

**Course Name: Labour Welfare and Industrial Relations**

**Professor Name: Prof. Dr. Abraham Cyril Issac**

**Department Name: School of Business**

**Institute Name: Indian Institute of Technology Guwahati**

**Week – 12**

**Lecture – 04**

Hello learners, welcome back to the course on labor welfare and industrial relations we move to the fourth lecture of the last module where we look into the industrial relations code 2020 if you have gone through the previous lectures you will understand that in the past few lectures we are trying to look into what is the latest thing that's happening around in the discipline of labor welfare and industrial relations What are the new updates? What are the new laws with respect to what are the different acts or codes that have emerged with respect to the labor welfare and industrial relations as part of this? Today, we look into specifically the Industrial Relations Code 2020.

I'm Dr. Abraham Cyril Issac. I'm an assistant professor at the School of Business, Indian Institute of Technology, Guwahati. Now, let's look into this Industrial Relations Code 2020. Please understand, this has been one of the vital changes that have happened in the realm of, in the field of, in the area of industrial relations altogether. Now, when you look into the Industrial Relations Code 2020, it has subsumed, it has brought in, it has amalgamated a couple of important critical acts and laws. So let's look into that in greater detail.

When you look into the Industrial Relations Code 2020 specifically, We see that the Industrial Relations Code provides a broader framework to protect the rights of workers to make unions. Now, this is something which has been categorical. You'll see that in the next slide precisely that there has been an amalgamation of different acts, as I mentioned. Those acts include acts like, you know, Critical Trade Unions Act, Industrial Employment, Industrial Disputes Act, etc.

On that background, if you look into the objective of the finer or the finer motive of the entire Industrial Relations Code, I will not hesitate to say that it has been here to protect the rights of workers to make unions specifically to reduce the friction between the employers and the workers. And to provide regulation for settlement of industrial disputes. Now, this is interesting. This is fascinating because you see, when we started our lecture on labor welfare and industrial relations, The entire discussions flowed around, you know, different entities, specifically the workforce or the labor at one side.

The other side, you had a large accumulation of wealth, which was nothing but the employer or the owner. So the dimensions, the equations of individuals versus the capital owner or let's say the employer for that matter, that was the defining parameter for the entire labor welfare and industrial relations. Then we understand that there were significant players that emerged on the basis of, let's say, the support or let's say somebody to talk on behalf of the worker. There came the trade union, the employee organization specifically, something to tackle those or something to have a unified understanding among the employers of the particular region or territory for that matter. You had employers organization specifically.

Now, the dimensions, the equations between these two, those were critical. Those are something which we have discussed. Now, interestingly, there emerged the trade unions also. So, when you look into the industrial relations code, specifically the objectives or the final objectives of the code in general, I will say that the union is one of the key important factors. to protect the right of workers to make unions now many a time we have discussed in a previous module also that the people who were involved people who were you know looking into the trade union activities they were targeted simply or there were situations whereby you know there were some situations where you know you you raise your voice or somebody raises your voice on behalf of you you are being targeted

You are being ridiculed within the organization. So there was some entry barrier, if I can use the word, towards getting into trade union. Trade union activism or being part of a trade union was at times considered as a stigma. So all those aspects critically were addressed with the industrial or the attempt was to address with respect to the industrial relations code. Now, if you look into certain other key objectives to reduce the friction

between employers and workers, if there has been an attempt to actually reduce the friction, that would definitely yield a better harmonious environment in the industrial space.

There is no denying the fact. But then, It is not that easy because over the timeline, over the evolution which we have discussed of labor welfare and industrial relations for that matter, we have seen that there are two specific entities and always, you know, even if the cooperation, cooperation being the norm, conflict has been the result. So please understand, ladies and gentlemen, that, you know, in an environment where conflict is there or conflict is the potential outcome of any discussion and deliberation, it is always pertinent that we have to, we have to attempt to reduce the friction between the employers and workers.

And please note industrial relations code 2020 has been fundamental in actually doing that. The attempt has been to, to reduce the friction between the employers and the workers. And the third main objective in this would be to provide regulations for settlement of industrial disputes. Now we have tried to, you know, uh, profess that, you know, we can actually reduce the conflict.

But we have seen ultimately that conflict has been the norm for at least last couple of decades. Now, how do we actually try to put an end to this conflict? If at all this conflict has been elevated to the level of disputes, how will we actually put a curb those industrial disputes? All these matters are significant and all these factors are critical to provide regulations for settlement of industrial disputes. So these three happen to be the most critical objective of any good act, any good law.

And that is why we have the Industrial Relations Code 2020 for that matter. Now let's look into the consolidation process. We see that, you know, the relevance or the importance of this particular industrial relations code 2020 has been established. Now, let's look into how this emerged. Let's look into the evolution of the same.

As I've already said that this act has been an outcome of a consolidation of three main acts specifically. Now, let me go to the history of this particular act. If you look into what has happened in the history, let's say into the recent past, specifically, if I want to take a

date, September 19th, 2022. Industrial Relations Code was introduced in Lok Sabha. September 22, 2020, it was passed by Lok Sabha and September 23, 2020, it was passed by Raj Sabha.

So Raj Sabha. So almost September 28, 2020, it was ascended by Honorable President. And finally, in September 29, 2020, it was published in the E-Gazette. So as close as 2020, this has been, you know, become a reality.

it has tried to you know consolidate three acts namely please note that the acts are getting replaced under this code so these acts are the trade union act 1926 the industrial employment standing orders at 1946 and the industrial disputes act 1947 so we need not go into detail in this particular session about these acts because we have already seen just go through the previous modules you'll understand We have extensively gone through all these three acts, the Trade Union Act, be the Industrial Disputes Act 1947 or the Industrial Employment Standing Orders Act 1946. So let's understand again the same pattern where what we follow with respect to the new laws or acts will understand the key definitions. Most of the time, the definitions actually give greater insights into what we actually want to decipher. So this is an easy attempt.

Let's look into the key definition. When we look into worker specifically, the definition of workers has been expanded further. to include journalists, to include sales promotion employees, and employees who are working as supervisors but are earning less than Rs. 18,000 per month. So this change we have already noted.

But interestingly, we'll see that the worker class also includes now the journalists. When you look into the definition specific to industry, The definition of industries has been amended from the 2019 bill to exclude the following categories of workplaces. Organizations offering charity or social or philanthropic services are actually excluded. Organizations that are under the control of the government, specifically dealing with defense research or, let's say, atomic energy research,

Or space exploration. These are actually not there. And organizations specifically excluded by the central government, if any, are also exempted. So please note, these are some of the critical understanding of organizations within the ambit of this act. If you

want to actually look into other definitions, let's say any combination, whether temporary or permanent, form primarily to regulate the relations between workers and employers or between workers and workers or between employers and employers.

or for imposing restrictive conditions on the conduct of any trade or business, and includes any federation of two or more, happens to be the critical aspect when it comes to trade union. When you look into the industrial dispute, what we understand here is that any difference of opinion, any difference of opinion between employees and employers, because of employee retrenchment, it could be because of dismissal or even termination for that matter we have seen what industrial dispute is we have tried to define that in industrial disputes act but it takes a different connotation altogether here the worker can appeal this with the governing body also called the industrial tribunal within 45 days from the date of retrenchment or termination so basically what we understand here is that We see that we have defined worker, we have defined industry, the organization, we have defined trade union. Now we are defining industrial disputes also.

When you look into certain categorization, we'll see that we have to understand the employment part also to get a key understanding of what this code is all about. When you look into employment categories, We have the fixed term employment. Any form of employment with a written contract for a specific duration is considered fixed term employment. So the new definition proposes social security benefits for fixed term employees that will include aspects like.

Working hours, it will include aspects like salary or wage, even benefits and allowances should be the same for all the fixed term employees as for other full time workers of the organization. So when you look into the fixed term employees, they are also eligible for all the. statutory benefits all the critical benefits enjoyed by the regular employees even if the duration of employment is less than the recommended duration to the eligible or eligibility for all the statutory benefits Now, when you look into the fixed term employees, again, I would like to reiterate that the fixed term employees will also be eligible for gratuity if the length of the contract extends to one year. So these are some of the clear understanding with respect to the fixed term employment specifically.

So the new definition proposes social security benefits for employees. fixed term employees. Now, this is vital when it comes to this particular code. Now, having said that, please note critically that it does not include voluntary retirement of worker. It does not include a retirement of the worker on reaching the age of superannuation.

It does not include termination of the service of the worker. As a result of the non-renewal of the contract of the employment between the employer. So this is something which we have to take a note of. Now when you look into the fixed term employment, these are the factors that we have to understand. Let's also understand the retrenchment for that matter.

What do you mean by retrenchment? Because time and again, we have used this across this particular course and in previous modules also we have used. And in this industrial labor code, we need to understand that what do you mean by retrenchment specifically. Now, retrenchment has a different understanding altogether in the industrial relations code 2020. Retrenchment means the termination by the employer of the service of a worker for any reason whatsoever otherwise than a punishment inflicted by a way of disciplinary action but does not include all these critical aspects.

One, voluntary retirement of the worker. It does not include a retirement of the worker on reaching the age of superannuation. And three, the termination of the service of the worker as a result of the non-renewal of the contract of employment between the employer. So this is specifically what do you understand by retrenchment. This is what is specifically what happens.

actually equips the person to know more about his job, his job security, etc. Now, let's look into the scope and applicability of this particular industrial relations code. When you look into the scope and applicability, you have to also understand that many a time I use the word standing order. I've already tried to give you some snippet into that, some cursory understanding into that. Please note standing order essentially means orders relating to matters set out in the first schedule.

So wherein the standing orders are set to facilitate the standards of the plant level. To regulate industrial relations. So this particular regulation or this regulates the conditions

of employment, conditions of grievances, misconduct, etc. of the workers employed in the industries. Now let's look into the scope and applicability.

Please understand the code is designed to consolidate and amend the laws regarding trade unions, conditions of employment in industrial establishment or undertaking specifically. sleek settlement of the industrial disputes to a great extent so what we can list out is that the code regulates the following subsequent areas it regulates the registration cancellation and alteration of name of the trade union the Constitution of Work Committee and grievance redressal committee is taken care of by the code and The code also has the incorporation of a registered trade union under its scope. So is the recognition of a negotiating union also coming under the scope. There are cases of preparation of standing order and register of standing order that comes under the scope and applicability of the industrial relations code 2020.

There is possibility of constitution of the industrial tribunal. Illegal strikes and lockouts are also coming under the purview of the particular code. When you look into the code in greater detail and you have a careful reading, you'll understand. It also looks into the procedure for retrenchment and re-employment of retrenched workers. There are also possibilities of compensation to workers in case of transfer of establishment that is given under the scope and applicability of this act.

Prohibition of layoff is there given under this act. And finally, closure of industrial establishment is also a key provision under this particular act. When you look into the applicability specifically, you'll understand. that the 2019 bill fixed the employee threshold for issuing standing orders at 100, but the 2020 revised bill increased this threshold from 100 to 300, worth noting that this was the categorical increase that has happened when it was in the initial stage of the bill and final revised stage of the bill. For all organizations employing a minimum of 300 employees,

Standing orders should be passed during the different topics or the with respect to the different aspects. How the workers are classified according to employment type? Are they permanent? Are they fixed term? Are they just contractors or temporary workers?

And even they are just apprentices. The process that the organization is going to follow to communicate changes to the employee, it may include the working period, may include the hours of work, the paydays, the wage rates, shifts, attendance and rules for even a late coming. It will also have a say on the conditions, the rules and approving authorities for leaves and holidays. Rules for termination of employment would be there. Communication of news to employees would be there.

Extending to suspensions of work because of misconduct also is part of the applicability of this act. Please note that remedy measures for employees against unfair treatment and exactions by the employer also will come under the applicability of this very code. So under the 2019 bill, if you if you would have read or if you would have understood during the period, all the discussions emanated that are all the discussions actually underscored that the employers had to follow the rules set down by the standing orders, even if their employee strength went below 100. So to ease the compliance process altogether, the 2020 bill has removed this particular rule altogether. Now, let's look into this.

The registration of trade union. What are the different peculiar changes and aspects that have been introduced in the Industrial Relations Code 2020? Now, any seven or more members of a trade union by subscribing to their names apply for registration of the trade union. And please note that at least 10 percent of the workers or it could be 100 workers, whichever is less, must be members of the trade union on the date of making an application for registration. So this happens to be the vital criteria when it comes to the registration of a trade union.

We see that the registered trade union specifically shall continue registration. to have at least 10 percent of the workers or 100 workers whichever is less wherein a minimum of seven members a minimum of seven members are engaged in or employed in an industrial establishment or industry with which it is connected we also see pertaining to the name registration we have seen that the code has its own has certain provisions with respect to that so if the name of the Trade union proposed to be registered is identical to an existing registered trade union. Alteration of the name is required as asked by the



registrar of the trade union. So there is a possibility that the court can actually demand an alteration of the particular name altogether.

Now also please note that the registered trade union shall be a body incorporated by the registered name having a common seal and perpetual succession with the power to hold property. So these are some of the critical aspects when it comes to the registration of trade union. Now let's look into the retrenchment in greater detail. With respect to the code, we'll see that the code provides procedures for the retrenchment of workers and re-employment of the retrenched workers. So it is not only there are provisions with respect to the retrenchment of workers or there are guidelines or instructions with respect to the retrenchment.

It also has the re-employment requirements. As a critical factor within the court, the employer shall either give three months notice or pay the retrenched worker instead of the notice period. So this has been the most important instruction coming from the court towards retrenchment where any worker is retrenched and the employer proposes to take into his employment. any person within one year of such retrenchment, an opportunity will be given to the retrenched workers who are actually citizens of India to offer themselves for re-employment. So this has been the vital impact or this has been the vital point when it comes to the retrenchment, specifically the Indian citizens within the country.

When you look into the employee, when you look into the Industrial Relations Code 2020 report, It has also certain provisions with respect to the layoff or certain instructions coming as part of the layoff. Layoff is the inability of an employer from giving employment to a worker due to multiple factors. It could be something like, let's say, shortage of coal or power or such resources, resource constraints or breakdown of machinery, non-seasonal industrial establishments. it could be mines, it could be factories, it could be plantations with 50 to 300 workers are required to pay 50% of basic wages and DA to worker who has been typically laid off.

To give one month's notice or wages for the notice period to the retrenched worker and also to provide non-seasonal non-seasonal industrial establishments with at least 300

workers that are required to take prior approval from central or state government before layoff, retrenchment or closure. So we understand that there are certain critical aspects which also deal with the layoff part when it comes to the industrial relations 2020 code. Let's look into the provisions or the salient features the court has with respect to the closure. Any employer intending to close an industrial establishment is required to serve 60 days advance notice to the government and also provision is there for compensation.

compensation to those workers who are in a continuous period of service not less than one year in case of closure of that particular industrial establishments you so you understand that the violation the violation of provisions under the layoff retrenchment closure of establishment actually deals with for first-time defaulters it is something like a fine up to rupees 10 lakhs so see the seriousness the code assumes when it comes to the default part for subsequent offenses a fine up to rupees 20 lakhs or imprisonment up to six months or both is the criteria now let's look into some critical aspects that the act provide specifically when you look into the entire you know scheme of industrial relations we generally have a lacunae we generally have a problem we generally have a critical issue which is nothing but reskilling now there have been attempts to reskill the employee to upskill the employee etc so how is it possible Generally, we say for the heck of saying that we have to reskill, upskill, etc. But how do we generally get?

to reality and how do we generally actually reskill or upskill the people. We need to have provisions with respect to the reskilling and there is a reskilling fund provision that comes as part of the industrial relations 2020 code. There is also one significant factor when it comes to industrial relations which is grievance handling. Many a time there are grievance handling mechanisms, there are grievance handling committees which are just for the namesake. those committees or those organized setups do not take cognizance or do not actually accept or do not take things into their own control and rather we see that these grievance handling committee are just dead rubber.

So basically we need to have a clear cut arrangement where the grievance handling could be more superior and more efficient so that is why the particular industrial relations code 2020 brings in a grievance handling committee a one with more teeth a one with more you know efficiency and effectiveness and also there are clear-cut provisions and

instructions To face strikes, strikes, lockouts, etc. So let's look into greater detail what are the other provisions of the particular act. When you look into reskilling, which I've talked about in detail now, there is a provision for worker reskilling fund.

The Industrial Relations Code specifically introduces this provision for reskilling of workers and for the first time for those workers who have been laid off so that they are actually able to secure their employment again. So the Industrial Relations Code states that The fund shall consist of the following. It should have the contribution of the employer. So please note again the particular discussion that the skin in the game would actually be a certain if there is the element of contribution of the employer of an industrial establishment.

So the contribution of the employer of an industrial establishment is coming into picture of an equal amount to 15 days wages. Last drawn by the worker immediately before the retrenchment or such other number of days as may be notified by the central government for every retrenched worker in the case of retrenchment only. And the contribution from such other sources as may be prescribed by the appropriate government of the day. So basically, when you look into the worker reskilling fund, the fund shall be utilized by crediting 15 days wages last drawn by the retrench worker on his account within 45 days of retrenchment in the manner as may be prescribed. Now, let's look into another significant factor which we have already introduced earlier.

which is the grievance handling committee. When you look into the grievance handling committee, any employer with 20 or more employees has to have one or more grievance handling committee. The IRC has incorporated new regulations that the previous regulation did not address. So basically, the panel that cannot be more than 10 people and should have equal and fair representation, not only from employers, but also employees and even women employees.

This has been vital when we discuss the Industrials Relations Code 2020. Concerning the strikes and lockouts, we see that every person employed in an industrial establishment is categorically prohibited from strikes and lockout in breach of contract concerning the following conditions. It could be one 60 days advance notice of strikes and lockout to the

employer. Strike may be held only after 14 days of giving such notice before the expiry of the date of strikes and lockout specified in any such notice. So these are some of the critical aspects when it comes to the strike and lockouts.

We'll see that there are certain critical provisions when it comes to worker reskilling fund, as we have discussed, the Revenue Handling Committee. Also, there are critical provisions with respect to the strikes and lockout. Now, let's understand and conclude this class by understanding the change in the conditions of the service. The employer is required to send a notice of change in the conditions of the service of its workers and employees concerning the following matters. It could be anything with respect to wages, compensatory and other allowances.

It could be anything with respect to the contribution paid or payable by the employer to any particular provident fund or any particular provision with respect to the pension fund or for the benefit of the workers under any law for the time being in force. it could be anything with respect to the hours of work and the rest intervals it could be anything with respect to the leave with wages and holidays it could be anything with respect to starting alteration or ending of the shift operating otherwise than by the standing orders that are already existing it could be anything with respect to the classification by grades and finally it could be anything with respect to the withdrawal of any customary concession or privilege or modification in usage so what we understand categorically here with respect to the entire class is that we are coming to a scenario where we have seen that there are different acts there are different acts trying to solve different issues why not collectively bring them together why not cluster them together and make it into more powerful act now this is what The philosophy behind the Industrial Relations Code 2020 is all about. We have different critical acts.

Let's say it could be the Trade Union Act. It could be the Industrial Disputes Act, etc., which actually had certain prerogative and certain purview. But now we are looking into finer details, especially when you look into things like, let's say, the grievance redressal committee. or let's say something like the grievance redressal committee or even the worker reskilling fund so many a time what happens during the retrenchment the employee or the worker is just laid off he's just you know dismissed just like that now

what happens to him or her what happens to his family because he would have been the sole breadwinner of the entire family what would happen to him that He's never a part of concern for neither the employer nor the government or any stakeholder for that matter.

Now, with this industrial labor code 2020, there has been critical provisions like the worker reskilling fund. This is just one of the provisions which I wanted to underscore. Now, with this provision, you are bringing the person to the skill. What is required? What is the industry level requirement from that particular worker?

What is the demand of the job? So all these aspects, especially that and the grievance reversal mechanisms, which have become more streamlined under this industrial labor code discussion specifically, will actually yield or provide better industrial relations. That should be the takeaway from this class. We'll see with greater details in the last class of the module. Till then, take care.

Bye bye. Amen.