



Draft Labour Code

Why in news?

\n\n

The Draft Labour Code on Social Security and Welfare was published for public comments.

\n\n

What is the existing problem?

\n\n

\n

- India's Constitution and some of the ILO Conventions on social security provide a framework for **development of a social security system**.
- The central labour laws provide for social security such as maternity benefit, accident and disablement compensation, provident fund and gratuity.
- But they cover at best around 8% of the workforce in India.
- **Unorganised workers**, though huge in number, **have been ignored for long**.

\n

\n\n

What are the positives of the bill?

\n\n

\n

- It **covers employees and non-employees** including domestic workers, farm workers, self-employed of all types, and so on.
- It seeks to address these grave shortcomings and attempts to conceive of a universal social security cover in a 'Single Code' by merging all existing

schemes and laws.

\n

- It reduces the payroll tax to 17.5% and subsidises the gratuity cost to 2% of total salary cost.

\n

\n\n

What are the shortcomings?

\n\n

\n

- It defines “woman” as an “employee who is a woman in the context of maternity benefit under this code”; “monthly income” has not been defined.
- \n
- It inadvertently legalises “oral contract” by defining it as an attribute of informal worker.
- \n
- The canvas of coverage is vast and this gives rise to an **apprehension over the capacity of the State to enforce this Code.**
- \n
- The Code **does not define “social security”** nor provide the components of social security and the percentage benefits under each component.
- \n
- There are huge **concerns about the funds** for delivering varieties of benefits in the Code.
- \n
- The **coverage is huge** and the contributions apart from organised sector employers and employees are difficult to realise.
- \n
- The Code also envisages a huge administrative architecture, namely, the National Council, the Central Board, the State Board, an Executive Committee, a Standing Committee, and Central and State Advisory Committees.
- \n
- The Code lists numerous functions for each body (some over-lapping) and bureaucratisation will be its greatest hazard.
- \n
- It omits employers or does not give adequate representation to unions.
- \n
- The top-down approach of this Code is a serious limitation.
- \n

\n\n

\n\n

Source: Business Line

\n



IAS PARLIAMENT
Information is Empowering
A Shankar IAS Academy Initiative