

Inter-ministerial committee to finalise Code on Wages today

By [Yogima Sharma](#), ET Bureau | 29 Dec, 2015, 07.16PM IST

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NEW DELHI: Despite facing a tough battle in Parliament, the government has not given up on labour reforms, which are sure to face political heat.

An inter-ministerial committee on labour headed by [finance minister Arun Jaitley](#) will meet on Wednesday to firm up the Labour Code on Wages bill and the Small Factories Bill, 2014.

The Prime Minister's Office wants the labour ministry to finalise the details of the two important laws at the inter-ministerial level before taking it to the Cabinet for approval, a senior government official told ET. While the wage code bill aims to amalgamate four labour laws related to wages, the Small Factories Bill seeks to exempt units employing less than 40 workers from 14 labour laws.

The panel comprising Jaitley, power minister Piyush Goyal, petroleum minister [Dharmendra Pradhan](#) and labour minister [Bandaru Dattatreya](#) was set up this year after trade unions alleged that the government was going ahead with changes in the labour laws that would go against workers.

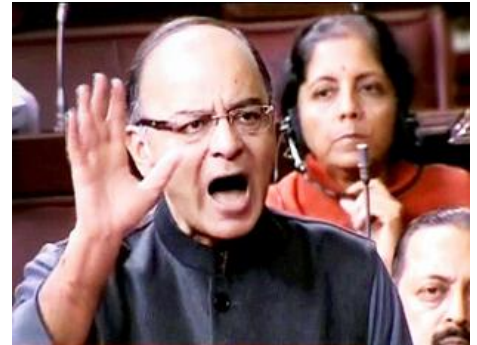
The committee has held several rounds of consultations with trade unions and employers on various reforms initiated by the BJP-led NDA government.

The Small Factories (Regulation of Employment and Conditions of Services) Bill, 2014, would mainly combine provisions of various labour laws applicable to small factories, facilitating ease of compliance and reporting. [The bill](#) also proposes that very small factories employing not more than five workers would be exempt from the compliance burden related to shifts, attendance and late attendance, responsibility to issue appointment letters and provisions on unfair labour practices.

The draft legislation proposes payment of wages through bank accounts and continuing provisions of social security without dilution. It also has a provision for compounding of offences, except for those resulting in death and serious body injury.

Under the code on wages, the labour ministry plans to streamline the definition of wages by amalgamating four wage-related statutes. These include the Minimum Wages Act, 1948, the Payment of Wages Act, 1936, the Payment of Bonus Act, 1965, and the Equal Remuneration Act, 1976.

At present, there are about half a dozen definitions of wages in various acts across the Centre and states, which employers have to grapple with.



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LABOUR CODE ON WAGES



Aims to amalgamate four laws related to wages under one code



These include the Minimum Wages Act, 1948, Payment of Wages Act, 1936, Payment of Bonus Act, 1965 and Equal Remuneration Act, 1976



SMALL FACTORY BILL, 2014

Seeks to exempt units employing less than 40 workers from 14 laws

Combining provisions will facilitate ease of compliance and reporting

Proposes payment via bank account; continuing provisions of social security

Provides for compounding of offences, barring certain exceptions

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