



Circular No – 055/2024

Date: 30.08.2024

To
All Members of The Association

KEA writes a letter to Central Labour Secretary
Reg Implementation of proposed Labour Codes

KEA writes a letter to Central Labour Secretary Reg Implementation of proposed Labour Codes and also President apprises the Secretary about the positive features as well as the issues to be addressed in the interest of the industry members.

A copy of the Letter dated 29-08-2024 is attached.

For KARNATAKA EMPLOYERS' ASSOCIATION

**Sd/
[B C Prabhakar]
President**



B.C. Prabhakar, B.A., B.L.,
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KARNATAKA EMPLOYERS' ASSOCIATION

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Reg. No. TU 507 / 20-3-1962

29.08.2024

To:

Smt. Sunita Dawra
Secretary,
Ministry of Labour and Employment,
Government of India

Respected Madame,

Sub: Submissions regarding implementation of proposed Labour Codes.

- 1) We deeply appreciate the historic step taken by Government of India in introducing the 4 Labour Codes that will replace the archaic Labour Laws that governed the Industrial Relations in the Country. A Labour Code that is in resonance with the make in India and Atmanirbhar Bharat is the need of the hour and once again we compliment the Government of India for taking a decisive step in this direction.
- 2) While we are pouring through the intricate details embedded in the 4 Labour Codes, we find that there are several outstanding features such as recognition of gig, platform and interstate migrant workers, measures for their welfare, provision for fixed term employment, enhancement of threshold for application of Standing Orders as well as lay-off, retrenchment and closure to 300, definition of core activity and contract labour, recognition of negotiating union and council in proportion to the strength of the Union, single registration under OSH Code etc.

All these measures will surely relax the rigidity that was the hall mark of the previous Labour Laws.

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- 3) The definition of Gig Worker and Platform Worker is very good development that answers the need of flexible working pattern that is the hall mark of the gig economy. The Government's initiative to include these workers under the provisions of Social Security Code to extend Social Security benefits is welcome.
- 4) However, there are some pain points that we have noticed which may come in the way of maximising the full potential of the 4 Labour Codes:
- a. Section 52 of the Wage Code which provides for filing of criminal case against the employer directly by any employee or Union on the mere ground of dispute regarding payment of wages. The present Law that required the consent of the appropriate Government before instituting a criminal case against the employer has been done away with in the Wage Code. This provision is bound to be misused. Such a provision is not there even in Income Tax Act. This is scary.
 - b. The threshold of 300 for establishments for the purpose of lay-out, retrenchment or closure is still a conservative number. This number limit of 300 will cause companies to keep their employee strength at less than 300 in order to keep out of the provisions. This will seriously hinder setting up of big manufacturing industries that are so essential for 'make in India' initiative and also will hinder from making India the manufacturing hub of the world. Therefore, it is requested that the threshold of 300 be completely done away as such a provision is not present in any country.
 - c. The fines for contravention in the 4 Labour Codes have gone up steeply besides which penal provisions have also been provided. There is a need to look at penal provisions involving imprisonment of the employer as has been done by decriminalising offences under the Companies Act in order to promote greater ease of doing business.
 - d. Lack of clarity in several provisions may lead to unnecessary and time-consuming litigation. The definition of "wages" under the 4 Labour Codes is a case in point. In an attempt to simplify and

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introduce a common definition of "wages" under the 4 Labour Codes, the definition has been made highly complicated thereby exposing the employers to incur heavy financial burden by wrong interpretation and also face prosecution.

- e. More effort is required to change the mindset of the Labour officers from that of 'inspector' to 'facilitator'. With increase of their powers, they are likely to cause more harassment of employers. Therefore, a sea change is necessary to inculcate the mindset of a facilitator than an inspector.
- f. Section 4A of the existing Payment of Gratuity Act which has been incorporated into the Social Security Code, 2020 (Clause 57) mandates employers to acquire insurance for gratuity liability, but its implementation is fraught with imposing unconscionable burden on the employers of micro, small and medium industries as they pose challenges for employers in managing and funding their gratuity liability. Therefore, it is requested that rules may be framed for implementation of Clause 57 in such a way that only employers employing 500 or more employees are required to establish an approved gratuity fund as prescribed.

Thanking you,

For Karnataka Employers' Association

B. C. Prabhakar
B.C. Prabhakar
President

*Handed over in person
to Secretary Ministry of
Labour & Employment
on 29/8/2024
S. K. Kulkarni
29.8.2024*