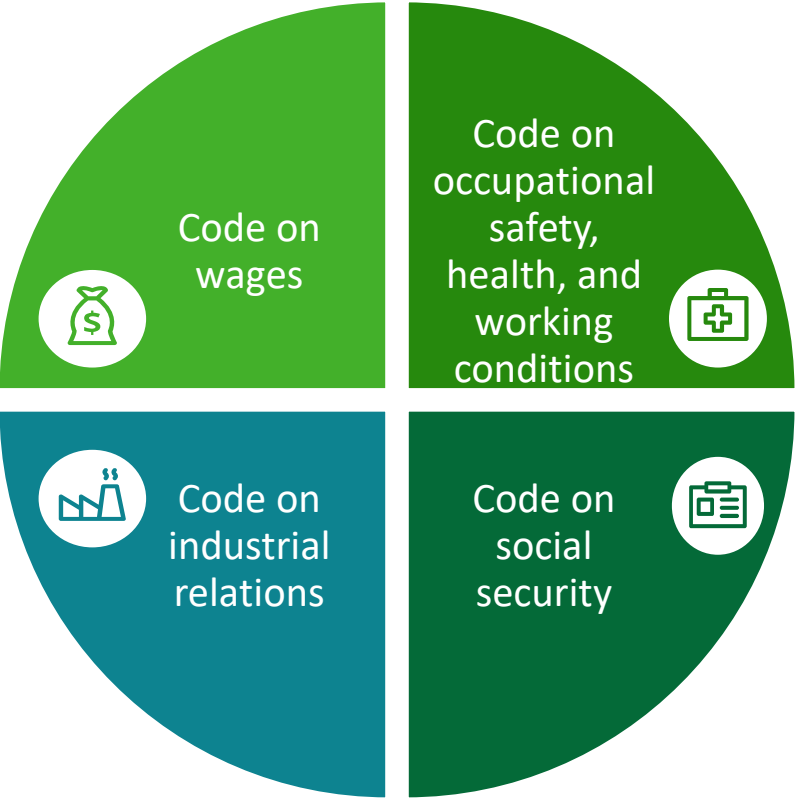
# Agenda

- Status of Labour codes
- Areas of change
- Status of state rules, key aspects
- Significant changes/deviations
- Impact of central rules on those published by states
- Scenario analysis
- Way forward
- Question and answers

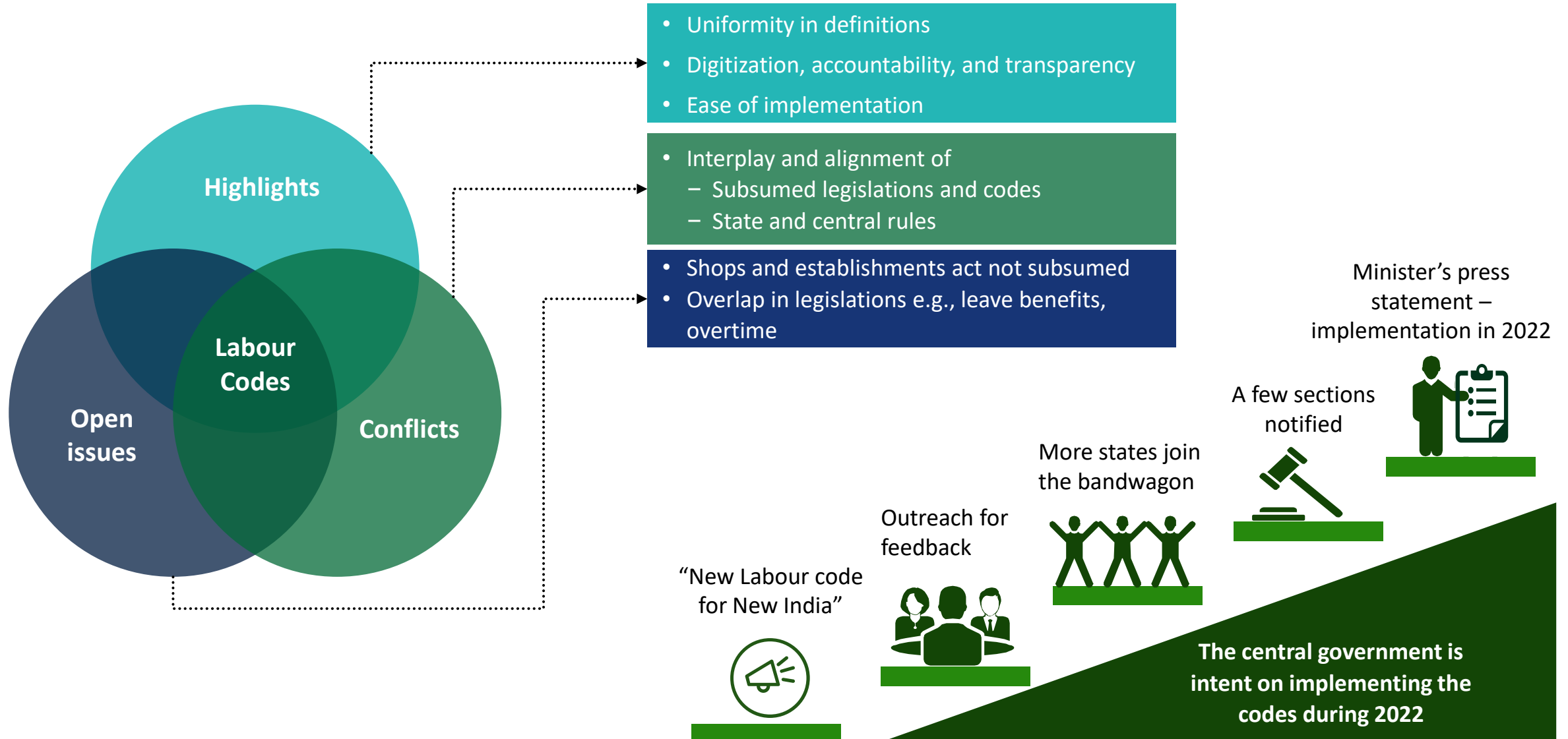
# Labour codes

## Overview and status

# Overview of the new Labour Codes



# Highlights and open issues



## Polling question 1

How prepared is your organization to transition to Labour codes?

- High level of preparedness – can manage with transition time of less than 2 months
- Medium level of preparedness – with rigorous efforts from all stakeholders can manage with transition time of 3 months or more
- Minimal level of preparedness – have just started the journey
- Waiting for final notification to commence the journey
- Don't know/not applicable

# Labour codes

## Areas of change

# Areas of change under the labour codes

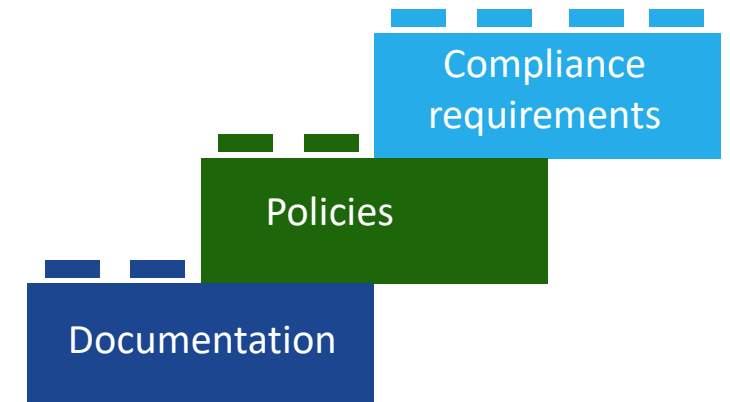
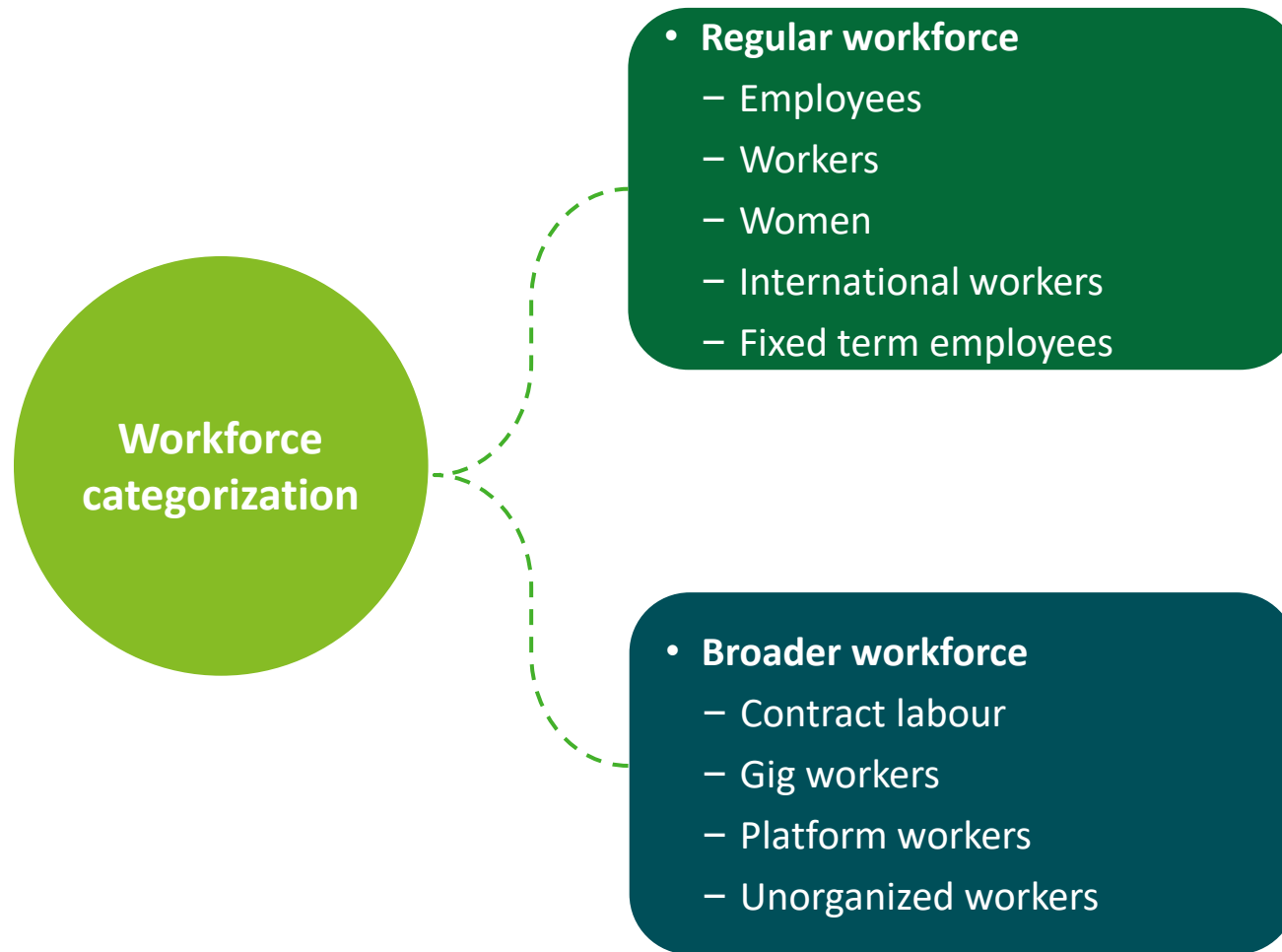
## Changes envisaged and clarifications awaited





## Areas of change under the labour codes

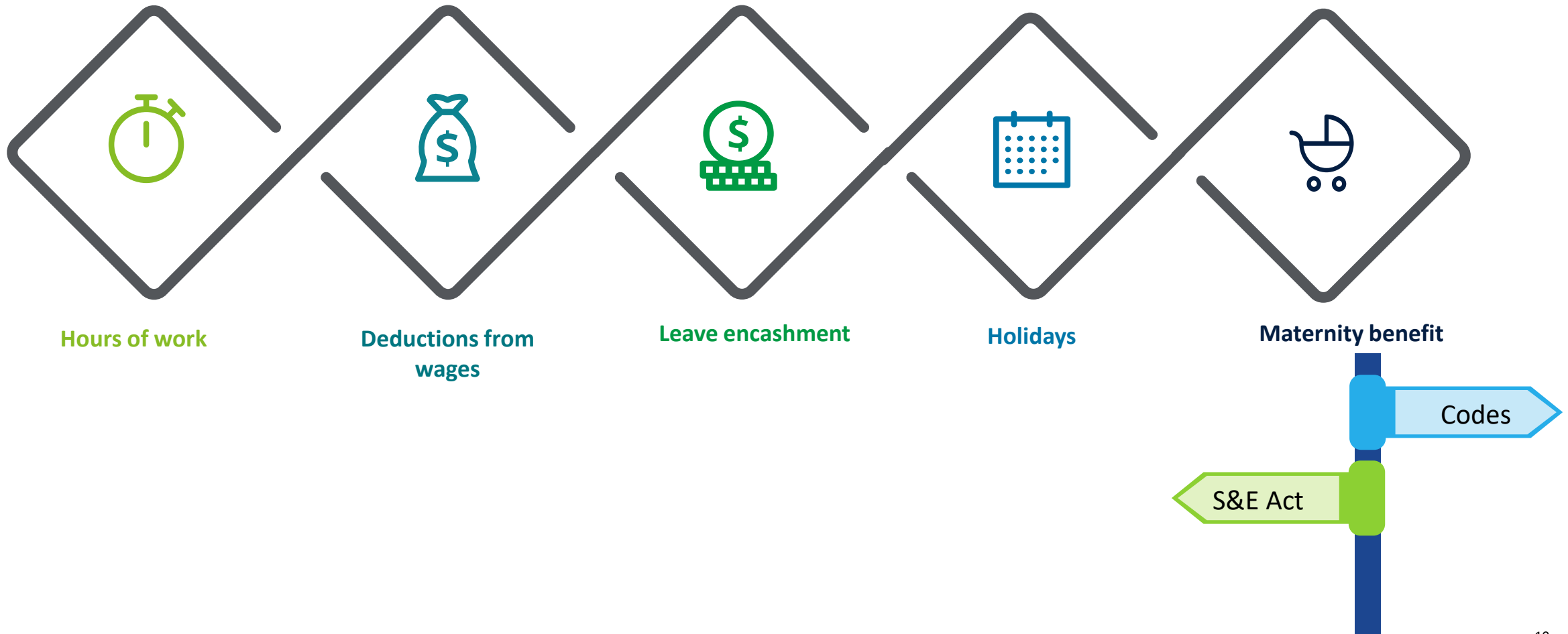
### Widening of workforce categories covered



# Labour codes

## Interplay with shops and Establishment Act

- Shops and Establishment Act (S&E Act) provides for various benefits to the employees/workers. Is not subsumed under the labour codes, continues to prevail. Common ground between the codes and the Shops & Establishment Acts are



## Polling question 2

Based on your organisation profile, do you see a challenge triggered by co-existence of Central and State rules and the continuing Shops & Establishments Act?

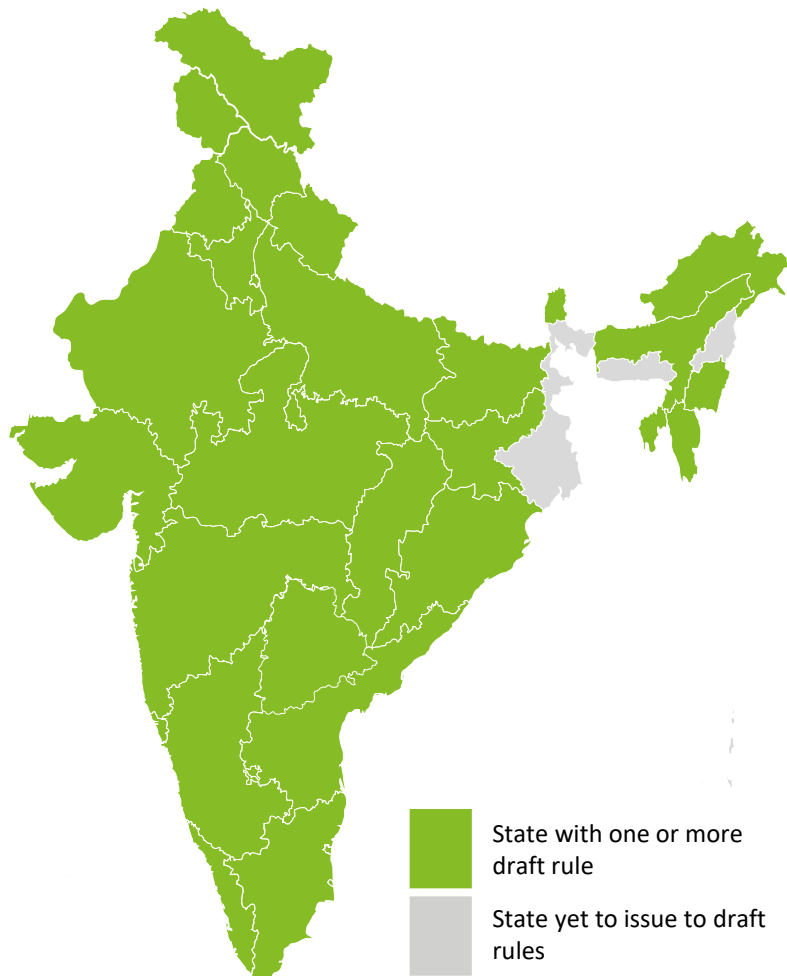
- Presence in multiple states, and have challenges
- Presence in multiple states, but no major conflict envisaged
- Presence in one state, but still conflicts expected
- Presence in one state, no conflict expected
- Don't know/not applicable

# Labour codes

## State rules

# State rules

## Current status



Code on wages (31)		
• Uttarakhand	• Himachal Pradesh	• Puducherry
• Uttar Pradesh	• Chhattisgarh	• Manipur
• Gujarat	• Jharkhand	• Kerala
• Bihar	• Maharashtra	• Chandigarh
• Madhya Pradesh	• Haryana	• Tamil Nadu
• J&K	• Telangana	• Andhra Pradesh
• Punjab	• Delhi	• Andaman and Nicobar Islands
• Karnataka	• Sikkim	• Goa
• Odisha	• Mizoram	• Ladakh
• Tripura	• Arunachal Pradesh	
• Rajasthan	• Assam	

Code on social security (21)		
• Uttarakhand	• Assam	• Chandigarh
• Uttar Pradesh	• Maharashtra	• Kerala
• Madhya Pradesh	• Haryana	• Andaman and Nicobar Islands
• Bihar	• Tripura	• Ladakh
• J&K	• Himachal Pradesh	
• Punjab	• Manipur	
• Odisha	• Gujarat	
• Chhattisgarh	• Goa	
• Jharkhand		

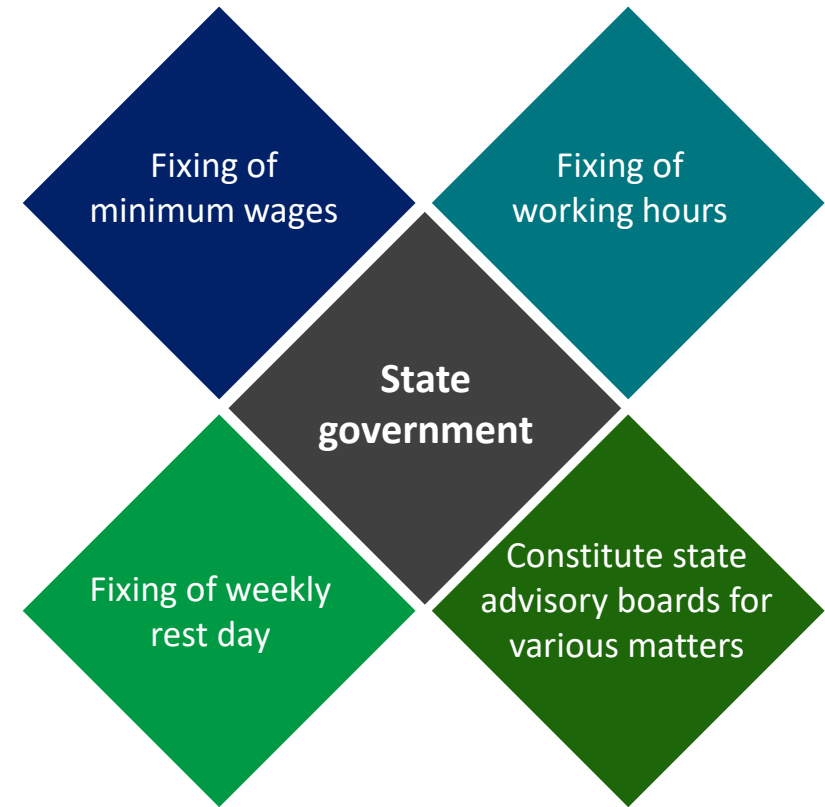
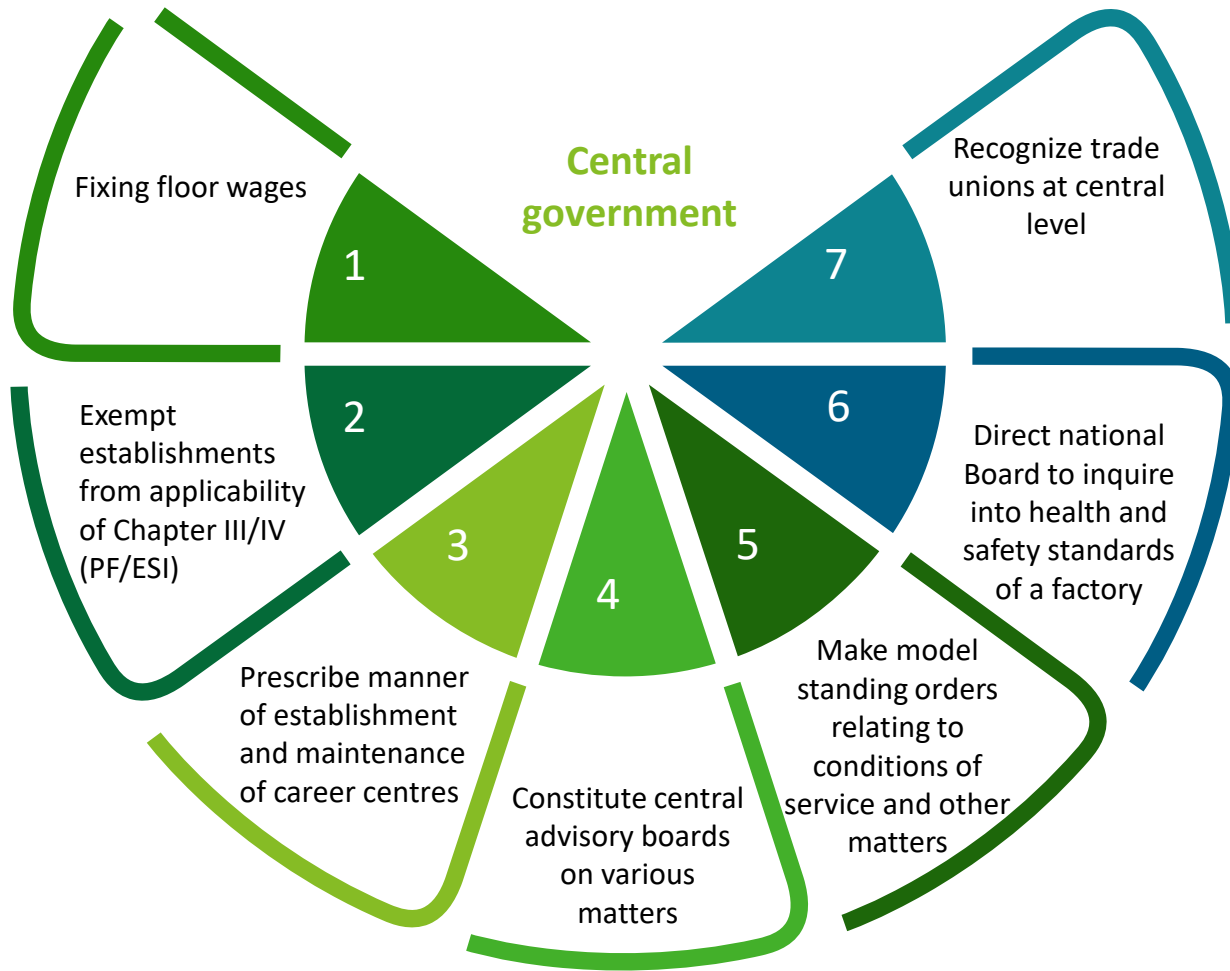
Industrial relations code (26)		
• Uttarakhand	• Tripura	• Goa
• Uttar Pradesh	• Chhattisgarh	• Puducherry
• Madhya Pradesh	• Jharkhand	• Maharashtra
• Bihar	• Haryana	• Chandigarh
• J&K	• Telangana	• Tamil Nadu
• Punjab	• Himachal Pradesh	• Andhra Pradesh
• Karnataka	• Manipur	• Ladakh
• Gujarat	• Arunachal Pradesh	• Mizoram
• Odisha	• Assam	

Occupational safety, health and working conditions code (21)		
• Uttarakhand	• Manipur	• Ladakh
• Uttar Pradesh	• Bihar	• Assam
• Madhya Pradesh	• Gujarat	• Arunachal Pradesh
• Punjab	• Kerala	
• J&K	• Himachal Pradesh	
• Chhattisgarh	• Chandigarh	
• Odisha	• Goa	
• Haryana	• Tamil Nadu	
• Jharkhand	• Andhra Pradesh	

Source – Economic Survey 2021- 22 / State Labour Department websites

# Central rules

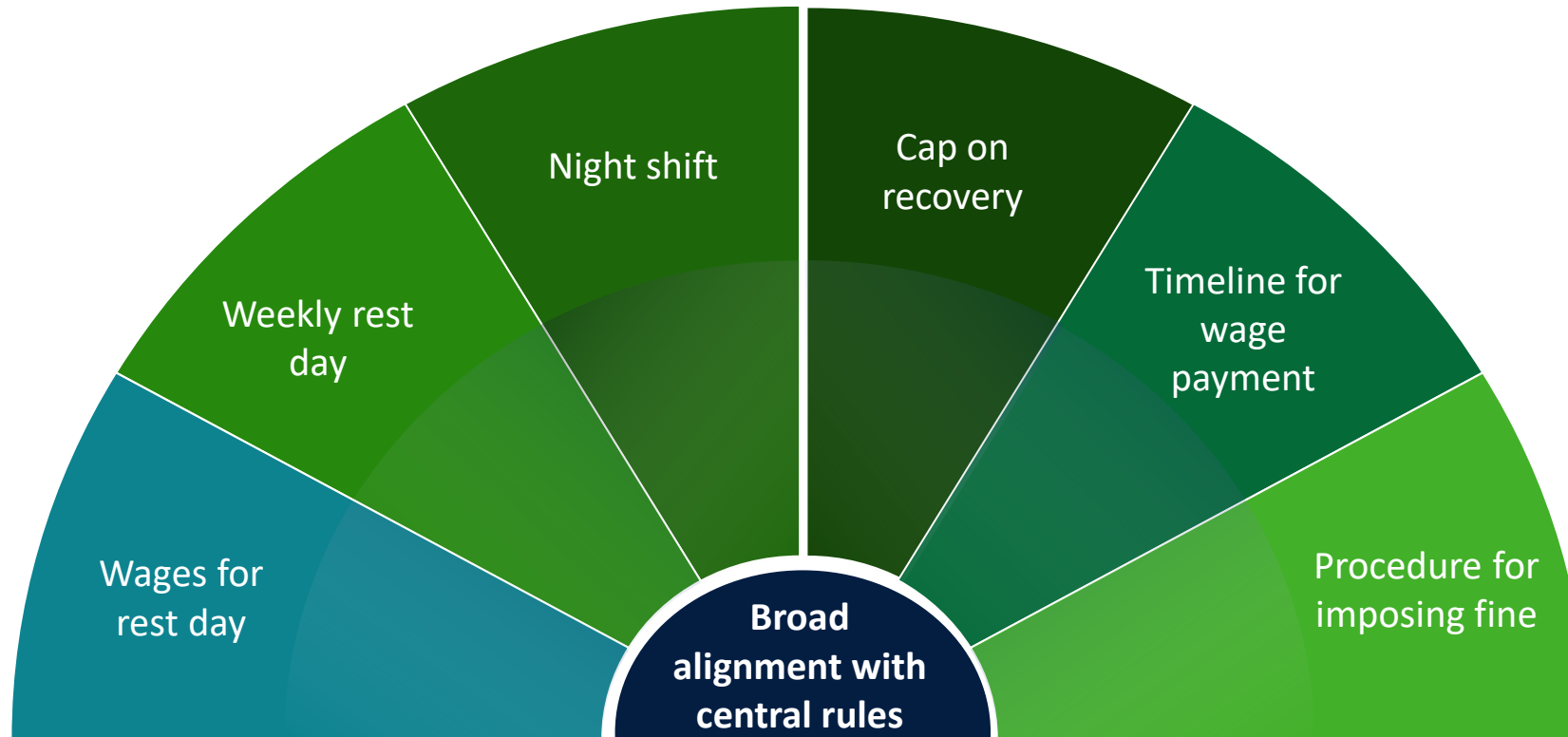
## Areas covered



What if a state has not issued draft rules?

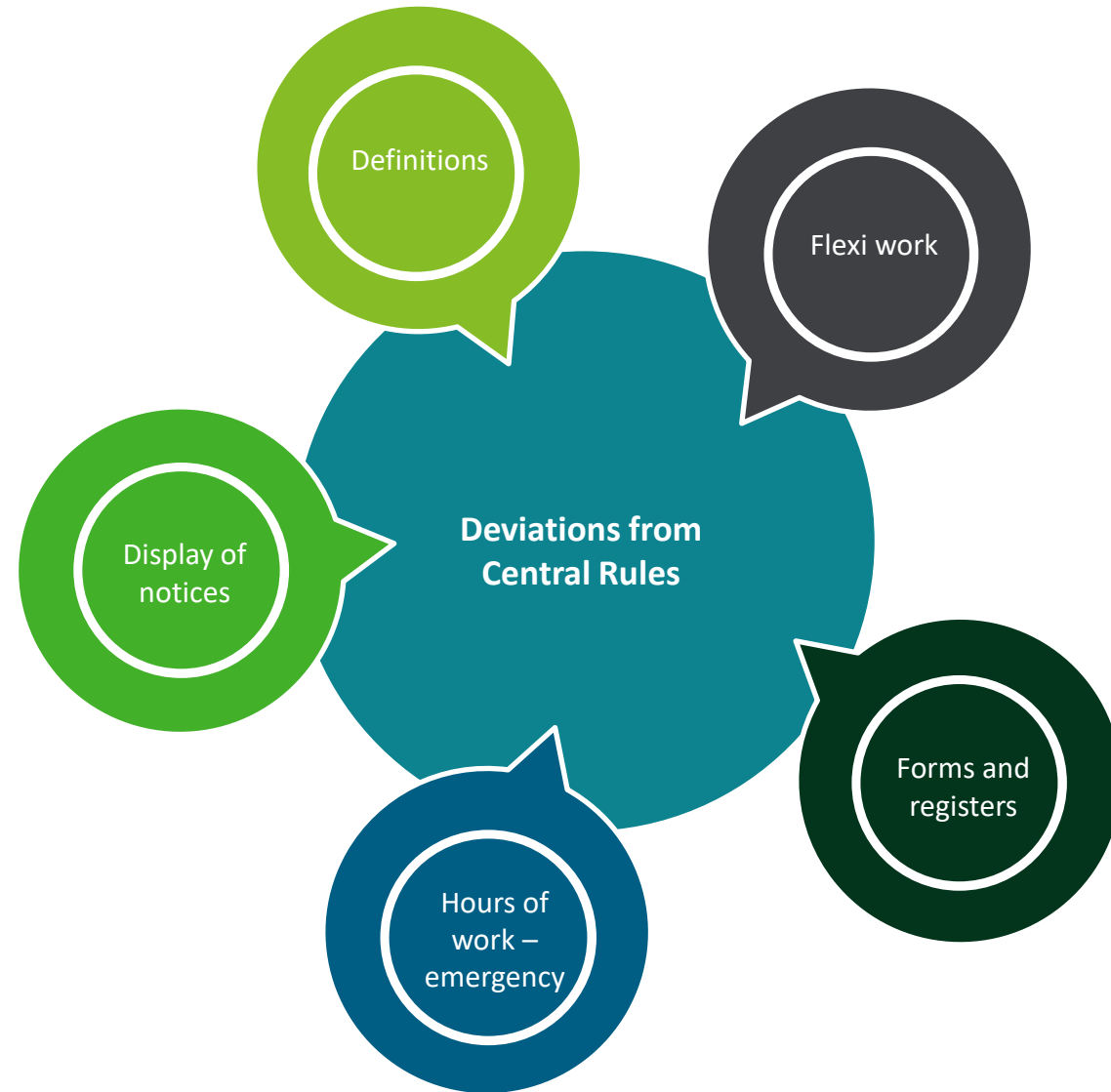
## State rules

In sync with central rules



# State rules

## Deviations from central rules



What could be the impact for employers and employees in terms of these deviations from the central rules?



# Labour codes

## Deviations from subsumed rules

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### Significant changes in the central rules

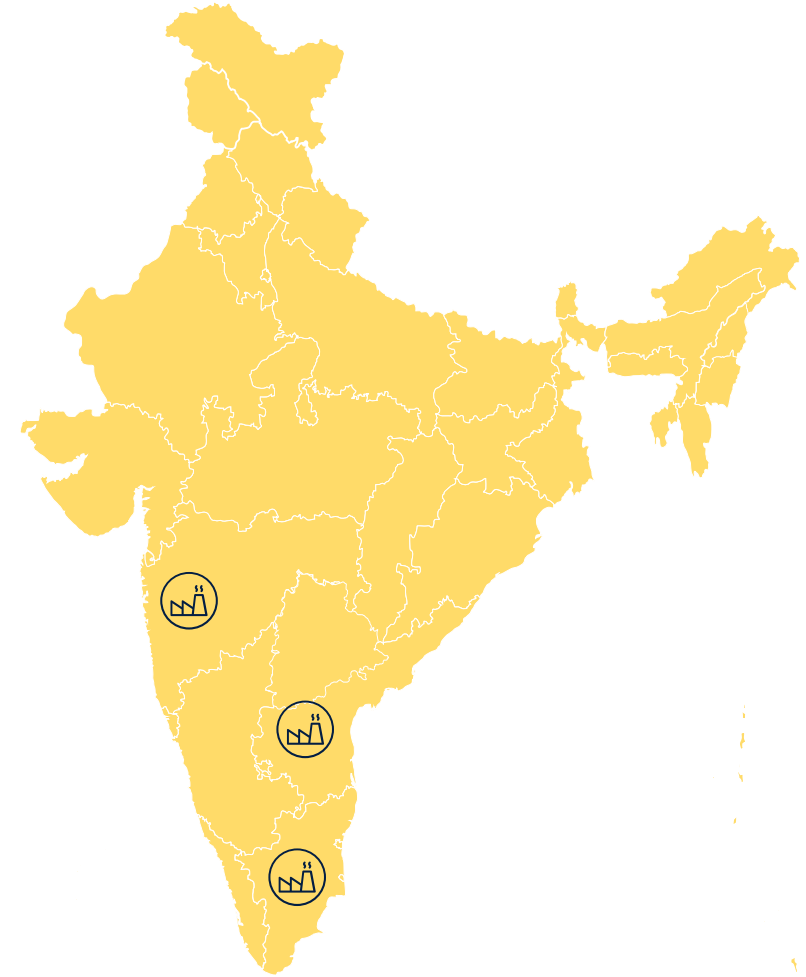
Aspect	Labour codes	Subsumed legislations
<b>Applicability</b>	<ul style="list-style-type: none"><li>• All establishments covered</li><li>• No wage ceiling specified</li><li>• Applicable to new types of workforce such as gig workers, platform workers, fixed term employees, etc.</li></ul>	<ul style="list-style-type: none"><li>• Specified industries/factories under the payment of wages act</li><li>• Employees drawing wages up to INR 24,000 p.m. in the payment of wages act</li></ul>
<b>Normal working day</b>	Eight hours a day	Hours of work specified depending on age of employee/worker – adult, child and adolescent
<b>Overtime</b>	<ul style="list-style-type: none"><li>• Not less than twice the normal rate of wages</li><li>• Number of hours increased to 125 per quarter</li></ul>	<ul style="list-style-type: none"><li>• Overtime rates different for agriculture and other scheduled employments</li><li>• Capped at 50 in most states</li></ul>
<b>Employing women</b>	<ul style="list-style-type: none"><li>• Conditions specified on facilities to be provided</li><li>• Consent to be obtained from women employees</li></ul>	Prohibition in employment of women in certain types of factories/certain roles
<b>Records and registers</b>	Period for preservation of records and registers not specified	Depending on the state, type of register, claims, the period specified ranges from 12 months to 5 years

# Areas of change

## Scenario analysis

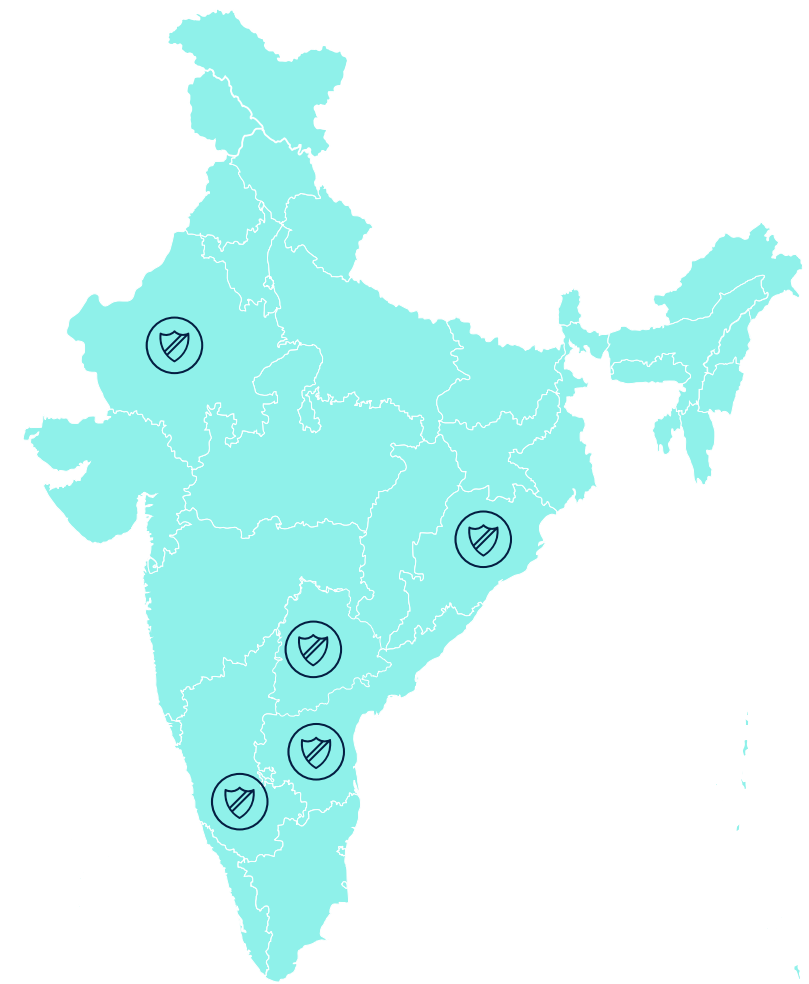
# Manufacturing sector – scenario analysis

- Cool Cotton Private Limited (CCPL) has factories in three locations within India – Tamil Nadu, Andhra Pradesh, and Maharashtra
- How will the changes in minimum wages provisions impact this organisation?
- What will be the impact to employees on account of Provident Fund, Gratuity, ESI, Statutory bonus coverage, etc.?
- Will CCPL be required to have state specific leave policies?
- Can the working hours, overtime, shift hours, etc. be uniform across locations?
- Alignment of policies with the Labour Codes as well as Shops and Establishments Act



## Service sector – scenario analysis

- Cyber Security Private Limited (CSPL) provides information security services to its clients in several states within India.
- Impact of wider applicability of the occupational safety health and working conditions code
- Need to recognize trade union
- Revisit leave encashment benefits across locations?
- Provisions relating to working hours for women employees?
- Applicability of standing orders?



## Polling question 3

If you have operations across geographies, would you want to have a uniform policy that is applicable factoring the individual geographic mandates?

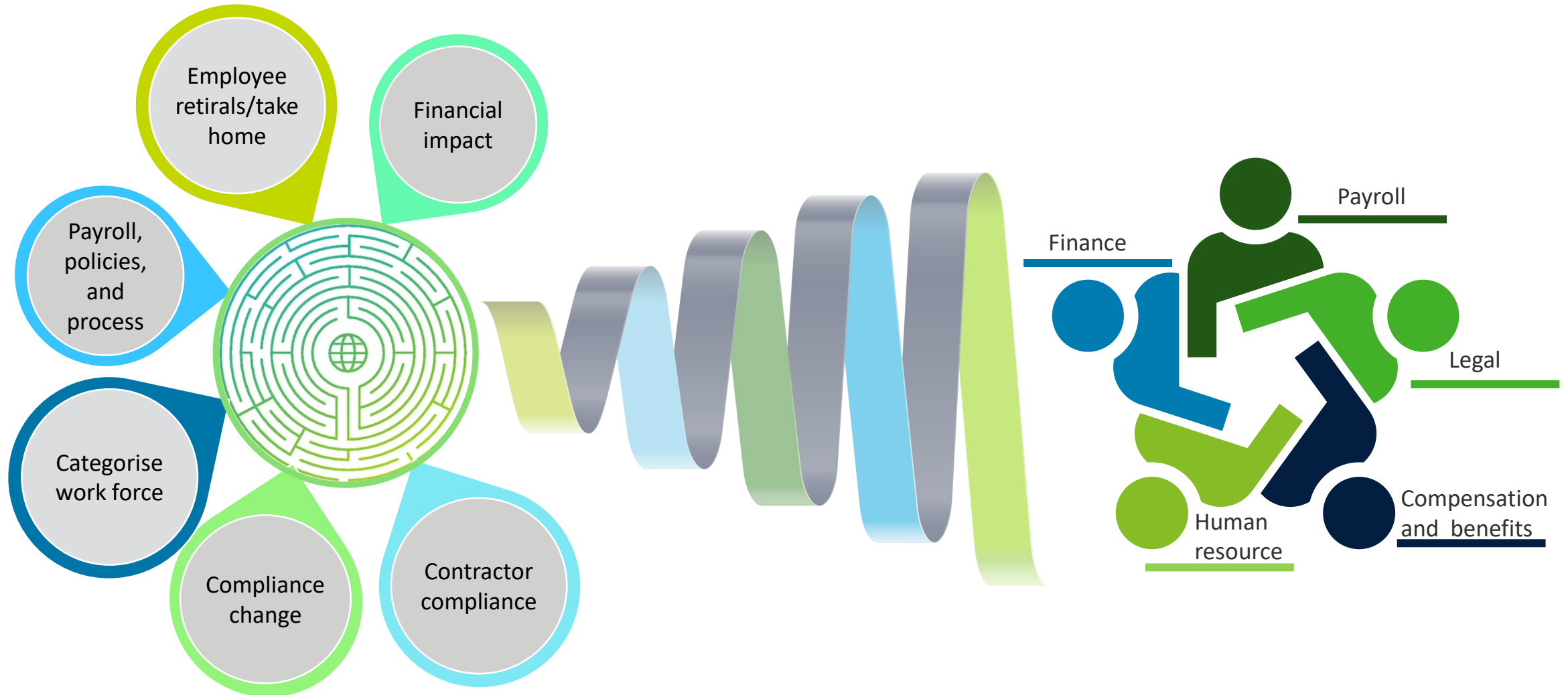
- Yes – we wouldn't want to differentiate based on location
- No – location specific exceptions to the broader uniform policies will be determined
- No – policies will be framed based on location
- Don't know/not applicable

# Labour codes

## Way forward for employers

# What could employers do?

## How prepared is your organization for implementation?





# Questions and answers

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