

# ***Labour Reforms and Labour Codes in India***

**Comparative analysis of the Labour Codes  
with the repealed Legislations.**



**UNIQUE PUBLICATION. FIRST OF ITS KIND...**

- A summary of recommendations of the Royal Commission chaired by Mr. John Henry Whitley in 1931.
- First National Commission on Labour chaired by Justice Dr. Ganjendragadkar in 1969.
- The Second Labour Commission chaired by Mr Ravindra Varma in 2002.
- Evolution of Labour Reforms 2019-2020 - Ease of Doing Business.
- Emergence of Four Labour Codes 2019–2020

***K. VITTALA RAO***

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Legal & Management Consultant



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## **Labour Reforms and Labour Codes in India**

by **K. Vittala Rao**, Legal & Management Consultant, Bengaluru

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**FOREWORD****S.N. Murthy***Senior Advocate*

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“Labour Reforms and Labour Codes in India” is an excellent compilation with comments written by my good friend Mr.K. Vittal Rao. Mr.Vittal Rao did his law after B.Sc. and then went on to study DSSA and has over 35 years of work experience in various reputed organisations. Throughout his career, he has devoted most of his time in the study of labour and industrial laws, practicing in industrial relations area, apart from being engaged in training the youth in the field of industrial law and industrial relations. Mr.Vittal Rao worked as General Manager-Corporate at Kirloskar Group, as General Manager at Escorts Mahale & Goetze Limited. He also worked at Triveni Engineering Works Limited, GKW, Gokak Mills etc., as Head-HR & IR. After serving various industries and

institutions, he started his consultancy work and has now over 15 years experience in the area of labour law compliance, legal evaluations, training and development etc.

I have perused the compilation and find that the book is being brought out at a very crucial period as the need of the hour is, understanding the changes in law that would be brought about by the four Labour Codes. The changes in labour laws brought about by these four Codes have been given in detail along with the existing labour laws, so that, a reader could easily know the change that is brought about.

The country has been suffering for more than four decades with the archaic industrial and labour laws. Every time an effort is made to bring about labour reforms, there is opposition from the labour. Till recently, even the provisions which are in favour of the working class in the new Codes were not being acknowledged by the leaders of the workforce. Provisions like recognition of trade union, substantially doing away with contract labour, giving a well-defined definition of 'wages' are some of the highlights of the new labour codes. The only silver lining for the employers is, that the number of 100 is raised to 300 with regard to provision which requires seeking prior permission of the Government to lay-off, retrenchment or close the establishment.

In my view, this is a book which should be on the table of every HR and IR personnel and also very useful for the trade unions. Every industrial establishment should try to provide copy of this book to their union leaders also, so that the union leaders would be well informed while advising their members. So also, the management consultants and advisors should go through the book to appreciate the usefulness of the book in the day to day management of labour.

I appreciate Mr.Vittal Rao for having taken pains to produce such a good compilation of labour laws with comments wherever needed. His efforts have been tremendous and the book is very handy for all those who deal with labour.

My best wishes to the author.

February 24, 2022

**S.N. Murthy**, B.Sc., LL.M.

*Senior Advocate*

An expert and leading Advocate in Bangalore, practicing for the last 48 years.

Advising employers on policy matters relating to management-labour relations, employment terms, conducting cases on behalf of the management before Supreme Court, High Court, Labour Courts, and

Industrial Tribunals. A legal advisor to a large number of companies, institutions, and organizations both in the public and private sectors.

Popularly known as SNM, he is well known for his frank, pragmatic and professional advice, and down to earth approach, simple and unassuming personality. Trade Union Advocates and Leaders have high regard and respect for SNM because of his balanced perspective of the IR issues. He is more popular among HR Professionals because of his simplicity and humility. He is also an active Rotarian.

## PREFACE

**Labour Reforms**, a buzz word is most popular amongst Central and State Governments, the Ministries, Industrialists, Economists, Trade Unions, Workers, Students and Faculty of Management Schools, Law Schools, Research Foundations, and General Public.

It is well known that Labour Reforms are aimed at industrial and economic growth, up-liftment of the living standards of all, in particular, industrial employees, generation of employment and the like.

India, being highly conscious in developing the Country to the level in Global Market, deep involvement in uplifting the Employees, welfare of families, foresighted targets of employment to the members of the Families, Three Labour Commissions at the National Level were constituted chaired by eminent personalities, highly qualified and experienced, from 1931.

**The Royal Commission under the Chairmanship of Mr. John Henry Whitley in 1931, First National Commission on Labour Chaired by Justice Dr. Ganjendragadkar in 1969 and the Second Labour Commission chaired by Mr. RavindraVarma in 2002.**

All the three Commissions have carried out a massive study, collection and collating the data, statistics, survey reports,



holding conventions and conferences with all the stake holders and submitted their reports to the Government.

Each report is an eye opener to one and all which must be read by all. Three reports are highly voluminous totalling 3071 pages. These three reports provide an impetus in understanding “**Industrial Jurisprudence**”.

The professionals in the area of Human Resources, Legal, and Members of Faculty in all Management Schools and Law schools, the course study will be incomplete without reading all these three reports of Commission.

I am sure everyone of you agree that a supplemental reading & study & debate on the following:

**National Labour Laws Association, for instance, undertook a project (in 1989) National Planning Committee - ‘Plan of economic development for India.’ A Committee to draw up an economic programme Chaired by Pundit Jawaharlal Nehru. Industrial Policy Resolution, 1948, Industrial Policy Resolution, 1956, Monopolies Commission, 1964, Industrial Licensing Policy Inquiry Committee 1969, Industrial Policy Statement, 1973 & 1977, S.P Gupta Committee which was appointed by the Planning Commission submitted a report on the development of small-scale enterprises, 1999, Task Force on Employment Opportunities under five year plans, Indian Labour Code 1999 (draft) prepared by the National Labour Law Association, The Ramanujam Committee, 2014, The Sanat Mehta Committee, A Task Force on Social Security**

**(headed by Shri S.K.Wadhawan) constituted by the Government of India to work out modalities for such integration and unification of ESI scheme, EPF and pension schemes and other Central social security schemes, Bhoothlingam Committee, 1977, the National Commission on Rural Labour constituted under the chairmanship of Dr. C. H. Hanumanth Rao. 1991, National Commission on “Self Employed Women and Women in the Informal Sector” was appointed with Mrs.Ela Bhatt, 1987 as the Chairperson and so on.**

A detailed study of the three reports of Commissions will be massive and time consuming one. And hence, I considered attempting to summarise these three reports keeping in view of all essentials and preparing a small handbook which can be read by one and all.

I consider this handbook be useful to, students and faculty at large, Human Resource & Legal personnel. Secondly, it is the foremost importance that all of us, from the point of view of appreciating the upcoming **Labour Codes-Ease to do Business**. A combined study of this handbook along with the Four Labour Codes, one will be able to conceptually be adopted effectively.

All the Four Labour Codes have been drafted based on the Bills prepared and annexed to the Second Labour Commission, 2002 and also various inputs have been borrowed from previous Commissions/Committees, including the Royal Commission, 1931 and First Labour Commission, 1969.

It may be of interest to note that various Committees and Commissions as detailed above, certain key points in them also have been borrowed in preparing the upcoming Labour Codes.

Those who are interested in enhancing their competencies in the field of Labour Law, I strongly urge them to read & study all the connected documents as mentioned above.

I have attempted to concise the three Reports of Commissions to the best of my ability & knowledge. Hence, this handbook equipped with summarised and comparative presentation of all the Four Codes for a quick glance

It may not be out of place to mention that a Single Hand Book **containing** the captured valid ingredients of all the three reports of Commissions along with the Four Labour Codes will be very useful and first of its kind. I am sure, this hand book will be easily readable and understand the concepts.

Most of the inputs including data & statistics have been borrowed from the reports. The certain comments mentioned therein are purely my personal views.

January 22, 2022

**K. Vittala Rao**

President

KVR Management Services

Legal & Management Consultancy,

Bangalore.

**DISCLAIMER**

Although every possible care and caution have been taken in compiling, scripting, and narrations from the extracts of various Reports, Data and Statistics, to avoid any mistakes or omissions, it is hereby clarified that either the Author/ Consulting Firm / President, not be responsible for any misgivings or misunderstandings. The comments and remarks mentioned in the book are solely the personal views/comments and inferences by the Author / President of the Firm.

The descriptive narrations and comparisons made herein are purely personal and shall not be responsible for any misgivings / mistakes.

**Dedicated to my Family, Usha, Rashmi &  
Prashanth, Sushma & Narasimman, Abhay, Neha  
and Rohan.**  
**My sincere gratitude to my friends S.N.Gopinath,  
D.R.Nagaraj, G.N.Shekhar, Ramesha M.H. who  
motivated and encouraged me all through.**

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*Part I*  
***LABOUR REFORMS***



## *Part I*

*The buzz words LABOUR REFORMS hotly debated & overheard for the last four decades.* Be it be the Government, Employers or Trade unions, the words have caught everyone. Highly controversial, critically debated, followed by emotional outbursts, protests, over the past for four decades. Labour Reforms mean differently for every stake holder. Business looked for removal restrictions in engaging / disengaging workers, flexibility, productivity whereas the Trade Unions looked for more liberal & assertiveness in terms of their rights & privileges and distancing away from business efficiencies and the Government looked for a balanced approach from the point of view of national economy and growth. *This has been a triangular entanglement, and the triangle is incomplete without an arm.*

<b>Central Government's goals and objectivity in bringing out Labour Reforms.</b>	
<b>Reforms – aim at working population</b>	<b>Reforms –Legal support to Industries.</b>
1. Enhance the standard of living of citizens of the Country by providing adequate remuneration,	1. Adequate support towards accomplishments of business growth.

<p>social security benefits, family welfare, health care, retiree- benefits, housing etc</p> <p>2. Education, Training, skill developments to enhance employability.</p> <p>3. Reduce unemployment in all sections of society.</p> <p>4. Protect collective and individual rights as guaranteed under the Constitution of India.</p> <p>5. Ensure fairness, equity &amp; justice in working tenure.</p>	<p>2. Incentives for Foreign Direct Investments to promote industrial growth.</p> <p>3. Legal support to Industries to encounter and face challenges due to highly dynamic global trade &amp; competitiveness. Flexibility, adaptation to latest technology, automation &amp; AI, - a hassle free / constraint free change management.</p> <p>4. Incentive to Industries in proportion to growth and creating employment opportunities.</p> <p>5. Continual skill development initiatives to youths</p> <p>6. Strict legal compliances under various legislations without any compromise.</p>
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India is at a very important juncture of the development process. With growth expected to scale up exponentially, the country is emerging as one of the strongest economies of the world. An imperative is to make the distribution of this growth equitable, to ensure the fruits of development percolate to all sections of society. One of the most vital needs in this respect is to ensure quality employment for all and address labour issues because this aspect is directly linked to the livelihood of the masses. In order to ensure quality employment linked with good livelihood to the masses, the Industry must be strengthened with support from all angles to grow exponentially in the global trade and stand global competitiveness. Strengthening and support must be objectively embedded in the legislations appropriately.

Hence, the Reforms will have to be highly balanced between the working populations and the Industries.

In other words, the objectives as far as the working populations are concerned to be embedded in various legislations with obligations by Industry, but, whereas, the Industries are thrust upon recommendatory and or suggestive, being highly subjective not embedded in any legislations.

Somehow, the words “**LABOUR REFORMS**” which are heard and even deliberated amongst the Government, Workforce, Trade Unions and Industrial circles, have impliedly given an understanding that the same are focussed towards enhancement of security, protection of rights & privileges, systematic increases in remuneration, social security etc. One can clearly find that various articles, write-

ups, books on Labour Reforms have predominantly focussed on labour laws – in particular aiming towards protection of rights – collectively, individually, health, safety and social welfare.

Hardly, any specific objectivity towards the obligations / duties towards contributions to business developments with no binding effects have been made.

These words have been seen as one sided.

Whether these will lead to Industrial growth & prosperity is the main question?

Any imbalance will not lead to accomplish the objectives and aims of Reforms.

Labour Reforms are not new in India. It has been addressed pre-independence and post -independence era. Let us have a brief look at them.

- 1. Report of the Royal Commission on Labour- 1931.**
- 2. Report of the First National Commission on Labour, 1969.**
- 3. Report of the Second National Commission on Labour, 2002.**

## REPORT OF THE ROYAL COMMISSION ON LABOUR, 1931.

Chaired by John Henry Whitley & other prominent professionals, popularly known as “**Royal Commission**”.

The Royal Commission on Labour in India was appointed on 4 July 1929.

Its terms of reference were defined as follows:

*“ To enquire into and report on the existing conditions of labour in industrial undertakings and plantations in British India, on the health, efficiency and standard of living of the workers, and on the relations between employers and employed, and to make recommendations.”*

The Commission first assembled in Bombay on 11 October 1929, and reassembled in Burma on 19 October 1930 and held a session in England. The Commission travelled 16,000 miles in India and visited 180 industrial establishments; after examining 490 memoranda and 837 witnesses, it submitted its Report 2, together with eleven volumes of evidence, to Parliament in June 1931.

**Detailed collection of Data and study on the following main topics.**

<b>Sl. No.</b>	<b>Topics</b>
1	Migration And the Factory Worker
2	The Employment of the Factory Worker
3	Hours in Factories
4	Working Conditions in Factories
5	Welfare
6	Seasonal Factories
7	Unregulated Factories
8	Mines
9	Railways
10	Transport Service And Public Works
11	The Income of Industrial Worker
12	Indebtedness
13	Health & Welfare of Industrial Worker
14	Housing of Industrial Worker
15	Workmen's Compensation
16	Trade Unions
17	Industrial Disputes
18	The Plantations
19	Recruitment For Assam

20	Wages in Plantations
21	Health & Welfare in Plantations
22	Burma And India
23	Statistics And Administration
24	Labour And the Constitution

**Recommendatory views of the Commission:**

*“We are writing at a time when circumstances, both economic and political, are exceptional. In the economic sphere India, in common with many other countries, is facing a period of stress, Indian industry is involved in the general depression, and many of the industries with which we are concerned are facing serious difficulties which, we hope, will soon be surmounted. With orderly progress in India, her industry should have a great future. But the present position is one of anxiety for industrialists, for many workers and for all concerned in Government. We have considered the extent to which we should allow our recommendations to be influenced by the events of the last year, and have concluded that it would be wrong for us to give these any large influence. India has the right to expect from us, not a series of recommendations framed in the light of the existing crisis, but a considered programme for the development of labour policy. As a matter of fact nearly all our evidence relates to conditions in 1929 as early in 1930, before the present crisis developed.*”

*Our survey, therefore, is a survey of conditions as they then stood and, for the most part, our recommendations are framed with reference to circumstances as they then existed. If the execution of some of the changes we advocate is made more difficult by reason of the present position, others are thereby rendered easier to introduce. Some recommendations involve no expense, others call for financial outlay; but, as a whole, they are calculated to secure increased prosperity. It is sometimes assumed that good conditions for labour involve a sacrifice for industry. But, in the experience of India, there is abundant evidence to show that a generous policy in respect of labour is a wise policy in respect of industry. It is not possible for India to secure a permanent advance for her industries at the expense of her labour, and we are confident that this is far from her desire. In the views submitted to us, the suggestion that cheap labour is a national asset was seldom made. On the contrary, there is widespread recognition of the fact that industrial activity finds its strength and much of its justification in the prosperity of all who contribute to it. We have attempted to exercise as much foresight as we can, and we believe that the principles underlying our recommendations are likely to abide; but we have not attempted to anticipate the problems and difficulties of future generation”*



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*Part II*  
***LABOUR CODES***

***Part II - A***  
***CODE ON WAGES - 2019***

In this Part, the Four Labour Codes are described with an analysis of comparison with the existing provisions in the present legislations, to enable the readers to get an overall view of the Labour Codes. The Labour Codes are:

1. **Code on Wages- 2019.**
2. **Code on Industrial Relations-2020.**
3. **Code on Social Security-2020.**
4. **Code on Occupational Safety, Health & Working Conditions-2020.**

***Objectives of Codes:***

- Remove multiple definitions which have brought out controversies creating difficulties for both Employers & Employees.
- Reduce the number of labour legislations so also the number of provisions and codified under single codes.
- Eliminate “Inspection Raj” and aims at developing close relationship amongst Employers, Employees & Implementing Authorities and provide guidance and support.

- Single window for compliances.
- Cover all segments of workforce both in organised and unorganised sectors
- Equitable remuneration, social security in terms health, family welfare, industrial safety, environment protection, industrial relations, standing orders and recognition of Trade Unions, addressed.

### ***CODE ON WAGES - 2019***

#### **Brief background:**

The First Labour Commission in the year 1969 had recommended the consolidations of the labour legislations from the point of view the applicability uniformly, although the Commission had not suggested any grouping of the legislations, but had strongly recommended consolidation. Next, the Commission had also mentioned about “**National Minimum Wages**, fixation of Minimum Wages, namely, “**Need Based Living Wages**”.

The Second Labour Commission in the year 2002, strongly reiterated the recommendations made by the First Labour Commission on these important elements. In fact, the Second Labour Commission drafted the bill on the same basis of consolidation, ***LAW ON WAGES***.

The Bill redrafted in 2002, has been taken up, in the year, 2017 with some modifications- Code on Wages-2017 by the Government of India. Based on the feedback by all the stake holders on the Bill drafted, the Government of India, finally

brought out “Code On Wages-2019” with modifications. Now it is Act of Parliament.

**Brief introduction on the Minimum Wages and Wage Theories, in short.**

**How India has been fixing minimum wages so far?**

India has been fixing minimum wages for workers since 1948 when it passed the Minimum Wages Act, but they are a cause of much confusion.

The government uses a roundabout method of setting minimum wages that includes defining nearly 2,000 different types of jobs, just for unskilled workers and 429 categories of employment, with a minimum daily wage for each type of job in various categories of industries

States set their own minimum wages for different jobs that sometimes differ significantly from the central minimum wages. There were several different rates of wages of minimum wages set by states for unskilled labourers. Reasons are many including varied cost of living, industrially backward zones / States, lack of technical education, unemployment, exploitations in most unorganised areas, uneven distribution in Industrializations, local cultures etc.

The fixation of minimum wages more so fair wages either region wise or nation wise has been a very challenging for the Central Government due to following conditions:

- Conditions vary from place to place, Industry to Industry, worker to worker.

- Standard of living cannot be determined accurately.
- The size of the family, its needs.
- How should it be determined?

*Let us have a look at Wage Theories:*

<b>MIN. WAGES</b>	Wage which must provide not only for the bare sustenance of life, for some measure of education, medical requirements and amenities
<b>FAIR WAGES</b>	Between lower upper limit of Minimum Wages & the capacity of the Employer to pay.
<b>LIVING WAGE</b>	One which should enable the earner to provide for himself and his family not only the bare essentials of food, clothing and shelter but a measure of frugal comfort
<b>NEED BASED LIVING WAGE</b>	3 consumption Units; 2700 calories per head. 72 yards of cloth per annum, house rent, 20 % of the calculated total for other household expenses.

The Hon'ble Supreme Court Of India, in the year 1992, in one of its land marking judgment following the Recommendations of Indian Labour Conference of 1957, recommended the fixation of minimum wages based on an evidence based formula, namely, 2700 calories per

individual per day – 3 units are taken for a Family, 66 metres of cloth per annum for the Family, HRA @ 10% of Fuel, electricity, & misc @ 20 % , Children education, medical, recreation etc @ 25 % .

Based on this judgement the Central Government intended to fix a National Level of Minimum Wages, through the Code On Wages.

In January 2019, a committee of experts appointed by the Labour Ministry made their recommendations. They proposed setting the national minimum wage at Rs 375 per day. This number was arrived at on the basis of food and non-food expenditure from the consumer price index, adjusted for 2018 prices based on the above mentioned formula.

Keeping in view expressed by Second Labour Commission in 2002, since national level minimum wages cannot be made applicable through the country, on the same basis, decided to carry out the fixation –Region Wise. The following table provides a picture:

<b>Region I</b>	<b>Region II</b>	<b>Region III</b>	<b>Region IV</b>	<b>Region V</b>
Assam, Bihar, Jharkand, MP, Orissa, UP, & WB	AP, Telangana, Chattisgarh, Rajasthan, J&K, Uttarakhand	Gujarat, Karna- taka, Kerala, Maha- rashtra, TN	Delhi, Goa, Haryana, HP, Punjab	Arunachal Pradesh, Manipur, Meghalay Nagaland, Sikkim

<b>Rs.342 per day</b>	<b>Rs. 380 per day</b>	<b>Rs.414 per day</b>	<b>Rs.447 per day</b>	<b>Rs.386 per day.</b>
<b>These Minimum Wages- Region wise, have been worked out as per the cost of living index of 2018.</b>				

**The Code On Wages has been gazetted on 8<sup>th</sup> August, 2019, by Central Government and has now become a Law. But, the date of enforceability is still pending.**

<b>Legislations repealed under the Code</b>	<b>Chapters under the Code</b>
1. Minimum Wages Act, 1948 2. Payment of Wages Act, 1936 3. Payment of Bonus Act, 1961 4. Equal Remunerations Act, 1976.	1. Minimum Wages 2. Payment of Wages 3. Payment of Bonus.
Applicability. No threshold of number of employees except under Payment of Bonus Act, namely 20	Applicability: No threshold of number of employees except under the Chapter of Payment Of Bonus, namely 20.

**Under this Code, an attempt is being made to address all the issues and concerns in fixing the minimum wages for various classifications of workers and a uniform application commonly to all the categories of industries. .**



The Central Government shall fix the floor wages across; the respective State Governments are empowered to fix the rate of wages for different skills, but not less than the national floor wages.

Central Government shall prescribe, under the Code, the method of fixing the Floor Wages at National Level – may recommend the fixation Region-wise in consultation with the Central Advisory Board and the State Governments shall follow the suit in consultation with the State-level Advisory Boards.

The Minimum Wages shall be fixed based on skill levels so also the nature of work involving hazardous process, exposures to occupational deceases, below the ground working etc.

One can confer that the Code on Wages 2019 is a welcome move by the Central Government in its direction. The most significant move under the Code is towards mandating a National Floor Minimum Wage across the Country. Fixation of minimum wage has been a challenging task for all concerned- employer, workforce and the Government all along . Although, the intention of the Government was to assure a FAIR WAGE to the working class, the accomplishment of the same has undergone plenty of rough weather including litigations and till now it remains on paper. Now, under this Code, it is expected that the working class at both organized as well as unorganised will get justice in getting *Need Based Minimum Wages*. This intention is clearly demonstrated in this Code, as we proceed further.

The code has very wide applicability- organized as well as unorganized workforce and all cadres of employees are brought under the coverage of the Code. Compliance management has been simplified and the Employer's concerns have been addressed.

### Broad Layout of the Code

<b>Chapter I; Applicability &amp; Coverage. Definitions : Covering all the Chapters.</b>			
<b>Chapter: II Minimum Wages.</b>	<b>Chapter: III Payment of Wages</b>	<b>Chapter: IV Payment of Bonus</b>	<b>Chapter: V Advisory Boards</b>
<b>Chapter :VI Payment of Dues, Claims &amp; Audit</b>	<b>Chapter: VII Inspector Cum Facilitators</b>	<b>Chapter: VIII Offences &amp; Penalties</b>	<b>Chapter: IX Miscella- -neous</b>

**CHAPTER I :**  
**APPLICABILITY & COVERAGE**  
**DEFINITIONS**

Applicability: Applicable to all Establishments, except, the Chapter on Payment of Bonus where, the applicability is 20 or more Employees.

<i>Present Definitions:</i>	<i>New / Revised / modified under the Code.</i>
Accounting Year. Advisory Boards. Agricultural Income Tax Law.	No change in the definitions. Sec. 2. ( a ), ( b ) & ( c ).
“Appropriate Government” “Company”	No change in the definitions. Sec.2 ( d ).( e ).
Presently, no definitions of “Contractor” under Minimum Wages Act, Payment of Wages Act, Payment of Bonus Act and Equal Remuneration Act	Sec 2 ( f ); “Contractor”. This is newly inserted: Who: (i) undertakes to produce a given result for the establishment, other than a mere supply of goods or articles of manufacture to such

	<p>establishment, through contract labour; or</p> <p>(ii) supplies contract labour for any work of the establishment as mere human resource and includes a sub-contractor</p>
<p>Presently, no definitions of “Contract Labour” under Minimum Wages Act, Payment of Wages Act, Payment of Bonus Act and Equal Remuneration Act.</p>	<p>Sec 2 ( g ); “Contractor Labour”.</p> <p>This is newly inserted: The definition is quite exhaustive, but for the purpose of understanding, the same is summarised: “contract labour” means a worker who shall be deemed to be employed in or in connection with the work of an establishment when he is hired in or in connection with such work by or through a contractor, with or without the knowledge of the principal employer and includes</p>

	inter-State migrant worker: Exception: a. Regularly employed by the contractor for any activity of his establishment on permanent basis with terms & conditions. b. Covered under Social Security Schemes, gets periodical increments, & other welfare schemes in line with Law.
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*Comments: These two definitions are likely to create plenty of litigations, since, it leads to multiple interpretations. Strictly, at a glance, these definitions are uncalled for under this Code. The Employers may put forth an argument; A contractor who employs workers in his Establishment on permanent rolls, issuance of employment contract letters, eligibility of annual increments and covered under ESI/PF etc. The nature of Business of the “Contractor” is to undertake any outsourcing activities in any other Establishments and hence “deputes” such workers to the Establishment who has executed the Contract of outsourcing. Then, in such an event, the “Contract Workers” who are working in the Establishment, are excluded from the both the definitions. Of course, the contracts must be “Contract for Service”. Hence the litigations may start with this.*

<p>“Co-operative Societies”, “ Direct Taxes”</p>	<p>No change in the definitions. Sec.2 ( h ) &amp; ( i )</p>
<p>“Employee” has been defined under Payment of Bonus Act. But, no such definition under the Minimum Wages Act &amp; Payment of Wages Act.</p>	<p>Sec. 2 ( j ): Employee. An inclusive one, with all categories of employees including managerial, administrative, clerical whether the terms of engagement, express or implied hired. Exceptions are Apprentices under the Apprenticeship Act &amp; Armed Forces.</p>
<p>“Employer” is defined under Payment of Bonus Act, which is exclusive of employees engaged through another person. Under the Minimum Wages Act, “employer” has been defined.</p>	<p>Sec.2 ( k ): The definition is completely modified.</p> <ol style="list-style-type: none"> <li>a. Who employs, whether directly or through any person, or on his behalf or on behalf of any person, in respect State / Central Government controlled establishment, the Head of the Dept.</li> <li>b. In case of Factory, the Occupier/ Manager as notified,</li> </ol>

	<p>c. In case of other establishments, the person who has ultimate control over the affairs of such establishment entrusted to a Manager, Managing Director.</p> <p>d. The Contractor.</p> <p>e. Legal representative a deceased employer.</p>
<p>“Establishment” has been defined in all the four legislations.</p>	<p>Sec.2 ( m ). “establishment” means any place where any industry, trade, business, manufacture or occupation is carried on and includes Government establishment</p> <p>(n) “factory” means a factory as defined in clause (m) of section 2 of the FactoriesAct, 1948;</p> <p>(o) “Government establishment” means any office or department of the Government or a local authority;</p>
<p>“Income Tax Act” has been defined in the Payment of bonus Act.</p>	<p>Sec.2 ( p ). “Income-tax Act” means the Income -tax Act, 1961;</p>

<p>“Industrial Dispute” has not been defined in all the four legislations.</p>	<p>This definition “Industrial Dispute” is newly inserted. It is the same as defined under the IR Code, 2020, namely, Sec.2 ( q ):</p> <ul style="list-style-type: none"><li>(i) any dispute or difference between employers and employers, or between employers and workers or between workers and workers which is connected with the employment or non-employment or the terms of employment or with the conditions of labour, of any person; and</li><li>(ii) any dispute or difference between an individual worker and an employer connected with, or arising out of, discharge, dismissal,</li></ul>
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	<p>retrenchment or termination of such worker</p> <p>This definition of “Minimum Wages” is a newly inserted one.</p> <p>Sec.2 ( r ): “minimum wage” means the wage fixed under section 6 of the Code</p>
<p>“Same work or Work of a Similar Nature” defined under Equal Remuneration Act.</p>	<p>Sec. 2 ( s ): The definition is retained, no changes.</p>
<p>“Wages” has been defined in all the four legislations. It is all inclusive one but with listed exceptions like, HRA, Conveyance allowances, special allowances, bonus, incentives, allowances to defray certain expenses incurred by the employee in connection with the nature of work, employer’s contributions to PF / ESI etc.</p>	<p>“wages” has been totally redefined in the Code. This is a newly inserted one.</p> <p>The detailed explanation of “Wages” is as under</p>

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