

HR Law Hotline

April 02, 2022

NEW LABOUR CODES IN INDIA DELAYED

The implementation of the new labour codes in India appears to have been delayed. A press release issued by the (Indian) Ministry of Labour and Employment (“**Labour Ministry**”) on March 21, 2022 (“**Press Release**”)¹ providing an update on the progress of the new labour codes, does not contain information of their effective date. Accordingly, and contrary to previous speculations, it now seems unlikely that the new labour codes will be made effective from April 1, 2022, which is the beginning of the new financial year in India.

BACKGROUND

In the bid to promote ease of doing business in India, reducing red-tapism of labour inspectors and improving working conditions of workers and ease of compliance for employers through use of technology², the Indian government has codified 29 national labour statutes into four labour codes:

1. The Code on Wages, 2019 (“**Wages Code**”)
2. The Industrial Relations Code, 2020 (“**IR Code**”)
3. The Code on Social Security, 2020 (“**SS Code**”)
4. The Occupational Safety, Health and Working Conditions Code, 2020 (“**OSH Code**”).

These four labour codes have been enacted, although a separate notification is awaited on their effective date. Please see our previous legal alert on the new labour codes [here](#).

CURRENT STATUS OF THE NEW LABOUR CODES

The Press Release provides the following updates in relation to the labour codes:

1. All four labour codes have been made available on the website of the Labour Ministry inviting comments from the stakeholders.
2. The labour codes have been referred to Parliamentary Standing Committees for examination by the Upper House of the Parliament prior to enactment, which invited view / suggestions from the appropriate stakeholders affected by the four labour codes.
3. Post notification of the labour codes, besides the Central Government, currently 27 India States / union territories (“**UTs**”) have notified draft rules for public opinion under Wages Code, 23 States / UTs under the IR Code, 21 States / UTs under the SS Code and 18 States / UTs under the OSH Code³.
4. At least nine tripartite consultations have been conducted, both virtual and physical, between the Labour Ministry and the stakeholders.⁴
5. Seven regional conferences of state labour ministers (representatives at state legislature) and state principal secretaries (state administrators) have been conducted to discuss the new labour codes.

As part of the labour codes implementation, the Labour Ministry has been making conscious efforts to balance the rights of employees *and* employers, ensuring compliance with international standards. Accordingly, in an earlier press release dated March 17, 2021⁵, the Labour Ministry pushed back on the representations made by some state governments for extending daily working hours limit under the OSH Code in excess of 8 hours⁶.

The Labour Ministry has previously highlighted in its press release dated September 23, 2020⁷ the benefits of implementation of the labour codes, which widens the ambit of application of many of its subsumed statutes such as Employees’ Provident Fund and Miscellaneous Provisions Act, 1952, Employees’ State Insurance Act, 1948 and Payment of Wages Act, 1936. The Labour Ministry has also in the past referred to inclusion of unorganised sector workers and gig workers⁸ and fixed-term employees within the ambit of social security coverage, another commendable reform under the aegis of the labour codes. There have been significant coverage of the reformed labour law framework with respect to inter-state migrant workers, in view of the media attention to the perils of migrant workers during Covid-19 pandemic.⁹ As such, the Labour Ministry seems keen on retaining its focus on implementation of the labour codes, despite facing challenges on multiple grounds.

ANALYSIS

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With the Press Release falling short of announcing the date of implementation of the new labour codes in India, the uncertainty will continue. It however appears clear that April 1, 2022 will no longer be the date of implementation and that it has been deferred. *The industry hopes that sufficient advance notice will be given by the government on the implementation date.*

While certain provisions of the Code on Wages, 2019¹⁰ (pertaining to the central advisory board in relation to minimum wages) and Code on Social Security, 2020¹¹ (pertaining to identification of employees and their beneficiaries for provision of statutory benefits through Aadhar Card) have already been notified and made effective by the Central government, wait-and-watch remains the order of the day when it comes to timeline of implementation of the substantive provisions of the new labour codes. A news report suggests that the Labour Ministry is looking to implement the new labour codes in 2022¹². Latest news reports suggest that the implementation of the new labour codes may be dragged at least until end of June 2022.¹³ There was also an indication towards a phased introduction of the labour codes, but such an approach has not been referenced in the Press Release¹⁴. In the meantime, employers should continue to assess the changes to the current legal framework proposed under the new labour codes and brace themselves for what will be the largest and most impactful shift in the Indian labour law paradigm.

– Vivek Ilawat, Sayantani Saha & Vikram Shroff

You can direct your queries or comments to the authors

¹ <https://pib.gov.in/PressReleasePage.aspx?PRID=1807645>

² <https://static.pib.gov.in/WriteReadData/specificdocs/documents/2021/oct/doc202110531.pdf>

³ <https://pib.gov.in/PressReleasePage.aspx?PRID=1807645>

⁴ <https://pib.gov.in/PressReleasePage.aspx?PRID=1706610>

⁵ <https://pib.gov.in/PressReleasePage.aspx?PRID=1705412>

⁶ <https://pib.gov.in/newsite/pmreleases.aspx?mincode=21>

⁷ <https://pib.gov.in/PressReleaseDetailm.aspx?PRID=1658197>

⁸ <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1758265>

⁹ <https://pib.gov.in/Pressreleaseshare.aspx?PRID=1705415>

¹⁰ <https://labour.gov.in/sites/default/files/cab.pdf>

¹¹ <https://egazette.nic.in/WriteReadData/2021/226829.pdf>

¹² <https://www.moneycontrol.com/news/business/economy/exclusive-four-labour-codes-will-be-implemented-in-2022-welfare-scheme-for-gig-workers-on-the-anvil-mos-labour-rameswar-teli-8130261.html>

¹³ https://www.business-standard.com/article/economy-policy/long-awaited-four-labour-codes-may-not-come-up-before-june-end-12203300045_1.html

¹⁴ <https://economictimes.indiatimes.com/news/economy/policy/phased-introduction-of-labour-codes-on-cards/articleshow/89128124.cms>

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