

Introduction of labour codes and its possible impact on labour market

Dr. Kingshuk Sarkar

Joint Labour Commissioner

Govt. of West Bengal

The Central government (Ministry of Labour & Employment) has introduced labour codes in recent times. These Codes are supposed to replace existing labour laws. There are 44 labour laws enacted on the part of central government. These four Codes are supposed to categorize these existing labour laws into four broad segments namely-wage, social security, industrial relation and occupational health safety welfare. Code on Wages has already been passed in both houses of the parliament and is considered an act. Other Codes are also in advanced stages of being passed at parliament. There have been an engaging round of tripartite consultations and social dialogue prior to introduction of these Codes. Ministry has sought suggestions and objections from all possible stakeholders before giving final shape to these Codes. However, disagreements still remain and reservations particularly from the trade unions and workers' side pertaining to content of these Codes are quite evident.

These proposed Codes (one is already a valid piece of legislation) have profound impacts on the workings of the labour market. Labour market itself has undergone significant changes over the last three decades or so. State intends to play the role of facilitator rather than regulator. Employers are insisting on more flexibility in the matter of choosing the right size of labour force based on market imperatives. Trade unions are gradually losing their bargaining power and facing crisis of mobilization. Indian labour market has witnessed huge informalization during the last three decades too. There have been fundamental shifts in labour market paradigms particularly in areas of employer-employee relation, terms and conditions of employment, mobilization of workforce, internal organization of human resources, pricing of labour and provision of welfare facilities etc. Indian labour market is characterized by huge excess supply of unskilled labour. Last one decade and half has been characterized by very low employment growth. Corresponding GDP growth has been quite impressive given the slowdown in world economy. However, such growths were accompanied by very low employment elasticity. India has a very young population and failure to create jobs have serious socio-politico-economic repercussions.

Under such circumstances, introduction of these four codes have profound repercussions on the workings of labour administration in particular and labour market in general. Possible repercussions would be discussed with respect to proposed provisions in these four Codes. Initially the important provisions from the labour market perspectives under these Codes would be identified and possible outcomes analyzed. Further, attempt would be made to identify changes in the world of work and to what extent these Codes addressed those issues.