Examining Landslide Changes To New Labour Laws – Latest Employees Compensation Rules
written by Rajdev Singh | August 12, 2021

The Code on Social Security 2020 (hereinafter referred to as "SS Code, 2020") was passed in Parliament in September 2020, but implementation was postponed due to the non-issuing of notifications by the States. The SS Code, 2020 aims to merge eight existing labour laws including Employees Compensation Rules(Act) , 1923, Employees State Insurance Act, 1948, Employee's Provident Funds and Miscellaneous Provisions Act, 1952, Maternity Benefit Act, 1961, Payment of Gratuity Act, 1972 and Unorganised Worker Social Security Act, 2008. Moreover, the Central Government has notified the draft rules relating to Employee's Compensation under the Code on Social Security, 2020.
The prima facie objective of the amended SS Code, 2020 is to extend social security to employees and workers in both organised and unorganised sectors. The draft Employee's Compensation rules notified by the Central Government explicitly provides provisions relating to the manner of application for claims or settlements, the rate of interest for delayed payment of compensation, venue of proceedings and transfer of matters, notice and manner of transmitting money from one competent authority to another and arrangements with other countries for the transfer of money paid as compensation.
Propositions of the New Compensation Rules
The Employees Compensation Rules, 2021 will supersede the following rules related to Employee's Compensation:
i. Employees Compensation Rules, 1924.
ii. Employees Compensation Rules (Transfer of Money), 1935.
iii. Employees Compensation Rules (Venue of Proceedings), 1996.
The following propositions have been made via new draft Rules under the SS Code, 2020:
a. The employee should be paid simple interest at the rate of 12 per cent on compensation delayed by more than 30 days by the employer.
b. If the compensation amount payable under sub-section (3) of Section 77 is not paid by the employer within the period of thirty days, the employer shall pay – from the date on which the compensation becomes payable to the date on which it is paid – a simple interest at the rate of twelve per cent per annum or any other rate notified by the Central Government from time to time.
c. According to Section 76 of the SS Code, 2020, the amount of compensation

in case of death due to injury should be 50% of the monthly wages of the deceased employee multiplied by the “relevant factor” as notified by the Central Government. In case of permanent total disablement due to the injury, an amount equal to 60 per cent of the monthly wages of the injured employee, multiplied by the “relevant factor” or an amount as may be notified by the Central Government from time to time, should be paid.

d. These rules propose that the money transmitted by one competent authority to another under sub-section (3) of Section 92 should be by a remittance receipt, e-transfer, net banking, or a demand draft, as the competent authority transmitting the money may direct.

e. The new rules further propose to put into effect the agreements with foreign nations for transfer of money paid as compensation under Section 159 of the SS Code, 2020. In case of transfer of money paid as compensation in arrangement with other countries, the cost of such transmission may be deducted from the sum so transmitted. Money transmitted by an authority in India to any other authority in India under these rules is to be transmitted by remittance transfer receipt or by money order.

f. The draft rules further propose that if the whole or any part of a lump sum deposited with a competent authority for payment as compensation under the Code is payable to any person or persons residing or about to reside in any other country, the competent authority may order the transfer to that country of the sum so payable.

g. The rules also propose the form and manner under which an application for claim or settlement under Section 93 of the Code is filed. It provides that any application referred under Section 93 may be sent to the competent authority by registered post or electronically or may be presented to them or any of their subordinates authorized by them on this behalf and, if so sent or presented, shall (unless the competent authority directs otherwise) be made in duplicate in Form-A, if any, and shall be signed by the applicant. The certificate in Form-B shall also be attached to the application and all the documents regarding the compensation must be attached with the same.

Changes Brought In

- A centralized and uniform rule has been bought about for seeking compensation under SS Code, 2020.
  - The concept of e-transfer has been introduced in the case of money transmission.
  - The concept of money transmitted concerning agreements with foreign nations has been introduced.
  - The provision of simple interest has been included in the rules due to which every employer who is not paying the compensation to the employee under 30 days shall have to pay the compensation along with 12% interest p.a.
  - The proposed rule has also increased the amount of compensation provided in the case of death or permanent disablement of the employee.

Conclusion

The proposed Employees Compensation Rules under the SS Code, 2020 has widened the coverage of labour laws by including the unorganised sector, contract employees, etc. The new rules attempt to resolve the difficulties faced by the employees while claiming compensation. This is a great step that protects employees from exploitation. It will also impose any primary responsibility on employers to provide timely compensation to their employees.

The rules have also focussed on upgrading technological interface which ought to ease the process of providing support to workers. The SS Code, 2020 has empowered the Central Government to provide social security benefits by framing clearer schemes and rules and thus, the legislative proposal introduced by them ought to ultimately provide benefits to the workers and while also allowing authorities to keep a close eye on the claims provided by the employers to their respective employees.

Taking into consideration the broad region the Code will cover once uniformly in place it can be inferred that the Code may prove very beneficial for various establishments[1]. The existing labour laws were not this detailed and today, with a view on the pace of our country, the updated code on labour is the need of the hour.

- [1] Priyadarshini Maji, New Labour Codes: How will they impact social security, take-home salary, FINANCIAL EXPRESS, last accessed 15/7/2021

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