

HR Law Hotline

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EVOLVING HR LAW: GIVING GCS SLEEPLESS NIGHTS?

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India stands on the cusp of a new HR law era. The government has proposed replacing several major national labor legislations with four codes - codes on wages, industrial relations, social security & welfare, and safety & working conditions.

With globalization, the labor market in India has undergone tremendous changes; however, labor laws have failed to keep pace. Presently, labor laws in India are a hotchpotch of almost 140 legislations (besides all rules, regulations, orders, and circulars issued under each of these legislations) at the national & state levels. Several of these laws were enacted during or prior to India's independence, and were meant for the industrial sector. While this may feel like a paradise for us HR lawyers, it is not conducive to commerce or growth. In fact, it is unfortunate that while labor laws in India were designed to promote progress, they have ended up becoming a stumbling block. The rise of the informal (unorganized) sector, is the fallout.

The government's vision and effort to rationalize and consolidate the plethora of labor laws, is commendable. It may direct us towards a utopian economy. The proposed codes will make it easier for employers to comply with the law and for authorities to regulate it. They will also eliminate the confusion caused by differences in definitions and applicability provisions. Lesser number of laws to comply with along with better implementation, should help position India as a business-friendly destination and increase its rankings in the World Bank's Ease of Doing Business survey.

Care must be taken to ensure that the codes strike a balance between making labor laws business-friendly while not compromising workers' welfare and safety. The codes should focus on fostering employment, increasing productivity and reducing unemployment, rather than simply being a consolidation of current laws - else the medicine may be worse than the disease! Ensuring this balance in our political economy will continue to remain a challenge for the government.

While employers and employees in India, and the international community closely track these changes to the legal landscape, we discuss select HR law issues that, in our experience, GCs must focus on:

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— Nishanth Ravindran & Vikram Shroff

You can direct your queries or comments to the authors

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