

Govt. keen on implementing labour codes

It will result in reduction in take-home pay, higher provident fund liability of firms

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The four labour codes are likely to see the light of day in a couple of months as the Centre is now keen on going ahead with the implementation of these laws, which, among others, will result in a reduction in the take-home pay of employees and a higher provident fund liability for the companies.

Once the wages code comes into force, there will be significant changes in the way basic pay and the provident fund of employees are calculated.

The Labour Ministry had envisaged implementing the four codes on industrial relations, wages, social security and occupational health safety and working conditions from April 1, 2021.

These four labour codes will rationalise 44 Central labour laws.

The Ministry had even finalised the rules under the four codes. But these could not be implemented because many States were not in a position to notify rules under these codes in their jurisdiction.

Labour is on the Concur-

rent List of the Constitution and, therefore, both the Centre and the States have to notify rules under these four codes to make them the laws of the land in their respective jurisdictions.

“Many major States have not finalised the rules under the four codes... The Central government cannot wait forever for the States to firm up the rules under these codes. Therefore, it is planning to implement these codes in a couple of months as some time would have to be given to establishments or firms to align with the

new laws,” a source said.

According to the source, some States had already circulated the draft rules.

Under the new wages code, allowances are capped at 50%. This means half of the gross pay of an employee would be basic wages. Provident fund contribution is calculated as a percentage of the basic wage.

After the implementation of the new codes, the take-home pay of employees would reduce, while the provident fund liability of employers would increase in many cases.