

# Pay, leaves and work hours: How the new labour codes impact you

## Synopsis

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New Wage Code: From in-hand salary to work hours, here's how the new labour codes impact you

Union government's [new labour codes](#), speculated to come into effect from July 1, allow capping daily [working hours](#) from the current 8 to 12 while weekly work hours stay capped at 48.

Employers can step towards a 4-day work week, but the codes allow them to increase daily work hours from 8 mandated now to 12 daily. This means any employee wishing for a shorter work week will have to put in more hours of work on the days he is working.

The new codes also allow increase in the maximum number of overtime hours from 50 hours (under the Factories Act) to 125 hours (in new labour codes) in a quarter across industries.

“This would give headroom to companies to adopt the 4-day work week and employ workers on the weekend, if necessary. The 4-day work week can act as a dual-edged sword, as on one hand, the workers would benefit from elongated period of rest, but on the other hand, it entails longer working hours during the weekdays, which may result in deterioration of workers' health. Similarly, the increase in the overtime limit may result in additional earnings in the hands of workers but at the expense of longer working hours or probably working on weekends as well,” wrote Atul Mittal, Partner, Deloitte India, in ET this week.

## Missed deadlines

Worker unions told news site NewsClick this week that the union government has missed repeated deadlines to introduce the new labour codes. Since labour falls under the concurrent list of the Constitution, it is required for both the central and the state governments to form rules for the implementation of a central legislation. As per information released by the Union Labour Ministry in March this year, 27, 23, 21 and 18 States/Union Territories have pre-published the draft rules under the Wage Code, Social Security Code, Industrial Relations Code, and the Occupational Safety Code, respectively. These are the four codes that are to be implemented.

All the reports pertaining to the implementation of labour codes by July are nothing but “speculations”, Sukumar Damle of AITUC told NewsClick. “There is nothing official as yet,” he added.

Damle said such reports have surfaced in media in the past as well. According to him, since 2020, many deadlines set by the union government have been missed.

“The trade unions have opposed the labour codes from the very start. We will continue to do so even if they are implemented,” he said, adding this is the stand of all the 10 central trade unions who have jointly staged multiple demonstrations and general strikes over the codes.

## Timelines for [salaries](#)

The labour codes have rules for payment of full and final wages as well.

The Codes (passed by the Parliament) mandate that the payment of wages to an employee who is exiting an organization, be made within two working days of his/her removal, dismissal, retrenchment or resignation. Currently, not all the states legislations include "resignation" for determining this timeline of two working days.

“The new Code does not specify any salary limit and covers all employees, thereby making this timeline universal,” wrote Saraswathi Kasturirangan, Partner with Deloitte India, Radhika Viswanathan, Executive Director with Deloitte Haskins and Sells LLP and Vijayalakshmi Kartik, Manager with Deloitte Haskins and Sells LLP in ET.

“Another provision which is of importance is the one relating to cap on the deductions. Employers have to ensure that deductions made from the salary relate to specifically permissible deductions (such as contribution to Provident Fund, tax deduction at source (TDS), etc.) and that the total deduction in any month should not exceed 50% of wages,” they wrote.