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A Study on New Indian Labour Code in Employee vs. Employer Perspectives

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ABSTRACT

The New Indian Labour Code has brought significant changes to the landscape of employment relations in India. This study aims to explore the perspectives of both employees and employers regarding the implications of this code. From the employee's perspective, the New Indian Labour Code represents a mixed bag of opportunities and challenges. On one hand, the code introduces provisions for fixed-term employment, which offers greater flexibility and potentially more job opportunities. Additionally, the code amalgamates multiple labour laws into fewer codes, simplifying compliance and reducing bureaucratic hurdles. However, concerns arise regarding the dilution of labour protections, especially in terms of job security, wages, and working conditions. The increased threshold for retrenchment may lead to heightened job insecurity, and the expansion of the definition of 'workers' might exclude certain categories from labour protections. Balancing the interests of both parties and ensuring fair labour practices will be crucial for the effective implementation of the code and the promotion of a conducive work environment in India.

Key words: Labour, employee, employer. New labour codes, implementation

PURPOSE OF THIS STUDY

Effects of the new Indian Labour Code on various aspects of the working environment, including employment relations, wages, working conditions, and overall workplace dynamics. To compare the perspectives of both employees and employers regarding the changes brought about by the new labour laws, aiming to identify disparities or common ground in their perceptions. To understand the degree to which the new labour regulations comply with existing legal frameworks, international labour standards, and principles of fairness and equity in employment.

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INTRODUCTION

The introduction of the New Indian Labour Code marks a significant milestone in the realm of labour regulations, aiming to streamline and modernize the country's labour laws. This comprehensive overhaul amalgamates numerous existing labour laws into four key codes, namely, the Code on Wages, the Industrial Relations Code, the Social Security Code, and the Occupational Safety, Health, and Working Conditions Code.

From the perspective of employees, the new code promises several potential benefits. It aims to simplify and standardize wage structures, ensuring timely payment and reducing disparities across various sectors. Additionally, it seeks to enhance job security by delineating clearer guidelines for industrial disputes, providing avenues for resolution, and introducing provisions for fixed-term employment. Moreover, the code emphasizes the importance of occupational safety and health standards, thereby safeguarding workers' well-being and productivity.

However, from the employer's standpoint, the implementation of the New Indian Labour Code poses both challenges and opportunities. On one hand, it brings a degree of uniformity and predictability to labour regulations, potentially reducing compliance burdens and administrative complexities. The consolidation of multiple laws into coherent codes could simplify regulatory adherence and foster a more conducive business environment. Moreover, provisions for fixed-term employment may offer greater flexibility in workforce management, particularly in industries with seasonal fluctuations or project-based requirements.

On the other hand, employers may face adjustment hurdles during the transition phase, as they adapt to the new regulatory framework and ensure compliance with revised provisions. Furthermore, while the code endeavours to balance the interests of both employers and employees, there may be concerns among certain employer groups regarding potential constraints on managerial prerogatives and increased regulatory oversight.

In essence, the New Indian Labour Code heralds a paradigm shift in the country's labor landscape, with the potential to reshape the dynamics between employers and employees. Its successful implementation hinges on effective stakeholder engagement, proactive compliance measures, and a shared commitment to fostering a fair and conducive work environment for all stakeholders.

OBJECTIVES OF THE STUDY

1. To understand the impact on employers and employee's front
2. To study the economic implications of the new labour code on businesses, employer and workmen community
3. To understand the short comings of the New Labour code

REVIEW OF LITERATURE

Mitchell, Petra & Gahan, 2014 – The Author stated that one of the current Socio-Legal Reforms taking place in India is an effort to simplify the country's employment laws and change them so that they may coexist with the perspective of the country's Constitutional Rights and Human Rights. More than forty separate work laws exist in India. Increased clarity, simplified regulations, and reduced complexity are all potential benefits of proposed changes to the nation's labour laws.

Bhattacharjee, 2006- The new industrial relations law appears to have adopted some policies from international labour laws. The new employment law measures included in this act represent a major victory because of the deregulation and accelerated transformation they introduce.

Sarkar & Deakin, 2011- The minimum wage, paid holidays, and classifications of workers are just some of the areas of labour law that have been modernised by this act. If your factory employs more than 300 people, this clause applies to you. Reductions in force, layoffs, closures, and similar measures are also included. It also acknowledges the need for 14-day advance notice for a strike and the prohibition of strikes under certain conditions.

Kulshrestha, 2019 - As a result, it can give workers in the informal economy full access to social protections. Employees now include interstate migrant workers, platform workers, Gig economy workers, film industry workers, etc., according to the Code of Social Security. It also includes options for lowering employees' contributions in the event of emergencies or natural catastrophes. Workplace Health and Safety Laws and Regulations for the Year 2020. Manpower restrictions due to danger have been lifted. For contractors with more than 50 workers, compliance with this code is now mandatory. As a result, everyone is now required to work no more than eight hours a day.

Singhania, Goel & Kumar, 2021- Migrant employees from other states now have the legal right to participate in the Social Security and Medicare systems. This is available in either their home state or the place where they are currently working. If employees work more than eight hours a day, they must be paid double their regular rate. This time frame now complies with the International Labour Organisation Convention. Contract work for 'non-core' duties has been capped as an effort to increase mass safety. As a precaution against potential dangers, this may be too costly.

PRAISE AND CRITICISM IN RESPECT OF EMPLOYER'S

PRAISE

The new Indian labour codes, introduced to modernize and streamline the country's labor laws, have generated both praise and criticism. Here are some pros and cons: To start with the positive impact for the employer front.

Simplified Compliance: The codes consolidate multiple labor laws, making compliance easier for employers. This reduces the administrative burden and the costs associated with understanding and adhering to various regulations.

Flexibility in Hiring and Firing: The codes provide greater flexibility for employers in terms of hiring and firing employees, especially in the Industrial Relations Code. This can make it easier for businesses to adapt to changing market conditions and manage their workforce efficiently.

Ease of Doing Business: By streamlining labor regulations, the new codes contribute to improving the ease of doing business in India. This can attract more investment and foster a more conducive environment for businesses to operate and grow.

Clarity on Contractual Arrangements: The codes provide clarity on various aspects of employment contracts, including terms of employment, wages, benefits, and working conditions. This clarity can help employers and employees establish mutually beneficial agreements and reduce disputes.

Cost Savings: Simplified compliance, reduced litigation, and greater flexibility can lead to cost savings for employers. By minimizing legal risks and administrative overhead, businesses can allocate resources more efficiently and invest in growth opportunities.

Harmonization of Laws: The codes harmonize various labor laws, making it easier for employers to navigate the legal landscape across different states and sectors. This uniformity can lead to greater consistency and predictability in labor-related matters.

Enhanced Productivity: By promoting a conducive environment for business operations, the codes can contribute to enhanced productivity. Clearer regulations and streamlined processes allow employers to focus more on their core activities, driving efficiency and competitiveness.

Encouragement of Formal Employment: The codes aim to encourage formalization of employment by simplifying compliance requirements and reducing regulatory barriers. This can help tackle informal employment practices and improve labor market conditions in the long run.

Flexibility: The codes introduce greater flexibility in hiring and firing processes, making it easier for businesses to adapt to changing market conditions. This flexibility is particularly beneficial for small and medium-sized enterprises (SMEs) and startups.

Social Security: The codes aim to expand social security coverage by extending benefits such as gratuity, health insurance, and maternity leave to a wider range of workers, including gig economy workers and those in the informal sector.

Digital Integration: The codes promote the use of digital platforms for compliance and dispute resolution, which can improve transparency, efficiency, and accessibility of labor-related processes.

Criticism

The new Indian labor codes, aimed at consolidating and simplifying labor laws, have indeed generated mixed reactions, including concerns from some employers. Here are a few potential negative impacts they may perceive:

Increased Compliance Burden: While the intention of the codes is to simplify compliance, the transition period and understanding the new regulations can be challenging for employers. This might entail additional administrative work and resources to ensure compliance with the updated laws.

Rigid Hiring and Firing Regulations: Some employers may feel that the new codes introduce stricter regulations around hiring and firing, making it more difficult to adjust their workforce according to business needs. This could be due to provisions such as those related to fixed-term employment, which may limit flexibility.

Certain provisions, such as the extension of benefits to contract workers similar to regular employees after a certain period, may increase labor costs for employers. This could impact profitability, especially for small and medium-sized enterprises (SMEs) operating on tight budgets.

Reduced Flexibility: The codes might limit the flexibility of employers to negotiate terms directly with employees, as certain provisions might be seen as favoring employees' interests over employers. This could potentially hamper innovation and adaptation to changing market conditions.

Dispute Resolution Procedure: While the codes aim to streamline dispute resolution mechanisms, some employers may anticipate challenges in navigating the revised procedures. This could result in prolonged legal battles and increased uncertainty for businesses.

Impact on Small Businesses: Small businesses, in particular, may feel the strain of adapting to the new codes, as they might lack the resources and expertise to swiftly comply with the updated regulations. This could disproportionately affect them compared to larger enterprises with more robust compliance infrastructure.

It's important to note that while there may be perceived negative impacts, the overall goal of the labor codes is to modernize India's labor laws, promote ease of doing business, and ensure better protection for workers. Over time, as employers become more familiar with the changes and adapt their practices accordingly, the initial concerns may diminish.

PRAISE AND CRITICISM IN RESPECT OF EMPLOYEE'S

Praise

Social Security: Enhanced social security benefits such as provident fund, pension, and insurance schemes ensuring financial stability and security post-employment.

Wage Security: Provision for timely and accurate payment of wages, ensuring fair compensation for work rendered.

Safety and Health Standards: Implementation of stringent safety and health standards in the workplace, ensuring a safe working environment for employees.

Equal Opportunities: Measures to promote equal opportunities and prevent discrimination based on gender, religion, caste, or other factors, fostering inclusivity and diversity in the workforce.

Contractual Clarity: Clear guidelines on employment contracts, including terms of employment, termination procedures, and dispute resolution mechanisms, providing clarity and protection to employees.

Skill Development: Provision for skill development programs and training opportunities, enabling employees to enhance their skills and advance in their careers.

Work-life Balance: Policies promoting work-life balance, such as flexible working hours, telecommuting options, and parental leave, fostering employee well-being and productivity.

Grievance Redressal: Establishment of grievance redressal mechanisms, allowing employees to raise concerns and seek resolution in a timely and fair manner.

Retrenchment Protection: Safeguards against arbitrary retrenchment, ensuring that employees are not unfairly dismissed and providing avenues for recourse in case of job loss.

Collective Bargaining: Recognition of the right to collective bargaining, allowing employees to negotiate with employers collectively for better wages, benefits, and working conditions.

These factors contribute to a conducive work environment that prioritizes the welfare and rights of employees, ultimately leading to greater job satisfaction, productivity, and overall well-being.

Criticism

Worker Protections: Critics argue that the codes prioritize the interests of employers over those of workers, potentially leading to exploitation, job insecurity, and reduced bargaining power for employees, especially in unorganized sectors.

Fixed-Term Employment: While flexibility in hiring is touted as a benefit, provisions allowing for fixed-term employment contracts may lead to an increase in contractual and temporary employment, eroding job stability and benefits for workers.

Trade Union Rights: Some observers express concerns that the codes could weaken trade union rights and collective bargaining power, making it harder for workers to negotiate fair wages, working conditions, and benefits.

Enforcement Challenges: Implementing the new codes effectively may pose challenges, especially in terms of enforcement and compliance monitoring, particularly in regions with limited administrative capacity or where informal labor practices are prevalent.

Gender Equity: While the codes extend maternity benefits to a broader segment of the workforce, there are concerns about the adequacy of provisions for other gender-related issues such as sexual harassment and equal pay, which may not be adequately addressed.

Overall, the impact of the new Indian labour codes will depend on how effectively they are implemented and enforced, as well as the extent to which they strike a balance between promoting business growth and protecting workers' rights.

While the Indian labour codes aim to bring about positive reforms, there are also concerns and criticisms regarding certain aspects of these codes:

Reduced Worker Protections: Critics argue that the codes may dilute certain worker protections, such as provisions related to job security, working hours, and overtime pay. This could potentially lead to exploitation of workers, especially those in informal and precarious employment.

Erosion of Collective Bargaining Power: The codes introduce changes to collective bargaining processes, which some fear may weaken the bargaining power of workers and trade unions, making it harder for them to negotiate fair wages, benefits, and working conditions.

Lack of Consultation: Critics argue that the government did not engage in sufficient consultation with stakeholders, including trade unions and workers' representatives, during the drafting process of the codes. This lack of consultation could result in laws that do not adequately address the concerns and needs of workers.

Impact on Informal Sector: The codes primarily focus on formal sector employment, potentially neglecting the needs and rights of workers in the informal sector, who make up a significant portion of India's workforce. This could exacerbate inequalities and vulnerabilities in the labor market.

Increased Informality: Some fear that the emphasis on flexibility in hiring and firing may encourage employers to prefer informal employment arrangements over formal ones, leading to a rise in informal labor practices and further marginalizing vulnerable workers.

Limited Enforcement Mechanisms: While the codes introduce provisions for improved compliance and enforcement, there are concerns about the capacity and willingness of authorities to effectively enforce labor laws, especially in sectors with weak regulatory oversight.

Potential for Exploitative Practices: Loopholes or ambiguities in the codes could be exploited by unscrupulous employers to engage in unfair labor practices, such as wage theft, discrimination, and unsafe working conditions, without facing adequate consequences.

These criticisms highlight the need for careful implementation, monitoring, and potential revisions of the Indian labour codes to ensure that they genuinely promote fair and dignified working conditions for all workers, while also fostering economic growth and development.

Workers in Formal Employment: Workers employed in formal sectors may have differing perspectives based on their job roles, industries, and personal circumstances. Some may perceive the new labour codes positively if they believe it offers greater job security, improved working conditions, or opportunities for career advancement. Others may express concerns about potential erosion of benefits, such as overtime pay, leave entitlements, or social security provisions, leading to decreased overall well-being and job satisfaction.

Workers in the Informal Sector: Workers in the informal sector, who constitute a significant portion of India's workforce, often face precarious working conditions, low wages, and lack of social protections. Their views on the new labour codes may vary depending on whether they perceive the codes as beneficial for formalizing informal employment and extending legal protections or as exacerbating vulnerabilities and exclusion from formal labor market benefits.

Experts on Gender and Social Equity: Experts focusing on gender and social equity analyze the new labour codes through a lens of intersectionality, considering how they may impact different demographic groups, including women, minorities, and marginalized communities. They may highlight concerns about potential gender disparities in wages, access to opportunities, and workplace discrimination under the new codes, advocating for gender-sensitive policies and measures to address structural inequalities.

International Organizations and Observers: International organizations, such as the International Labour Organization (ILO) and World Bank, closely monitor labour law reforms in India and offer assessments based on global best practices and standards. Their views may emphasize the importance of ensuring compliance with international labour conventions, protecting fundamental worker rights, and promoting social dialogue and tripartite consultations in the reform process.

Political Parties and Ideological Groups: Political parties and ideological groups may have varying positions on the new labour codes, influenced by their broader policy agendas, priorities, and ideologies. Left-leaning parties and groups may criticize the codes for prioritizing corporate interests over worker rights, while right-leaning parties may support the codes as part of their pro-business and deregulation agenda.

Media and Public Opinion: Media outlets play a crucial role in shaping public discourse and opinion on labour law reforms, providing platforms for diverse voices and perspectives. Public opinion on the new labour codes may be influenced by media coverage, public debates, and individual experiences, reflecting a wide range of viewpoints and concerns within society.

By considering these additional perspectives, we can gain a more comprehensive understanding of the complex dynamics surrounding the new Indian labour codes and their implications for different segments of society.

Findings

There are positive and impact for both employer and employees. The ongoing dialogue between unions and employer will try to solve some short comings. Even after notifications amendments are possible. The state government are still in the process of framing rules for the Acts, at that point time some short comings can be solved.

Conclusion

The new labour codes had both pros and cons and its consequences of time that gives the answer to its effectiveness. India as a developing nation has really faced the need for such reform in labour laws. We hope that the new code will protect the people right to work. The labour code was much needed with the growing population and majority of the labourers are working in unorganized sector of India, special for the migrant workers their safety and health in important. The implementation of the new labour codes marks a significant step towards reforming and modernizing labour laws, aiming to simplify compliance, enhance protections, and improve working conditions. However, despite these commendable objectives, several shortcomings and challenges have emerged during the implementation phase have to be addressed.

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