

# Standing Committee Report Summary

## The Industrial Relations Code, 2019

- The Standing Committee on Labour (Chair: Mr. Bhartruhari Mahtab) submitted its report on the Industrial Relations Code, 2019 on April 23, 2020. The Code replaces the Trade Unions Act, 1926; the Industrial Disputes Act, 1947; and the Industrial Employment (Standing Orders) Act, 1946. It provides for recognition of unions, certification of standing orders, and resolution of industrial disputes.
- **Appropriate government:** The Committee recommended changes to the definition of appropriate government in certain cases. In cases where an employer has establishments in more than one state the appropriate government will be determined based on the place of origin of employment. Further, in case of disputes between contract labour and contractors, the appropriate government should be the central or state government based on whichever has control over the establishment where the dispute arose.
- **Employees and workers:** The Committee observed that the terms employee and worker have been used interchangeably in the Code. Employees include persons in administrative and managerial roles while workers do not. The Committee recommended removal of this distinction; and including all scheme workers (e.g., anganwadi workers), and unorganised sector workers in a unified definition of workers/employees.
- **Fixed Term Employment:** Fixed term employment refers to workers employed for a fixed duration based on a contract signed between the worker and the employer. The Committee recommended that the conditions under which, and areas where fixed term employment may be utilised should be clearly specified. Further, a minimum and maximum tenure for hiring fixed term employees should be specified.
- **Definition of industry:** The Committee noted that the definition of industry excludes charitable institutions including educational institutions managed by a charitable trust. It recommended that charitable institutions be included in the definition.
- **Grievance redressal:** The Code requires certain establishments to set up grievance redressal committees to address worker grievances. The Committee recommended extending this facility to employers as well. Further, it recommended that the time period for filing a grievance application should be reduced from three years to six months.
- **Trade Unions:** A trade union with 75% of workers in an establishment will be considered the sole negotiating union. In case no union enjoys this support, a negotiating council will be formed with representatives of unions having at least 10% of the workers as members. The Committee recommended that this be increased to 20% and the requirement of 75% support for sole union be reduced. Further, it recommended that workers' support for the union should be decided through secret ballot.
- **Dispute resolution:** The Code prescribes a time limit of three years for raising an industrial dispute. The Committee recommended that this be decreased to one year. Further, the Code empowers the appropriate government to reject or modify an award given by an Industrial Tribunal. The Committee recommended deleting this clause since a similar provision in the 1947 Act was struck down by the Andhra Pradesh High Court for violating the principle of separation of powers between the executive and judiciary.
- **Strikes:** The 1947 Act states that a person employed in a public utility service cannot go on strike unless he gives notice for a strike within six weeks before going on strike or within 14 days of giving such notice. The Code expands this provision to all establishments. The Committee recommended that the restriction on strikes should only apply to public utility services such as water, electricity, and other essential services.
- **Lay-off and retrenchment:** The Code includes special provisions for lay-off and retrenchment in establishments employing 100 or more workers or such number as notified by the appropriate government. The Committee recommended that the power to change this threshold of employees should not be with the executive. Instead, the state legislature should pass an amendment to the law to change this threshold.
- **Wages:** The Code excludes bonus, conveyance allowance and house rent allowance from the definition of wages. The Committee recommended that these should be included in the definition of wages.
- **Standing Orders:** The Code allows the appropriate government to exempt any industrial establishment or class of establishments from provisions related to Standing Orders under the Code. The Committee recommended that this exemption be removed or specific situations where establishments may be exempted be clearly specified in the Code.
- **Worker re-skilling fund:** The Code provides for a fund into which the employer is liable to pay 15 days wages for workers who are retrenched or laid off due to closure. This will be used to compensate the workers. The Committee recommended that the employer should pay 30 days wages for retrenched workers. Further, the employer should not be liable to pay compensation for workers laid off due to closure.

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