

New Labour Codes and its Implications for Automobile Industries in Tamil Nadu: An Overview

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New Labour Codes and its Implications for Automobile Industries in Tamil Nadu: An Overview

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Abstract

The Second National Commission on Labour recommended to consolidate 29 labour laws and on its recommendation Ministry of Labour and Employment in 2019 introduced 4 bills in Lok Sabha during 2019. In Tamil Nadu, automotive industry is the pioneer in modernizing industrial relations and implementing strategies to promote mutual respect, open communication, and shared goals between workers and management.

Keywords: Parliament, State Legislature, labour laws, 5 new pillars, New Labour Codes

Introduction

In the terrain of secular India empowers the Parliament and State Legislature as per the Article 246 of Constitution of India to legislate on any subject matter enumerated in Lists of Schedule VII of Constitution of India. It is well known dictum that Schedule VII contains 3 lists namely, Union list, State list and Concurrent List. Labour is the subject matter of Concurrent list, which means both Center and State has the power to make laws on matters related to labour. Due to which many labour laws was enacted, according to the data, provided by the central government, currently, there are around 40 central statutes and 100 state statutes governing the various labour laws in India. Hence, attempts had been made to simplify and codify all the laws into one uniform code to ease trade and improve trade and commerce in nation. In 2002, Second National Commission on Labour recommended to consolidate 29 labour laws and on its recommendation Ministry of Labour and Employment in 2019 introduced 4 bills in Lok Sabha.

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It will be realistic to generally know as to why the labour codes are needed before dwelling to any analytic interpretation and drawing new insights. These new labor Codes with its five pillars are as given in Table 1 below:

Table 1 showing contents of New Labour Codes

Sl.No	Name of the Code	Status
1	Wages	Passed in 2019
2	Industrial Relations	Industrial Relations Code Bill, 2020
3	Social Security	Code on Social Security Bill, 2020
4	Occupational Safety, Health and Working Conditions.	Health and Working Conditions Code Bill, 2020.

Table 2 showing 5 new pillars / needs on Description of new Labour codes

Sl.No	Pillars/ Needs for the new Labour Code	Description
1	PILLAR ONE	Codification and simplification of labour laws in the currently complex employer-employee environment
2	PILLAR TWO	Facilitation to business and international trade in safeguarding employers and employees rights through simplification of labour reforms
3	PILLAR THREE	Solving industrial dispute and bringing industrial peace and harmony in addition to ensuring social security to all types of workers which were missed out on the previous labour laws.
4	PILLAR FOUR	Simplification of Procedure consolidations and data collection such as Single Registrations, Licenses, Consolidated Returns lessening the burdens of employers.
5	PILLAR FIVE	Various Boards and Committees have been set up under the codes to supervise the safety and welfare of workers and also to stringently enforce penalties of various magnitudes

Source: Authors own interpretation

Objective of the Study:

The sole objective of this paper is to explore the implications in the future to the Industrial Relations scenario in Tamil Nadu for Automobile Sector.

Need for the Study:

The need for the study arises due to its imminent future changes which are likely to drastically bring out various policy level changes and its implementation challenges for various stake holders.

Scope of the Study:

The scope entails around the boundaries of the Indian Sub-continent as this purview is yet to be implemented, although the new labour codes were enacted during September 2020, almost three years earlier on to the current year 2024 perse.

Modern Strategies adopted in recent scenario in Industrial Relations in Tamil Nadu's Automotive Sector:

The automotive industry in Tamil Nadu has evolved significantly in managing industrial relations, adopting modern strategies to address the dynamic challenges of the workforce, technological shifts, and global competition. These strategies not only aim to improve productivity and efficiency but also strive to maintain harmony and foster a collaborative work environment. Here are some key modern strategies currently being adopted in the sector.

Enhanced Communication Channels:

One of the foundational elements of modern industrial relations strategies is the establishment of robust communication channels. Automotive companies in Tamil Nadu are increasingly leveraging digital tools and platforms to facilitate transparent and continuous communication between management and workers. This includes digital notice boards, internal communication apps, and regular virtual town halls where executives and employees can engage in open dialogues about the company's direction, issues, and innovations.

Employee Engagement and Involvement Programs:

Recognizing that a motivated workforce is central to productivity, companies are implementing various employee engagement and involvement programs. These initiatives range from career development opportunities and continuous learning programs to innovation hubs where employees can pitch new ideas and solutions. By empowering employees and giving them a stake in the company's success, firms are not only boosting morale but also enhancing loyalty and reducing turnover.

Collaborative Negotiation Tactics:

Modern industrial relations now focus more on collaboration rather than confrontation. In Tamil Nadu, many automotive companies are shifting towards interest-based bargaining, a negotiation strategy that seeks to align the interests of both employees and employers rather than positioning them at odds. This approach facilitates more

sustainable agreements and helps avoid disruptive strikes and lockouts, ensuring smooth operations and a stable production environment.

Integration of Technology in Workforce Management:

With the advent of Industry 4.0 technologies, the automotive sector in Tamil Nadu is increasingly integrating advanced analytics, AI, and machine learning into workforce management. These technologies help predict workforce trends, monitor employee satisfaction, and manage workforce logistics more efficiently. By harnessing data, companies can preemptively address potential industrial relations issues before they escalate.

Focus on Health, Safety, and Wellness:

Modern industrial relations strategies also place a significant emphasis on the health, safety, and overall wellness of employees. Automotive companies in Tamil Nadu are upgrading their health and safety protocols, investing in better safety equipment, and implementing more rigorous training programs. Beyond physical health, mental health programs, including stress management workshops and access to counseling services, are becoming common.

Sustainable Employment Practices:

Sustainability in employment practices is gaining traction as companies seek to align themselves with global standards and appeal to socially conscious consumers. This includes fair labor practices, equitable pay, and initiatives aimed at reducing the environmental impact of manufacturing processes. By promoting sustainability, companies improve their public image and foster a sense of pride among their employees.

Leveraging Flexible Work Arrangements:

In response to global trends and local needs, flexible work arrangements are being more widely adopted within the automotive industry in Tamil Nadu. This includes flexible working hours, the possibility of remote work for non-production roles, and compressed workweeks. Such flexibility is particularly appealing to the younger workforce and helps attract and retain top talent in a competitive market.

Directions for future research:

The following points are rather indicative and not necessarily exhaustive in nature and in so far as research perspectives these may be undertaken by research community in the future as below:

- ❖ Research on Setting-up an Internal Taskforce (HR, Legal, Finance etc.) to review various aspects of the Labour Codes with Labour Law experts.
- ❖ Exploring new avenues in restructuring the employment mix, if required to ensure compliance and efficiency.
- ❖ Studies on Financial impact assessments on various scenarios.
- ❖ Newer exploratory studies towards the implications of the definition of 'wages'/Social Security/ Salary components/Fixed Term Employees/Consultants etc.

- ❖ Conducting surveys in Reviewing included/excluded components in the salary structure to understand the cost implications.
- ❖ Research paradigms incorporating Labour Code impacts within salary budgets and its future impact on automobile ancillaries and other industries

Conclusion:

The automotive industry in Tamil Nadu is at the forefront of modernizing industrial relations, implementing strategies that promote mutual respect, open communication, and shared goals between workers and management. These modern strategies are not only enhancing productivity and employee satisfaction but are also preparing the sector for future challenges and opportunities. As these practices continue to evolve, they are setting a benchmark for industrial relations in other sectors and regions as well.

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