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INDIA

New Code on Industrial Relations Law Proposed by Indian Ministry of Labor and Employment

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A draft 'Labour Code on Industrial Relations Bill, 2015'¹ (Labor Code), which seeks to consolidate three of India's important federal-level labor and employment law statutes (the *Industrial Disputes Act, 1947*, the *Trade Unions Act, 1926* and the *Industrial Employment (Standing Orders) Act, 1946*), has been prepared by the Indian Ministry of Labor & Employment. The draft Labor Code is expected to be finalized in the next few months following review by a tripartite committee of relevant stakeholders including industry bodies and trade unions.²

Some of the key changes proposed under the draft Labor Code are:

1. **Increase in the threshold above which government approval for retrenchment/closure is required:** The headcount threshold above which it is necessary to obtain governmental permission for terminations of employment or closure of an establishment is to be increased from 100 to 300 workmen.
2. **Notice and severance:** For employers employing less than 50 workmen, the requirement to provide a minimum of 1 months' notice and retrenchment compensation (severance) is to be removed.
3. **Increase in severance:** Retrenchment compensation (severance) for workmen is to be increased to an amount equivalent to 45 days' average salary for every year of service from 15 days' average salary for every year of service.
4. **Strike:** It has been proposed that the taking of casual leave³ by 50% or more of the workers employed in an industry on any given day shall be treated as a 'strike'. Further, requirements prescribed for employees of public utility services to be followed before going on strike (such as serving prior notice of the strike within 6 weeks before the strike) are to be extended to all industries.
5. **Penalties:** The monetary penalties for non-compliance with the industrial law are to be increased.

Following review by the tripartite committee, the draft Labor Code is likely to be revised by the Ministry of Labor & Employment. The revised Labor Code will then need to be approved by both the Union Cabinet and the Indian Parliament for it to become a law.

¹http://labour.nic.in/upload/uploadfiles/files/latest_update/what_new/55407530d3bf5DraftCodeonIR28.04.20151.pdf

²<http://indianexpress.com/article/business/business-others/tripartite-panel-to-review-industrial-relations-code/>

³Casual leave is paid leave provided to workmen in India to be taken during a personal emergency situation and in urgent

cases where the leave cannot be planned in advance. For example, in case of a sickness or death in the family, casual leave may be taken.

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