Cabinet approves code to allow fixed-term employment

**Syllabus subtopic:** Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

**News:** The Union cabinet approved the Labour Code on Industrial Relations 2019, allowing companies to hire workers on fixed-term contract of any duration.

**Prelims and Mains focus:** about the new code and its significance

**Background**

The industrial relations code is the third out of four labour codes that have got approval from the cabinet. The Labour Code on Wages has already been approved by Parliament in August while the Labour Code on Occupational Safety, Health and Working Conditions has been referred to the standing committee of labour.

In June 2019, the central government has decided to merge 44 labour laws under four categories:

1. Labour Codes on Wages
2. Labour Codes on Industrial Relations
3. Labour Codes on Social Security
4. Labour Codes on Occupational Safety, Health and Working Conditions

The Labour Code on Wages has already been approved by Parliament while the Labour Code on Occupational Safety and Code on Social security are not been approved yet.

**About the Labour Code on Industrial Relations 2019**

- Labour Code on Industrial Relations is one of the four labour codes.
- The code on Industrial Relations will combine Industrial Disputes Act, 1947, the Trade Unions Act, 1926, and the Industrial Employment (Standing Orders) Act, 1946.

**Key Highlights of the Code**
Dignity of Labour

Labour ministry pushes ahead with labour reforms

Labour code on industrial relation gets Cabinet nod

Fixed-term employment allowed across sectors

Workers to get same wages and benefits as others

Employee threshold retained at 100 for seeking govt approval for retrenchment

Four Labour Codes in Work

Labour code on wages notified

Labour code on occupational safety moved to standing committee

Labour code on social security is under consultation

Two-member tribunal set up for disputes

Govt officials will have the power to resolve disputes
- Allows companies to **hire workers on fixed-term contract of any duration.** Fixed-term employment means a worker can be hired for any duration, three months or six months or a year depending on season and orders.
- Retained the threshold on the **worker count at 100 for prior government approval before retrenchment.** It also means that all workers will be **treated at par with regular workers** for benefits. However, it has provision for changing such number of employees through notification.
- Provide for setting up of a **two-member tribunal** (in place of one member) wherein important cases will be adjudicated jointly and the rest by a single member, resulting speedier disposal of cases.
- Vested powers with the government officers for adjudication of disputes involving penalty as fines, thereby **lessening the burden on tribunal.**