

New Wage Code guidelines to be announced soon

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Shubham Shukla | Updated On - March 9, 2021 / 03:32 PM IST



New Delhi: Government may soon announce guidelines for the New Wage Code, which is expected to come into effect from April 1, 2021. The labour ministry will notify the new guidelines within two weeks and is in discussions with the labour unions and industry experts, people privy to the development said. However, a delay in the implementation of the new labour reforms is being anticipated, as some states are yet to notify the draft rules.

According to Virjesh Upadhyay, EPFO board member and General Secretary of Bharatiya Mazdoor Sangh, the New Wage Code draft needs certain changes. Crucial aspects of social security like working hours, annual leaves, take-home salary, pension, provident fund and other retirement benefits, are being discussed, Upadhyay said. These changes in the draft are likely to be notified before April 1 to avoid any delay in the implementation of the new reforms, he added.

Demand to extend earned leaves

Labour unions have urged the government to increase the number of earned leaves to 300 days from 240 days for a period of 3 years, a labour ministry official said seeking anonymity. The unions have also put forth the demand for drafting different rules for workers from building and construction sector, tobacco industry and journalists, the official added.

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In order to expand the social security net, the labour unions have also urged the government to increase the monthly wage ceiling for mandatory EPF deductions to up to Rs 25,000 from Rs 15,000 per month, Upadhyay said. The last round of discussions on amending EPF rules is underway, he added.

New Wage Code to kick in from April 1

The government has merged 29 central labour laws into four broad codes including industrial relations, occupational safety, health and working conditions code. According to Vikram Shroff, Head- HR laws, Nishith Desai Associates, the look and feel of the new labour codes is more on the lines of consolidation.

“Possibly the most significant change being introduced by the new labour codes is a comprehensive definition of ‘wages’ which contains a 50% threshold for exclusions and remuneration in kind being made part of wages. The new definition is likely to have a direct impact on how wages are to be calculated along with an increased social security outgo. While it was intended to benefit the employees, there is a possibility that it could also lead to an adverse impact by way of reducing their take-home pay, something which was not quite envisaged,” Shroff said.