

# News Article

A news article page

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## India: Indian labour laws set for a major overhaul

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***The Indian Government has proposed to consolidate and simplify labour laws. Some of the proposed reforms are highlighted below.***

### Industrial Relations Code

The '*Labour Code on Industrial Relations Bill, 2015*' ("Industrial Relations Code") proposes the following key changes:

1. Employers employing fewer than 50 'workmen' (a specific category of employees defined under the Industrial Disputes Act, 1947) shall not be required to provide a minimum of one month's notice and retrenchment compensation (i.e. severance) to workmen at the time of retrenchment.
2. Retrenchment compensation (i.e. severance) to be increased to an amount equivalent to 45 days' average salary for every year of service from the earlier limit of 15

days' average salary for every year of service.

3. The headcount threshold above which it is necessary to obtain governmental permission for termination of employment or closure of an establishment will be increased from 100 to 300 workmen.
4. Taking of casual leave (e.g. to attend an urgent or unforeseen contingency) by 50% or more workers employed in an industry on any given day shall be treated as a 'strike'. Further, current (more onerous) requirements followed by employees of public utility services before going on strike will be extended to all industries.
5. Monetary penalties for non-compliance with industrial relations law to be increased.

### Wages Code

The '*Labour Code on Wages Bill, 2015*' ("Wages Code") proposes the following key changes in relation to wages and bonuses:

1. A uniform, comprehensive definition of 'wages' in relation to calculating compensation and benefits.
2. Replacing the existing (labour) 'inspector' with a 'facilitator' who will monitor as well as provide guidance regarding effective ways of compliance with law.
3. With respect to non-compliances, employers will have an opportunity to comply with the Wages Code, through the issuance of a written direction, before any prosecution proceedings are initiated.
4. Transgender persons to be included within the provision relating to prohibition of discrimination in payment of wages on the grounds of sex.

### Comment

As with all other major amendments to the labour laws, these proposed reforms are facing resistance from trade unions. However, the Government is making efforts towards initiating a healthy dialogue with the trade unions to strike a balance between providing a conducive environment for doing business in India and ensuring that the rights and interests of workers remain secured.