

Impact of New Labour Codes

What's In Your Statutory Wages?

Not every part of your remuneration is legally defined as "wages."
Here's a clear breakdown of what's IN and what's OUT.

✓ INCLUDED IN WAGES



BASIC PAY

The fundamental component of your salary.



DEARNESS ALLOWANCE

An allowance paid to offset the impact of inflation.



RETAINING ALLOWANCE

Paid to ensure an employee's availability during off-seasons.

✗ EXCLUDED FROM WAGES



BONUSES & COMMISSIONS

Includes statutory bonuses and any commission payable.



ALLOWANCES

Includes House Rent (HRA), conveyance, and travel allowances.



EMPLOYER CONTRIBUTIONS

Payments made by the employer to pension or provident funds (PF).



OVERTIME & SPECIAL PAY

Any overtime allowance or sums paid for special expenses related to employment.



END-OF-SERVICE PAYMENTS

Includes gratuity, retrenchment compensation, or other retirement benefits.

The Code on Wages, 2019

This code focuses on regulating wage and bonus payments in all employments. It subsumes 4 existing laws:

1

The Payment of Wages Act, 1936

2

The Minimum Wages Act, 1948

3

The Payment of Bonus Act, 1965

4

The Equal Remuneration Act, 1976

The Code on Social Security, 2020

This code consolidates laws relating to social security with the goal of extending coverage to all employees, including unorganized and gig workers. It subsumes **9** existing laws:

The Employees' Compensation Act, 1923

The Employees' State Insurance Act, 1948

The Employees' Provident Funds and Miscellaneous Provisions Act, 1952

The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959

The Maternity Benefit Act, 1961

The Payment of Gratuity Act, 1972

The Cine Workers Welfare Fund Act, 1981

The Building and Other Construction Workers Welfare Cess Act, 1996

The Unorganised Workers' Social Security Act, 2008

The Industrial Relations Code, 2020

This code aims to streamline laws relating to trade unions, conditions of employment in industrial establishments, and the settlement of industrial disputes. It subsumes **3** existing laws:

1

The Trade Unions Act,
1926

2

The Industrial
Employment (Standing
Orders) Act, 1946

3

The Industrial Disputes
Act, 1947

1

The Occupational Safety, Health and Working Conditions Code, 2020 (OSH Code)

This code regulates the health and safety conditions of workers in establishments with 10 or more workers.

2

It subsumes 13 existing laws:

1. The Factories Act, 1948
2. The Mines Act, 1952
3. The Dock Workers (Safety, Health and Welfare) Act, 1986
4. The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996
5. The Plantations Labour Act, 1951
6. The Contract Labour (Regulation and Abolition) Act, 1970
7. The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979
8. The Working Journalists and other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955
9. The Working Journalists (Fixation of Rates of Wages) Act, 1958
10. The Motor Transport Workers Act, 1961
11. The Sales Promotion Employees (Conditions of Service) Act, 1976
12. The Beedi and Cigar Workers (Conditions of Employment) Act, 1966
13. The Cine Workers and Cinema Theatre Workers (Regulation of Employment) Act, 1981

Definition of Wages

What's In Your Statutory Wages?

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Key Components Included in the Definition of 'Wages'

The new labor law provides a comprehensive definition of "wages," ensuring it encompasses all monetary compensation for employment. This broad scope aims to standardize the calculation of remuneration by including several essential components.



Basic Pay

This represents the foundational component of an employee's salary, constituting the core remuneration for regular work performed.



Dearness Allowance (DA)

An allowance designed to offset the effects of inflation on living expenses, thereby preserving an employee's purchasing power.



Retaining Allowance

Compensation, if applicable, provided to secure an employee's services, particularly during periods of non-work or off-seasons.



Other Allowances

This category includes various additional monetary benefits and emoluments not explicitly excluded by the legal definition of wages.

The following components are specifically excluded from the definition of 'Wages':

(a) Any bonus payable under a current law that is not considered part of the regular remuneration defined by the employment terms;

(b) The value of benefits such as housing, utility supplies (light, water), medical attendance, or any other amenity or service excluded from wage calculations by a general or special order of the appropriate Government;

(c) Any contribution made by the employer to a pension or provident fund, including any interest accrued thereon;

(d) Any conveyance allowance or the monetary value of any travelling concession;

(e) Any sum paid to the employed person to cover special expenses directly related to the nature of their employment;

(f) House rent allowance;

(g) Remuneration payable under any award, settlement between parties, or order from a court or Tribunal;

(h) Any overtime allowance;

(i) Any commission payable to the employee;

(j) Any gratuity payable upon the termination of employment;

(k) Any retrenchment compensation or other retirement benefit due to the employee, or any ex gratia payment made upon termination of employment under a prevailing law.

The Proviso: Redefining Wages

This crucial proviso clarifies how certain payments, previously excluded from the definition of 'Wages', are re-included if their collective sum surpasses a defined threshold. This measure aims to prevent employers from manipulating wage components to minimize statutory contributions.



The 50% Threshold

Should the cumulative total of payments listed in **sub-clauses (a) to (i)** — including items like bonuses, House Rent Allowance (HRA), and overtime — exceed 50% of an employee's total remuneration, it triggers a re-evaluation of their classification.



Exceeding the Limit

The proviso stipulates that any amount of these previously excluded payments exceeding the 50% threshold will no longer be considered a non-wage component for statutory calculation purposes.



Automatic Re-inclusion

The excess amount is then automatically "deemed as remuneration" and integrated back into the definition of 'wages'. This ensures a more comprehensive and realistic wage base for calculating statutory benefits such as provident fund and gratuity.

Explanation: Remuneration in Kind



Defining Remuneration in Kind

This refers to any non-monetary benefit provided by an employer to an employee, either partially or fully, as a substitute for monetary wages.



The 15% Threshold Rule

For remuneration in kind to be counted as part of an employee's wages, its value must not exceed 15% of the employee's total wages.



Inclusion as Wages

If the value of the remuneration in kind remains within the 15% limit, it is officially deemed part of the employee's 'wages' for all applicable calculations.

Understanding the "50% Rule" Check

Basic Pay	30000	Inclusion
Dearness Allowance	10000	Inclusion
House Rent Allowance (HRA)	15000	Exclusion (f)
Conveyance Allowance	5000	Exclusion (d)
Leave Travel Allowance (LTA)	5000	Exclusion (d)
Total Remuneration	65000	

Calculation:

1. Total Remuneration: ₹65,000
2. 50% Limit of Total Remuneration: ₹32,500
3. Total Exclusions (HRA + Conveyance + LTA): 15,000 + 5,000 + 5,000 = ₹25,000.

Final "Wages" for Statutory Purpose: Basic Pay + Dearness Allowance = ₹30,000 + ₹10,000 = **₹40,000**

Applying the "50% Rule" Check: Detailed Example

Basic Pay	40,000	Inclusion
HRA	20,000	Exclusion (f)
Sales Commission	25,000	Exclusion (i)
Overtime Allowance	10,000	Exclusion (h)
Travel Concession	5,000	Exclusion (d)
Total Remuneration	1,00,000	

Based on the components above, here's how the 50% rule is applied:

- 1

Total Remuneration

The gross earnings of the employee amount to **₹1,00,000**.
- 2

50% Limit Calculation

The statutory 50% limit of the total remuneration is **₹50,000**.
- 3

Total Exclusions Sum

Sum of HRA, Sales Commission, Overtime, and Travel Concession: 20,000 + 25,000 + 10,000 + 5,000 = **₹60,000**.
- 4

Rule Check

Is the sum of exclusions (₹60,000) greater than the 50% limit (₹50,000)? **Yes**.
- 5

The Adjustment (Excess)

The excess amount is calculated as 60,000 - 50,000 = **₹10,000**. This excess is deemed as remuneration.
- 6

Final "Wages"

Basic Pay (₹40,000) + Excess (₹10,000) = **₹50,000** for statutory purposes.

Detailed Example: Applying the "50% Rule"

Bucket	Component	Amount (₹)	Legal Clause
1. Wages	Basic Pay	20,000	Inclusion
Sub-Total (A)		20,000	
2. Exclusions	House Rent Allowance (HRA)	30,000	Clause (f)
	Overtime Allowance	10,000	Clause (h)
	Conveyance Allowance	10,000	Clause (d)
	Commission payable to employee	10,000	Clause (i)
Sub-Total (B)		60,000	
Total Salary (A + B)		80,000	

Based on these components, here's how the 50% rule is applied:

- 1

Total Remuneration

The total monthly salary, inclusive of all components, is **₹80,000**.
- 2

50% Limit Calculation

The statutory 50% limit of the total remuneration is calculated as 50% of ₹80,000, which equals **₹40,000**.
- 3

Total Exclusions Sum

The sum of all excluded components (HRA, Overtime, Conveyance, Commission) is 30,000 + 10,000 + 10,000 + 10,000 = **₹60,000**.
- 4

Rule Check and Overflow

Since the total exclusions (₹60,000) are greater than the 50% limit (₹40,000), there is an overflow. The excess amount is 60,000 - 40,000 = **₹20,000**.
- 5

Final "Wages" Calculation

The final "Wages" for statutory purposes are calculated by adding the Basic Pay (₹20,000) to the overflow amount (₹20,000), resulting in **₹40,000**.
- 6

Implication for PF & Gratuity

Provident Fund (PF) and Gratuity contributions must now be calculated on this revised "Wages" amount of **₹40,000**.

Minimum Wage Adherence Principles



Compliance with Minimum Wages

An employee's combined **Basic Pay and Dearness Allowance must always meet or exceed the Minimum Wages** stipulated by the relevant government authority,



Safeguarding Existing Basic Salary

Any proposed new wage structure must ensure that the "Wages" assigned to an employee are not lower than their existing Basic Salary, thereby protecting current earnings.

Reimbursements & Allowances

A clear understanding of the distinction between reimbursements and allowances is essential for accurate wage calculation under the new labor laws.



Tax-Free Reimbursements (Excluded)

Reimbursements for actual employment-related expenses (e.g., telephone, internet, fuel) are explicitly excluded from 'Wages', provided they are substantiated with valid bills and proofs.



Taxable Allowances (Included)

In contrast, any fixed allowance paid regularly to an employee without the requirement of expense substantiation is considered part of 'Wages' for statutory calculation purposes.

Performance Bonus Exclusion Criteria

Performance bonuses can be excluded from the definition of 'Wages' provided they meet specific conditions, confirming their variable and merit-based nature.



Variable Payment Schedule

To qualify for exclusion, performance bonuses must not be a fixed monthly payment. They should instead be disbursed on a half-yearly or yearly basis.



Documented Policy Required

Companies are required to maintain a transparent and documented policy that clearly outlines the structure and criteria for performance bonus payouts.



Performance-Driven & Duly Approved

Bonus payouts must be contingent upon documented performance targets, employee eligibility, and formal senior management approvals. Employees are responsible for preparing the necessary supporting documentation.



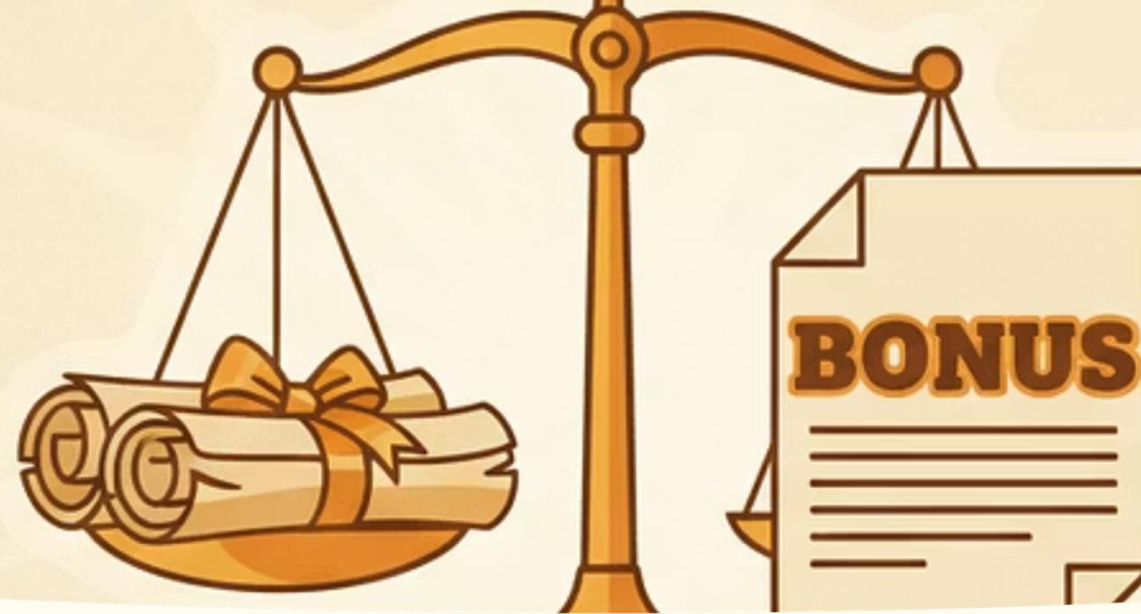
Implications for Statutory Inclusion

If a performance bonus is not genuinely linked to specific targets but rather constitutes an integral part of an employee's Cost to Company (CTC) or overall remuneration, it will be categorized as 'wages' for the purpose of statutory calculations (e.g., Gratuity, Overtime, Provident Fund (PF), Employees' State Insurance (ESI)).

ESI APPLICABILITY GUIDELINES

This matrix illustrates ESI coverage across various CTC and Minimum Wage scenarios, providing clear guidance on eligibility determination under the new regulations.

Parameter	Scenario A (Standard Coverage)	Scenario B (CTC Exclusion)	Scenario C (Statutory Exclusion)
Total Monthly CTC	₹ 42,000	₹ 43,000	₹ 40,000
Step 1: 50% Deemed Wage	₹ 21,000	₹ 21,500	₹ 20,000
Step 2: Applicable State Minimum Wage	₹ 18,000	₹ 18,000	₹ 22,000
Final Statutory Wage (Higher of Step 1 or Step 2)	₹ 21,000	₹ 21,500	₹ 22,000
ESI Ceiling Limit	₹ 21,000	₹ 21,000	₹ 21,000
COMPLIANCE STATUS	COVERED	EXCLUDED	EXCLUDED



Legally Mandated Bonus Payments

Examples of **Statutory Bonus** Eligibility (Code on Wages, 2019)

Scenario	Calculation	Status	Reason
A. Standard Case	Total Salary: ₹18,000 'Wages' (Basic + DA): ₹15,000	ELIGIBLE	'Wages' (₹15,000) are below the statutory limit of ₹21,000.
B. High Earning Employee	Total Salary: ₹40,000 'Wages' (Basic + DA): ₹25,000	NOT ELIGIBLE	'Wages' (₹25,000) exceed the statutory limit of ₹21,000.
C. Application of the 50% Rule	Total Remuneration: ₹44,000 Basic Pay: ₹10,000 Allowances: ₹34,000	NOT ELIGIBLE	<p>Step 1: Allowances (₹34,000) exceed 50% of Total Remuneration (₹22,000).</p> <p>Step 2: The excess allowance amount (₹12,000) is added back to 'Wages'.</p> <p>Revised 'Wages': ₹10,000 (Basic Pay) + ₹12,000 (Excess) = ₹22,000.</p> <p>As the revised 'Wages' (₹22,000) exceed the ₹21,000 limit, eligibility is lost.</p>
D. Disqualification due to Misconduct	Total Salary: ₹15,000 Event: Dismissed for proven sexual harassment	NOT ELIGIBLE	Section 29 explicitly disqualifies employees dismissed for convictions related to sexual harassment.

Disqualification (Section 29)

Under Section 29, an employee becomes ineligible for the statutory bonus if their dismissal from service is a result of any of the following misconducts:

- **Fraud:** Involves dishonest acts or deception carried out for personal gain, resulting in harm or loss to the organization.
- **Riotous or Violent Behavior:** Includes participation in disorderly conduct or acts of violence occurring within the company's premises.
- **Theft, Misappropriation, or Sabotage:** Refers to the unlawful taking, misuse, or intentional damage of company property.
- **Conviction for Sexual Harassment:** This is a significant addition under the 2019 Code, emphasizing accountability for such severe misconduct.

Full and Final Settlement (F&F)

This section details the critical timeline and essential steps required for compliant full and final settlements, in accordance with the Code on Wages, 2019.



Statutory Timeline

Final wage payments must be processed **within two (2) working days** of an employee's termination, dismissal, resignation, or retrenchment. Failure to comply with this regulation can result in substantial penalties for the employer.



Streamlined Process

To ensure adherence to the 48-hour payment deadline, crucial departments such as IT, Administration, and Finance should complete all 'No Dues' clearances and asset handovers prior to the employee's final working day.

Section 18: Wage Deductions

Section 18 of the Code on Wages, 2019, outlines stringent regulations for wage deductions, ensuring employee protection while allowing for necessary withholdings under specific conditions.



Core Principles

Deductions from wages are strictly prohibited unless expressly authorized by the Code. Additionally, total deductions in any given wage period must not exceed 50% of the employee's total wages, safeguarding a significant portion of their earnings.



Authorized Deductions

Lawful deductions are categorized into: **Conduct & Negligence** (fines, absence, damage to goods), **Financial Obligations** (loans, advances, income tax, court orders), **Benefits & Welfare** (housing, amenities, social security schemes like PF, ESI), and **Voluntary Contributions** (trade union fees, relief funds with written consent).

Comprehensive Compliance Checklist: Indian Labour Codes

Applicability: All Industrial Establishments, Commercial Offices, and Service Providers operating in India.

Status: Effective Implementation Phase. These Codes collectively replace and consolidate 29 archaic Central Labour Laws (including the Minimum Wages Act, EPF Act, ESI Act, Factories Act, Industrial Disputes Act, etc.), introducing a unified, digitized, and simplified compliance regime.

1. The Code on Wages, 2019

Consolidates: Minimum Wages Act, 1948; Payment of Wages Act, 1936; Payment of Bonus Act, 1965; Equal Remuneration Act, 1976.

Core Theme: Universalization of minimum wages and timely payment for all employees, regardless of wage ceiling or sector.

A. Monthly Compliance & Payroll Processing

Activity	Detailed Requirement	Timeline / Frequency	Section Ref
Wage Payment & Settlement	Ensure full payment of wages to all employees (permanent, fixed-term, contract, casual). Crucial Change: In case of resignation, dismissal, or removal, full and final settlement must be made within 2 working days .	7th of the following month (for monthly wage period). (i) daily basis, at the end of the shift; (ii) weekly basis, on the last working day of the week, that is to say, before the weekly holiday; (iii) fortnightly basis, before the end of the second day after the end of the fortnight;	Sec 17(1) & 17(2)
Deductions Check (50% Rule)	Critical Compliance: Verify that authorized deductions (PF, ESI, TDS, Fines, Advances) do not exceed 50% of the wages . If deductions exceed this limit, the excess must be carried forward to the next month.	Monthly Payroll Processing Check.	Sec 18(3)
Overtime Payment Calculation	Calculate and pay overtime wages at twice the normal rate for work performed beyond 8 hours/day or 48	Must be paid along with the	Sec 14

	hours/week. Note: Consent of the worker is mandatory for overtime.	subsequent month's wages.	
Issuance of Wages Slip	Issue a salary slip (Form V {see rule 52} usually) electronically or physically to <i>every</i> employee. It must clearly detail basic pay, allowances, overtime, and all distinct deductions.		Sec 50(3)
Contractor Wage Surveillance	The Principal Employer must ensure contractors pay wages to their deployed labour. If the contractor fails, the Principal Employer is liable to pay the dues and recover them from the contractor.	Before clearing contractor invoices.	Sec 43

B. Annual & Periodic Compliance

Activity	Detailed Requirement	Timeline	Section Ref
Statutory Bonus Payment	Pay annual bonus to eligible employees (wages below notified threshold). Range: Min 8.33% to Max 20% of allocable surplus. Note: Disqualification applies only for fraud/theft/violent conduct/sexual harassment convictions.	Within 8 months of the close of the accounting year.	Sec 26 & 39
Undisbursed Dues Management	Identify unpaid wages or bonuses of deceased employees. If no valid nomination exists, the amount must be deposited with the designated Authority mandated by the government.	As and when applicable (Event-based).	Sec 44
Unified Annual Return	File the Single Unified Annual Return reflecting details of minimum wages paid, number of employees, and bonus disbursements. This replaces separate returns for wages and bonus.		Sec 50(1)

C. Fines, Interest, Damages & Penalties (Code on Wages)

The Code emphasizes decriminalization for minor procedural lapses but imposes steeper fines for substantive violations like non-payment of wages.

Offense / Violation	Fine / Penalty	Imprisonment	Compounding	Section Ref
Paying less than Minimum Wage / Due Wages	Fine up to ₹50,000.	Nil (for first offense).	Allowed (50% of max fine).	Sec 54(1)(a)
Repeat Offense (within 5 years)	Fine up to ₹1,00,000.	Imprisonment up to 3 months .	Not Allowed.	Sec 54(1)(b)
Contravention of other provisions (e.g., Records)	Fine up to ₹20,000.	Nil.	Allowed.	Sec 54(1)(c)
Repeat of other contraventions	Fine up to ₹40,000.	Imprisonment up to 1 month .	Not Allowed.	Sec 54(1)(d)
Non-maintenance of Records/Registers	Fine up to ₹10,000.	Nil.	Allowed.	Sec 54(2)
Inspector Opportunity	Before prosecution, the Inspector <i>must</i> give the employer an opportunity to comply within a specified period (except for repeat offenses).	-	-	Sec 54(3)
Interest on Delayed Wages	While not explicitly fixed in Section 54, claims authorities can award compensation up to 10 times the claim amount (Sec 45(2)), which effectively acts as punitive interest/damages.	-	-	Sec 45(2)

2. The Code on Social Security, 2020

Consolidates: EPF Act, ESI Act, Gratuity Act, Maternity Benefit Act, Employees Compensation Act, Building & Other Construction Workers Cess Act, etc.

Core Theme: Extension of social security net to gig workers, platform workers, and unorganized sectors, along with digitization of records.

A. Monthly Fund Contributions

Activity	Detailed Requirement	Timeline	Section Ref
EPF Contribution	Deduct and deposit Employee share (12%) and Employer share (12%) to the EPFO. Ensure coverage for all eligible employees as per the new wage definition.	By 15th of the following month.	Sec 16 & 29
ESI Contribution	Deposit ESI contributions to the Corporation. Ensure coverage extends to all establishments with 10+ employees (hazardous establishments have no threshold).	By 15th of the following month.	Sec 29
Aadhaar Seeding	Mandatory: Ensure Aadhaar numbers are linked for all employees/workers to generate UAN or Insurance Numbers. No benefit can be availed without Aadhaar seeding.	At the time of joining/onboarding.	Sec 142
BOCW Cess Payment	(For Construction Projects > ₹10 Lakhs) Pay Building & Other Construction Workers (BOCW) Cess at 1-2% of the total cost of construction.	Before filing the Monthly/Quarterly return.	Sec 100
Gig Worker Contribution	(Aggregators Only): Contribute 1% to 2% of annual turnover (capped at 5% of amount payable to workers) to the Social Security Fund for gig/platform workers.	As prescribed in Central/State Rules.	Sec 114

B. Annual & Event-Based Liabilities

Activity	Detailed Requirement	Timeline	Section Ref
Gratuity Insurance Policy	(New Mandate): Every employer must obtain Compulsory Insurance from LIC or approved insurers to cover gratuity liability for all employees.	Annually (Renew policy before expiry).	Sec 57
Maternity Benefit Administration	Grant 26 weeks of paid leave. Provide work-from-home options post-leave if job nature permits. Ensure Crèche facility is available if employing >50 employees.	On occurrence of pregnancy/adoption.	Sec 60 & 67
Vacancy Reporting	Mandatory reporting of all vacancies to Career Centers (formerly Employment Exchanges) via the National Career Service (NCS) portal.	Before filling the vacancy.	Sec 139
Fixed-Term Gratuity	Pay gratuity to Fixed Term Employees (FTE) on a pro-rata basis upon contract expiry, even if the service period is less than 5 years.	Upon termination/expiry of contract.	Sec 53

C. Fines, Interest, Damages & Penalties (Social Security Code)

Violations involving employee contributions (EPF/ESI) attract the most severe penalties, including mandatory imprisonment for deducting but not depositing employee shares.

Offense / Violation	Fine / Penalty / Damages	Imprisonment	Compounding	Section Ref
Failure to Pay Employee's Contribution	Fine of ₹1,00,000.	Mandatory Imprisonment: 1 to 3 years.	Not Allowed.	Sec 133(1)(a)
Failure to Pay Employer's Contribution	Fine up to ₹50,000.	Imprisonment: 6 months to 3 years.	Allowed.	Sec 133(1)(b)

Failure to Pay Compensation/Maternity Benefit	Fine up to ₹50,000 .	Imprisonment up to 1 year .	Allowed.	Sec 133(1)(g) & (i)
Repeat Offense (Failure to Pay Dues)	Fine up to ₹3,00,000 .	Imprisonment: 2 to 5 years .	Not Allowed .	Sec 134
Damages for Default (EPF/ESI)	Recovery of damages up to 100% of arrears (capped at arrears amount).	-	-	Sec 128
Interest on Delayed Payment	Simple interest at specified rates (usually 12% p.a. or as notified) from due date till actual payment.	-	-	Sec 127
Failure to Pay Cess (Construction)	Penalty up to the amount of Cess (i.e., 100% penalty). Interest is also applicable.	Imprisonment up to 6 months (for evasion).	Allowed.	Sec 104 & 133)(l)

3. The Industrial Relations Code, 2020

Consolidates: Industrial Disputes Act, Trade Unions Act, Industrial Employment (Standing Orders) Act.

Core Theme: Ease of doing business, flexibility in hiring/firing (higher thresholds), and streamlined dispute resolution.

A. Committees & Standing Orders

Activity	Requirement	Applicability Threshold	Section Ref
Works Committee	Constitute a committee with equal representation of employer and	Establishments with ≥100 workers .	Sec 3

	workers to promote industrial peace and resolve day-to-day friction.		
Grievance Redressal Committee	Form a committee (Max 10 members) to address individual grievances. Note: There must be proportionate representation of women workers.	Establishments with ≥20 workers .	Sec 4
Standing Orders	Prepare draft Standing Orders on service conditions (shifts, leaves, discipline) and get them certified. (Or adopt Model Standing Orders).	Establishments with ≥300 workers (Threshold increased from 100).	Sec 28 & 30

B. Critical Event-Based Compliance

Activity	Detailed Requirement	Timeline	Section Ref
Notice of Change	Give formal notice to workers before changing service conditions (wage structure, shift timings, classification, withdrawal of customary concessions).	21 days prior to effecting the change.	Sec 40
Retrenchment/Lay-off	Obtain prior permission from the Appropriate Government for Lay-off, Retrenchment, or Closure.	Only if employing ≥300 workers .	Sec 77 & 79
Worker Re-skilling Fund	(New Liability): Contribute an amount equal to 15 days' wages last drawn by the retrenched worker to the "Worker Re-skilling Fund."	Within 45 days of retrenchment.	Sec 83

C. Fines, Interest, Damages & Penalties (IR Code)

The penalties here focus on illegal closures, layoffs, and unfair labor practices.

Offense / Violation	Fine / Penalty	Imprisonment	Compounding	Section Ref
Lay-off/Retrenchment/Closure w/o Permission	Fine: ₹1 Lakh to ₹10 Lakhs .	-	Allowed.	Sec 86(1)
Repeat Offense (Illegal Closure/Layoff)	Fine: ₹5 Lakhs to ₹20 Lakhs .	Imprisonment up to 6 months .	Not Allowed.	Sec 86(2)

Unfair Labour Practices	Fine: ₹10,000 to ₹2 Lakhs.	-	Allowed.	Sec 86(5)
Repeat Unfair Labour Practice	Fine: ₹50,000 to ₹5 Lakhs.	Imprisonment up to 3 months.	Not Allowed.	Sec 86(6)
Breach of Settlement/Award	Fine: ₹20,000 to ₹2 Lakhs.	Imprisonment up to 3 months or both.	Not Allowed.	Sec 86(17)
Continuing Breach	Additional Fine: ₹1,000 per day of default.	-	-	Sec 86(18)
Composition of Offences	First-time offenses punishable with fine only (or imprisonment up to 1 year) can be compounded for 50-75% of the max fine.	-	Yes	Sec 89

4. The Occupational Safety, Health (OSH) Code, 2020

Consolidates: Factories Act, Contract Labour (Regulation & Abolition) Act, Interstate Migrant Workmen Act, Building & Other Construction Workers Act, etc.

Core Theme: One License, One Return, and emphasis on health/safety standards across sectors.

A. General & Monthly Operational Compliance

Activity	Detailed Requirement	Timeline	Section Ref
Formal Appointment Letter	(MANDATORY): Issue a formal appointment letter to <i>every</i> employee (including existing staff who may not have one). This acts as proof of employment.	On joining / Within 3 months of Code enforcement.	Sec 6(1)(f)
Safety Committee	Constitute a Safety Committee with worker and employer representatives to monitor safety standards.	If ≥500 workers (Factory) or ≥250 (Construction).	Sec 22

Single License (Contract Labour)	Ensure contractor holds a valid Single License (valid for 5 years) if they work across multiple states, rather than location-specific licenses.	If contractor employs ≥50 workers .	Sec 47
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B. Annual Compliance

Activity	Detailed Requirement	Timeline	Section Ref
Free Health Check-up	Provide free annual health examinations for employees above a certain age (typically 45 years, subject to state rules) engaged in specific types of work.	Annually.	Sec 6(1)(c)
Migrant Journey Allowance	Pay a lump sum journey allowance (to and fro) to Inter-State Migrant workers for visiting their native place.	Annually.	Sec 61
Unified Annual Return	File the Single Unified Annual Return under the OSH Code, covering safety, health, and welfare details.		Sec 123 / Rules

C. Fines, Interest, Damages & Penalties (OSH Code)

Violations leading to accidents or death attract extremely high penalties, often with a portion payable to the victim's family.

Offense / Violation	Fine / Penalty	Imprisonment	Compounding	Section Ref
Obstruction of Inspector	Fine up to ₹1 Lakh.	Imprisonment up to 3 months .	Not Allowed.	Sec 95
Contravention resulting in Death	Fine: Min ₹5 Lakhs (50% paid to heirs).	Imprisonment up to 2 years .	Not Allowed.	Sec 103(1)(a)
Contravention resulting in Serious Injury	Fine: ₹2 Lakhs to ₹4 Lakhs .	Imprisonment up to 1 year .	Not Allowed.	Sec 103(1)(b)
General Penalty (No specific provision)	Fine: ₹2 Lakhs to ₹3 Lakhs .	-	Allowed.	Sec 94

Continuing Contravention	Additional Fine: ₹2,000 per day.	-	-	Sec 94
Falsification of Records	Fine up to ₹1 Lakh.	Imprisonment up to 3 months.	Not Allowed.	Sec 98
Compounding	50% of max fine (fine only); 75% of max fine (imprisonment ≤ 1 year). Amount credited to Social Security Fund.	-	Yes (First offense)	Sec 114

Operationalisation of New Labour Codes w.e.f. 21st November 2025

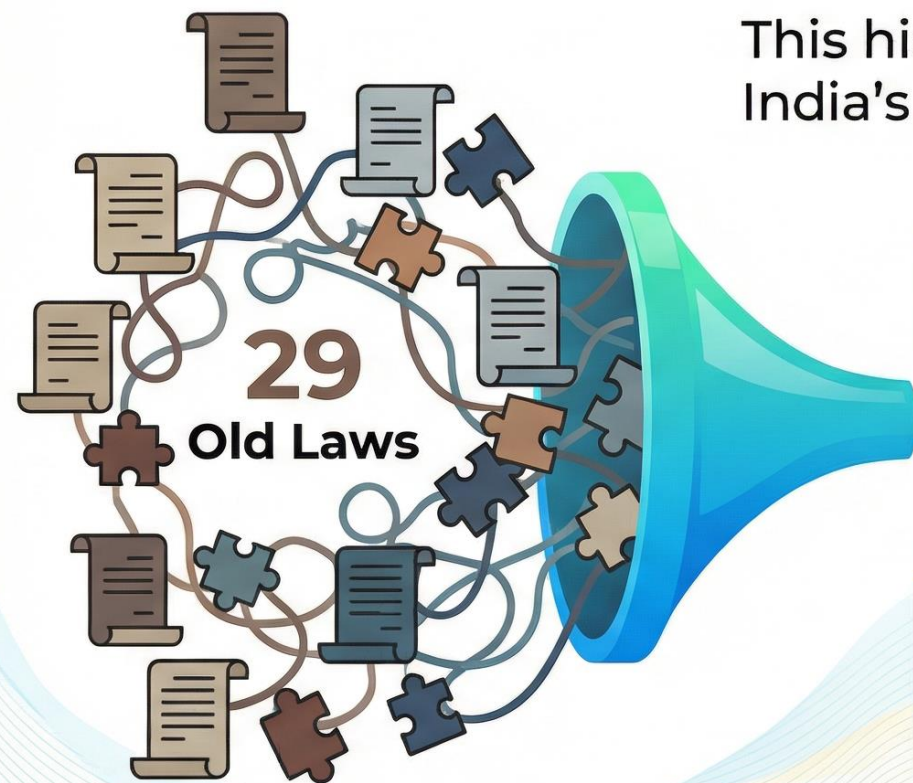
A historic and transformative change in India's regulatory landscape. Starting from 21st November 2025, the Government of India has put into effect four comprehensive Labour Codes.

These reforms aim to modernise the regulatory framework to promote 'Ease of Doing Business' through digitisation and decriminalisation, while also providing a strong social security net for the entire workforce, including the unorganised and gig sectors.

India's New Labour Codes: A Simplified Guide

29 Old Laws Streamlined into 4 New Codes

This historic reform consolidates and simplifies India's labour legislation.



1. The Code on Wages, 2019



Replaces 4 acts related to wages, bonuses, and equal remuneration.

2. The Industrial Relations Code, 2020



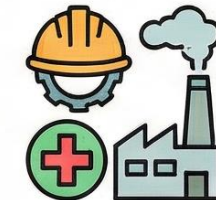
Merges 3 acts covering trade unions and dispute resolution.

3. The Code on Social Security, 2020



Subsumes 9 acts concerning social security and employee welfare.

4. The OSHW Code, 2020



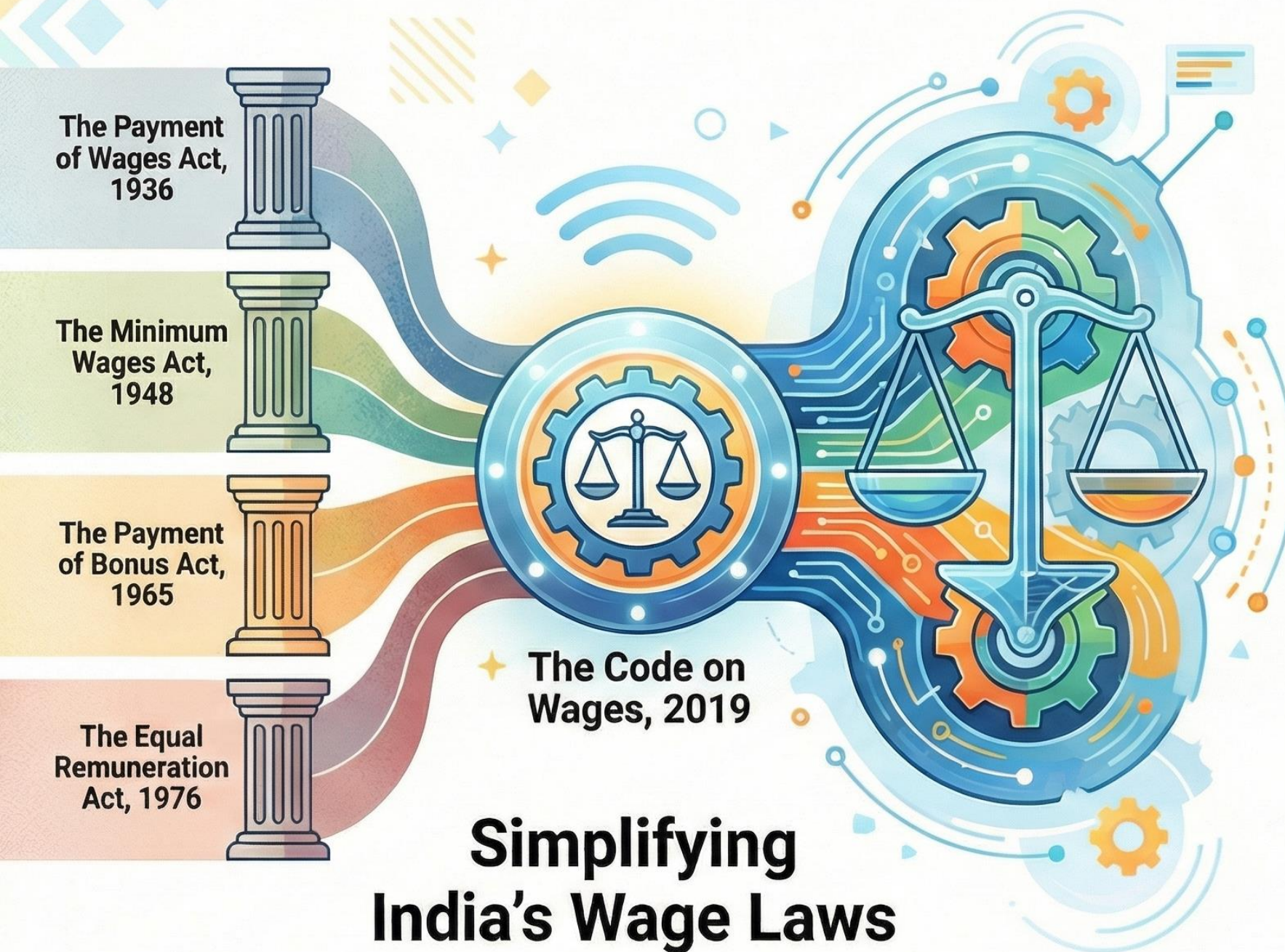
Replaces 13 acts regulating workplace safety, health, and conditions.

Executive Overview of the Four Codes

A comprehensive transformation of India's Labour law framework, consolidating 29 central Labour laws into four streamlined codes.



The Code on Wages, 2019: A Fairer Framework for India's Workforce



Four Laws Combined into One: The new code replaces four previous acts to streamline and simplify wage regulations nationwide.

Key Protections for Workers



Minimum Wage for All

The right to a minimum wage now extends to all employees in every sector.



Equal Pay for Equal Work

Prohibits wage and recruitment discrimination based on gender for performing similar work.



Guaranteed Timely Payments & Overtime

Mandates strict deadlines for wage payments and overtime pay at twice the normal rate.

A Boost for Business & Growth



Simplified Compliance Burden

Introduces single registration, a single license, and a single return for businesses.



From Inspector to Facilitator

The role shifts from enforcement-focused "inspectors" to guidance-providing "Inspector-cum-Facilitators".



Decriminalized Offenses

First-time offenses are met with civil penalties (fines) instead of criminal charges.

The Code on Wages, 2019

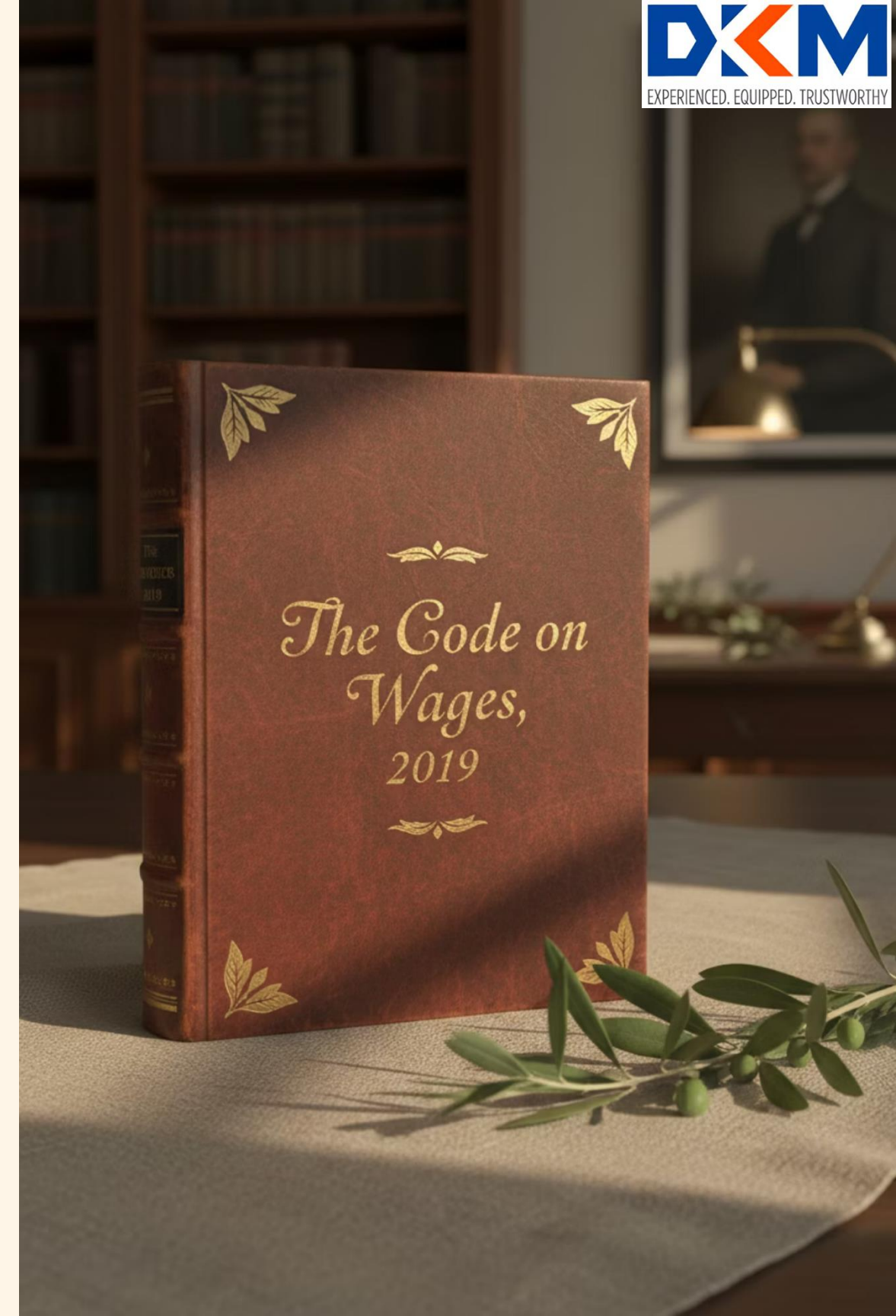
Consolidates: Payment of Wages Act, Minimum Wages Act, Payment of Bonus Act, Equal Remuneration Act.

Universal Minimum Wage Application

The statutory right to minimum wages is now extended to all employees across all sectors (organised, unorganised, commercial, and industrial). This replaces the previous fragmented system, in which minimum wages were restricted to specific "scheduled employments", leaving large sections of the workforce unprotected.

The "Floor Wage" Mechanism

The Central Government will fix a national "Floor Wage" based on minimum living standards and geographic areas.



Floor Wage: A Non-Negotiable Baseline

Implication

State governments are legally prohibited from fixing minimum wages below this floor. If a state's existing minimum wage is higher, it cannot be reduced, ensuring a non-negotiable baseline for income.



Timely Payment & Exit Compliance (High Operational Impact)

01

Wage Cycle

Wages must be paid within 7 days of the end of the wage period.

02

The 2-Day Exit Rule

In a significant tightening of compliance, Full and Final (F&F) settlement upon resignation, removal, dismissal, retrenchment, or termination must be processed within two working days.

03

Operational Consequence

This requires a complete overhaul of exit workflows. HR, Finance, and IT Asset Recovery teams must coordinate in real-time to ensure clearance is obtained and payments are processed within 48 hours, replacing the industry standard of 30–45 days.

Gender Neutrality & Inclusion

Discrimination in recruitment, wages, transfers, promotion, and working conditions based on gender is strictly prohibited for the same or similar work. The Code explicitly recognises transgender employees, ensuring they are covered by these anti-discrimination protections and requiring updates to internal policies.



India's Industrial Relations Code, 2020: A New Framework for Growth & Harmony

Consolidation & Simplification

Trade Unions Act (1926) Standing Orders Act (1946) Industrial Disputes Act (1947)

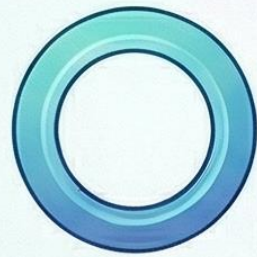


One Code Replaces Three Legacy Acts

105 Rules | 37 Forms



OLD FRAMEWORK



SIMPLICITY

51 Rules | 18 Forms

Compliance Burden Slashed for Businesses

Expanded Definition of "Worker"

Protections now cover a wider workforce, including supervisors earning up to ₹18,000/month.



Key Reforms for Workers & Industry



Formalized Fixed-Term Employment (FTE)

Allows flexible hiring while ensuring FTE workers get benefits on par with permanent employees.



New "Worker Re-Skilling Fund"

Employers contribute 15 days' wages for retrenched workers to fund their retraining.



Regulated Strikes and Lockouts

A mandatory 14-day prior notice for strikes prevents abrupt stoppages and encourages negotiation.



The Industrial Relations (IR) Code, 2020

Consolidates: Industrial Disputes Act, Trade Unions Act, Industrial Employment (Standing Orders) Act.

Fixed-Term Employment (FTE) – A Strategic Shift

FTE is now legally recognised as a distinct tenure category, offering employers flexibility in workforce planning without reliance on third-party contractors.

Parity Principle

FTE workers are entitled to the same wages, working hours, allowances, and social security benefits as permanent workers, eliminating the exploitation often associated with contract Labour.

Gratuity Incentive

Notably, FTE workers are eligible for Gratuity after just 1 year of service (a significant departure from the standard 5-year vesting period for permanent staff). This makes short-term tenures more attractive to skilled talent and allows companies to hire directly for project-based roles.

Compliance Thresholds & Scalability

Layoffs & Retrenchment

Establishments with up to 300 workers (increased from 100) may now lay off, retrench, or close units without prior government permission (subject to state notification). This reduces the exit barrier for mid-sized firms, encouraging them to scale without fear of regulatory rigidity.

300

New Threshold

Workers limit for layoffs without government permission

Standing Orders

The requirement to have certified Standing Orders (service rules) is now mandatory only for establishments with 300 or more workers, significantly reducing administrative overhead for smaller entities.

100

Previous Threshold

Old limit that restricted business flexibility

Worker Re-Skilling Fund & Strike Regulations



Worker Re-Skilling Fund

To support workforce transitions, employers must contribute an amount equal to 15 days' wages (last drawn) of a retrenched worker to a dedicated fund. This amount is credited directly to the worker to aid their upskilling during unemployment.



Strikes and Lockouts

To foster industrial stability and prevent "flash strikes," a mandatory 14-day notice is now required for strikes in all industrial establishments. Previously, this restriction applied only to "public utility services." Strikes undertaken without this notice are deemed illegal, providing employers with stronger legal recourse.

Strengthening Social Protection: India's Code on Social Security, 2020

A Unified Framework

9 Social Security Acts Consolidated into 1 Code

This streamlines the legal framework, simplifies compliance, and expands coverage.



Key Benefits for the Workforce



First-Time Coverage for Gig & Platform Workers

A dedicated Social Security Fund will provide life insurance, healthy and maternity benefits.



Nationwide EPFO & ESIC Coverage

Extends retirement and health insurance benefits to more establishments across India.



Commuting Accidents Now Covered

Accidents occurring while traveling to or from work are now considered employment-related.

Empowering Women in the Workforce



26 WEEKS of Paid Maternity Leave

Women who adopt or use surrogacy are entitled to 12 weeks of leave.



Mandatory Crèche Facility

Required for all establishments with 50 or more employees, with four visits allowed per day.



Work-from-Home Flexibility

Employers may permit women to work from home after maternity leave by mutual agreement.

Promoting Growth & Ease of Business



Digital Records & E-Compliance

All records and returns can be maintained electronically, reducing compliance costs.



Decriminalization of Minor Offenses

Imprisonment is replaced with monetary fines for many violations, encouraging compliance.



Inspector-cum-Facilitator System

Shifts focus from punitive inspections to guiding employers on compliance.

The Code on Social Security, 2020

Consolidates: EPF Act, ESI Act, Maternity Benefit Act, Gratuity Act, etc.

Universal Coverage Expansion

- **ESIC:** The Employees' State Insurance Corporation (ESIC) provides pan-India coverage to all establishments with 10 or more employees, including those in hazardous sectors, regardless of size.
- **EPFO:** The Employees' Provident Fund Organisation (EPFO) covers all establishments with 20 or more employees.



Gig & Platform Economy Recognition

For the first time, gig and platform workers (e.g., delivery partners, freelance consultants, ride-share drivers) are legally recognised.

📄 Aggregator Contribution

Aggregators (digital intermediaries) must contribute 1% to 2% of their annual turnover (capped at 5% of the amount paid to workers) toward a dedicated social security fund to provide health, injury, and maternity benefits to this workforce.



Maternity Benefits & Flexibility



Duration

Maternity leave entitlement remains at 26 weeks.



Work from Home (WFH)

The Code introduces a specific provision allowing employers to offer Work from Home options to women post-maternity leave, subject to mutual agreement. This is designed to improve the retention of female talent returning to the workforce.



Crèche Facilities

Mandatory for all establishments with 50 or more employees, regardless of gender distribution.

Commuting Accidents Coverage

New Protection

Accidents occurring during the commute between the employee's residence and workplace are now deemed to be "in the course of employment," making the employer liable for compensation under specific conditions.

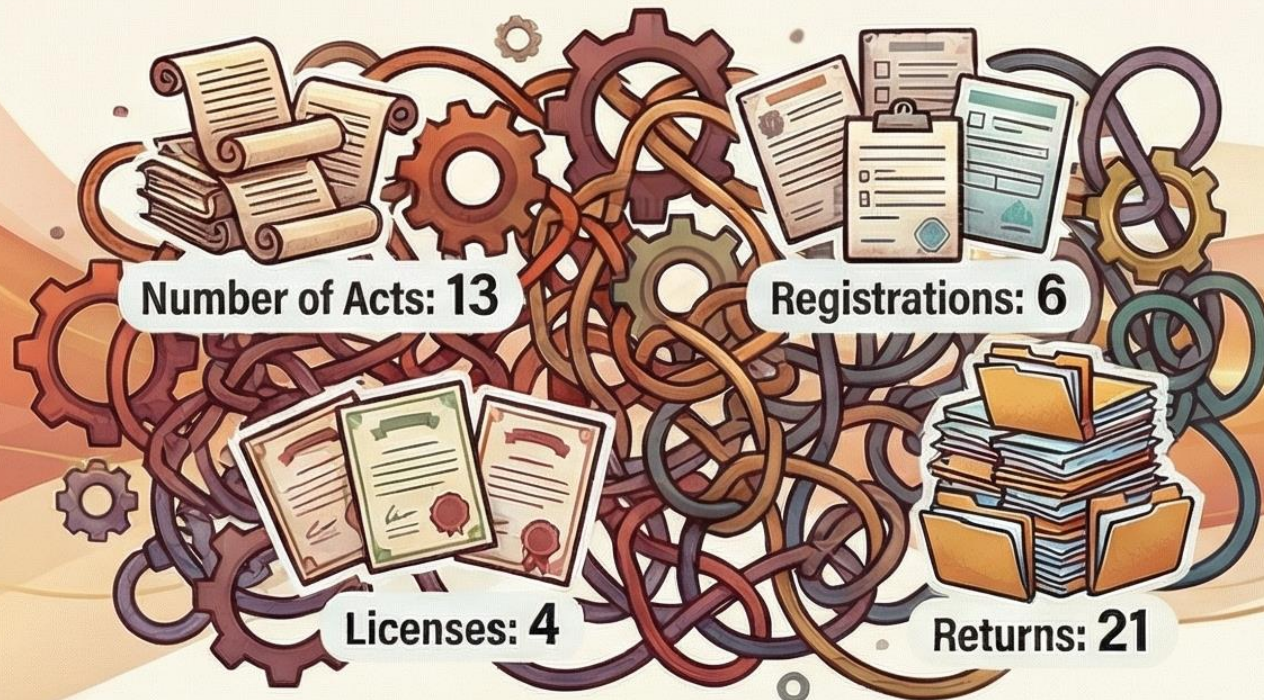


India's OSH Code 2020: A New Era for Labour Law

Simplifying 13 old labour laws for enhanced worker protection and business-friendly reforms.



FROM COMPLEXITY TO SIMPLICITY



OSH Code 2020:
1



Registrations:
1



Licenses:
1



Returns:
1

STRENGTHENING WORKER RIGHTS & SAFETY



Paid Leave Eligibility Reduced to 180 Days
Qualify for annual paid leave after 160 work days, down from 240.



Universal Safety Coverage
Health and safety protections extended to workers in all sectors.



Expanded Rights for Women Workers
Entitled to work in all establishments, including night shifts with their consent.

BOOSTING BUSINESS GROWTH & INVESTMENT



One Portal, One License, One Return
Single electronic system simplifies compliance, replacing multiple registrations and filings.



Inspector Role Shifted to 'Facilitator'
Focus moves from policing to guiding businesses, reducing 'inspector raj'.



Decriminalization of Minor Offences
Replacing criminal penalties with civil fines encourages voluntary compliance and reduces litigation.

The OSH Code (Occupational Safety, Health & Working Conditions), 2020

Consolidates: Factories Act, Contract Labour Act, Inter-State Migrant Workmen Act, etc.



One Nation, One License

The Code drastically reduces bureaucratic friction by introducing a single electronic registration for establishments and a single all-India license (valid for 5 years) for contract Labour providers. This replaces the need for multiple state-specific registrations and renewals.

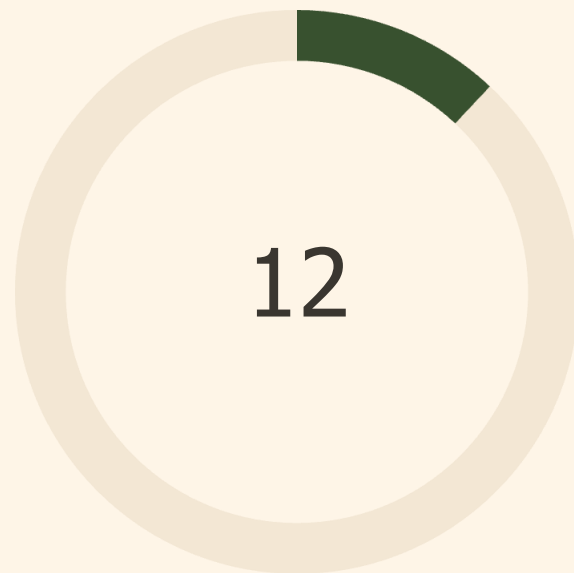


Contract Labour Threshold

The applicability threshold for the Contract Labour (Regulation and Abolition) Act has been raised from 20 to 50 workers. This exempts smaller contractors from stringent compliance requirements, potentially lowering vendors' compliance costs.

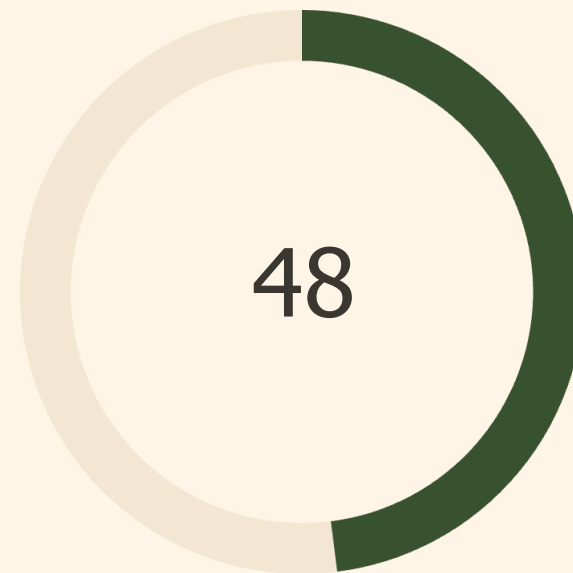
Working Hours Flexibility & The 4-Day Workweek

Working hours can be adjusted between 8 and 12 hours a day, provided the total weekly limit does not exceed 48 hours.



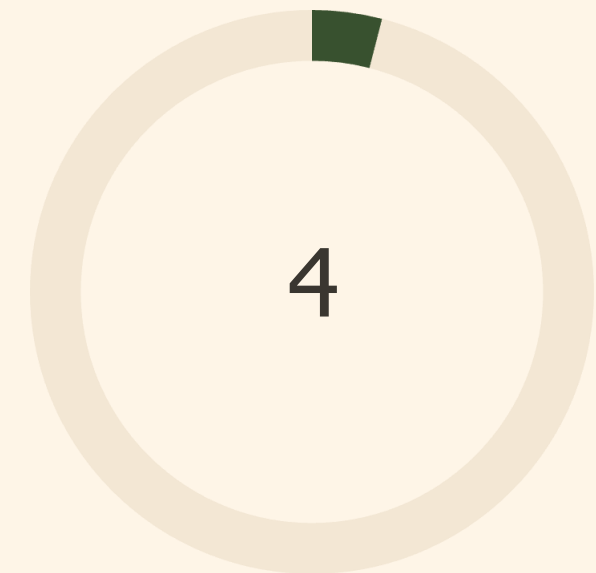
Maximum Daily Hours

Hours per day allowed under new flexibility



Weekly Limit

Total hours per week cannot exceed this



Workweek Option

Days per week possible (12 hours x 4 days)

The 4-Day Workweek

This provision legally enables a 4-day workweek (e.g., 12 hours x 4 days), allowing employees three rest days, subject to mutual agreement.

Mandatory Appointment Letters & Women in Night Shifts

Mandatory Appointment Letters

Employers are now statutorily mandated to issue formal appointment letters to every worker (including contract, temporary, and daily wage staff). This ensures transparency regarding wages, designation, and tenure.

Women in Night Shifts

Women are legally entitled to work in all establishments across all shifts (including the night shift from 7 PM to 6 AM) with their express consent. Employers must ensure strict adherence to safety, security, and transportation protocols.

Annual Health Check-up & Inter-State Migrant Workers

Annual Health Check-up: Employers are mandated to provide free annual health check-ups for employees above a specified age (typically 40+), promoting preventative healthcare.

Inter-State Migrant Workers



Expanded Definition

The definition now includes workers recruited directly by the employer, not just those hired through contractors.



Trackability

A centralised, single-worker database for all employers enables better tracking of interstate migrants during crises.



Digital Portability

Implementation of Aadhaar-based registration ensures the portability of social security benefits across state lines.



Journey Allowance

Employers must provide a lump-sum journey allowance for the worker to travel to and from their native place once a year.

The Definition of "Wages"

Impact Areas: Provident Fund (PF) Contributions, Gratuity Valuation, Leave Encashment, and ESI Liability.

One of the most important aspects of the new reforms is the consistent definition of "Wages" applicable across all four Labour Codes. Historically, "wages" were defined differently under various Acts, leading to legal disputes and complicated salary structures aimed at reducing liability.

The new Code eliminates this ambiguity by categorising remuneration into three distinct buckets: Inclusions, Specified Exclusions, and the Provisos (Limits on Exclusions).

The Three Buckets of Remuneration

1. The Core Inclusions (Always "Wages")

These components form the foundation of the wage definition and are always considered in social security calculations (PF, Gratuity, ESI).

- **Basic Pay:** The base salary.
- **Dearness Allowance (DA):** Payments made to offset the cost of living.
- **Retaining Allowance:** Payments made to retain an employee during periods of non-employment (common in factories/seasonal industries).

2. The Specified Exclusions (Conditional)

The Code explicitly lists specific components that are NOT wages, provided they do not exceed the threshold limit.

3. The Provisos (The Rules that Change Everything)

The definition includes "safety valves" to prevent employers from artificially reducing Basic Pay to lower their contribution liabilities.

The Specified Exclusions (Conditional)

a. Statutory Bonus (payable under any law).

b. Value of house accommodation, supply of light, water, medical attendance, or other amenities.

c. Employer's contribution to any Pension or Provident Fund and the interest accrued.

d. Conveyance Allowance or value of traveling concession.

e. Sums paid to defray special expenses entailed by the nature of employment.

f. House Rent Allowance (HRA).

g. Remuneration payable under any award or settlement.

h. Overtime Allowance.

i. Commission.

j. Gratuity payable on termination.

k. Retrenchment compensation or other retirement benefits.

The Provisos: The 50% Rule

The 50% Rule (First Proviso)

If the aggregate of the Specified Exclusions in **clauses (a) to (i)** exceeds 50% of the Total Remuneration, the excess amount shall be deemed as "Wages" and added back to the Core Inclusions.

Note: Gratuity (j) and Retrenchment Compensation (k) are generally outside this 50% calculation for monthly payroll, as they are terminal benefits.

Remuneration in Kind (Second Proviso)

If an employer pays a portion of remuneration in kind (e.g., food grains, goods), the value of such payment is treated as "Wages," capped at 15% of total wages.

Detailed Financial Illustration: Scenario 1

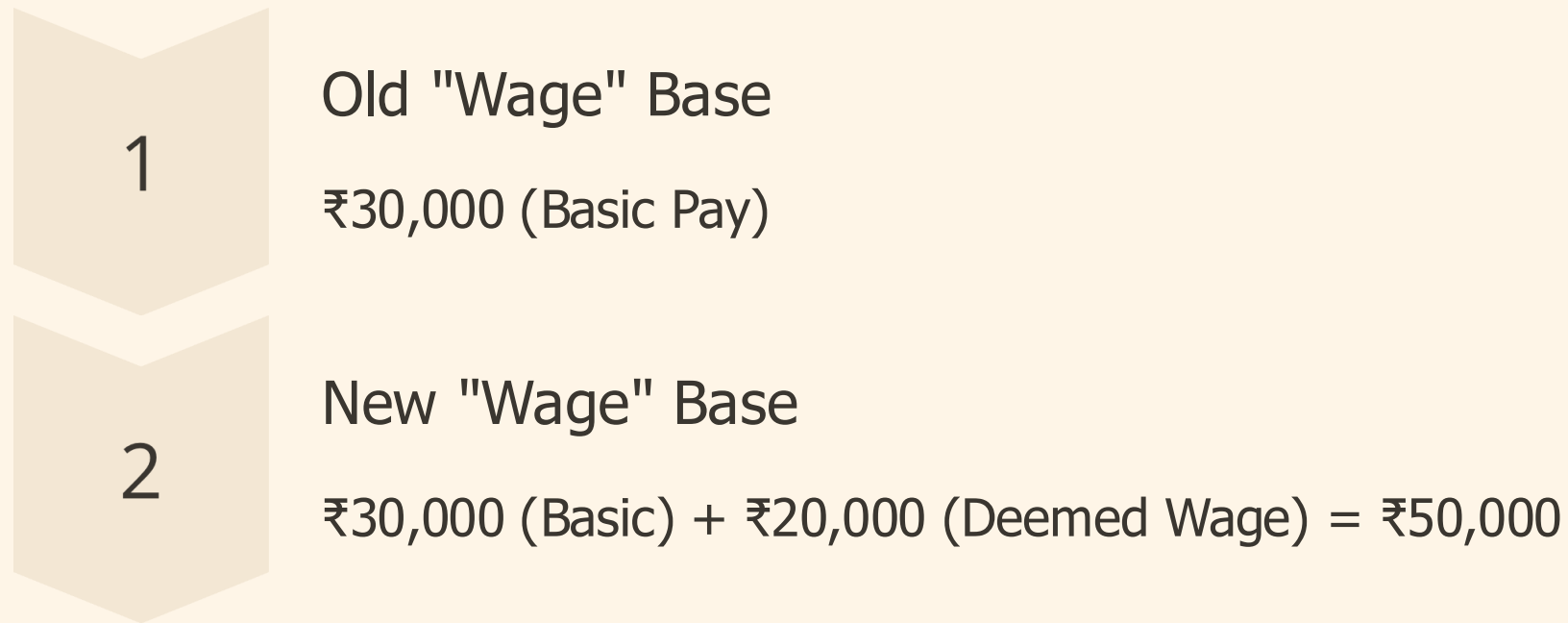
Employee Profile: Senior Manager | **Total Monthly Gross (CTC):** ₹1,00,000

Component	Amount (₹)	Classification	% of Gross
Basic Pay	30,000	Core Wage	30%
HRA	20,000	Exclusion (f)	20%
Commission	20,000	Exclusion (i)	20%
Conveyance	15,000	Exclusion (d)	15%
Overtime	15,000	Exclusion (h)	15%
Total Exclusions	70,000	(Sum of HRA to OT)	70%

The Compliance Test:

- Maximum Allowed Exclusions: 50% of ₹1,00,000 = ₹50,000
- Actual Exclusions: ₹70,000
- The Violation: Exclusions exceed the limit by ₹20,000.
- The Adjustment: This excess ₹20,000 is "Deemed Wages."

Impact on Liability: Scenario 1



Result:

- **PF Contribution (12%):** Increases from ₹3,600 to ₹6,000 per month.
- **Gratuity Liability:** Will now accrue on ₹50,000 instead of ₹30,000, significantly increasing long-term provisions.

Ease of Doing Business & Compliance Strategy

While the Codes increase certain liabilities, they offer significant procedural relief to streamline business operations and reduce litigation risks.

Immediate Action Items for Management

1

Payroll & Finance

- **Wage Impact Analysis:** Run a simulation on the entire payroll. Identify employees where Basic + DA < 50% of CTC.
- **Gratuity Provisioning:** Engage actuaries to re-calculate Gratuity liabilities based on the new "Deemed Wage" definition to prevent P&L shocks.
- **F&F Workflow:** Map the current exit process. Identify bottlenecks preventing a 2-day settlement (e.g., IT asset recovery, functional clearances) and digitize them.

2

Legal & HR

- **Contract Review:** Update employment contracts to reflect the 2-day notice period for exits, new leave policies, and the option for 4-day workweeks.
- **FTE Implementation:** Identify roles suitable for Fixed-Term Employment and draft specific FTE contracts that mirror permanent benefits to ensure validity.
- **Vendor Compliance:** Audit contract Labour vendors. Ensure they have the new Single License if applicable and are paying minimum wages to avoid Principal Employer liability.

3

Communication

- **Employee Townhall:** Proactively communicate with employees regarding potential changes in tax and take-home pay. Explain the long-term benefit of higher PF accumulation to mitigate dissatisfaction with lower net pay.

*Thank
You*



Ministry of Labour & Employment



Government Makes the Four Labour Codes effective to Simplify and Streamline Labour Laws

Four Labour Codes Herald Transformational Change: Better Wages, Safety, Social Security & Enhanced Welfare for India's Workforce

Codes lay the foundation for a protected, future-ready workforce and resilient industries, boosting employment and driving labour reforms for Aatmanirbhar Bharat

Code aligns India's labour ecosystem with global standards, ensuring social justice for all workers

Posted On: 21 NOV 2025 3:00PM by PIB Delhi

In a historic decision, the Government of India has announced that the four Labour Codes - **the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020** are being made effective from **21st November 2025**, rationalising 29 existing labour laws. By modernising labour regulations, enhancing workers' welfare and aligning the labour ecosystem with the evolving world of work, this landmark move lays the foundation for a future-ready workforce and stronger, resilient industries driving labour reforms for **Aatmanirbhar Bharat**.

Many of India's labour laws were framed in the pre-Independence and early post-Independence era (1930s–1950s), at a time when the economy and world of work were fundamentally different. While most major economies have updated and consolidated their labour regulations in recent decades, India continued to operate under fragmented, complex and in several parts outdated provisions spread across 29 Central labour laws. These restrictive frameworks struggled to keep pace with changing economic realities and evolving forms of employment, creating uncertainty and increasing compliance burden for both workers and industry. The implementation of the four Labour Codes addresses this long-pending need to move beyond colonial-era structures and align with modern global trends. Together, these Codes empower both workers and enterprises, building a workforce that is protected, productive and aligned with the evolving world of work — paving the way for a more resilient, competitive and **self-reliant nation**.

A comparison of the labour ecosystem, before and after the implementation of the Labour Codes, is as follows:

	Pre Labour Reforms	Post Labour Reforms
Formalisation of Employment	No mandatory appointment letters	Mandatory appointment letters to all workers. Written proof will ensure transparency, job security, and fixed employment.
Social Security Coverage	Limited Social Security Coverage	Under Code on Social Security, 2020 all workers including gig & platform workers to get social security coverage. All workers will get PF, ESIC, insurance, and other social security benefits.
Minimum Wages	Minimum wages applied only to scheduled industries/employments; large sections of workers remained uncovered	Under the Code on Wages, 2019, all workers to receive a statutory right minimum wage payment . Minimum wages and timely payment will ensure financial security.
Preventive Healthcare	No legal requirement for employers to provide free annual health check-ups to workers	Employers must provide all workers above the age of 40 years with a free annual health check-up . Promote timely preventive healthcare culture
Timely Wages	No mandatory compliance for employers payment of wages	Mandatory for employers to provide timely wages , ensuring financial stability, reducing work stress and boosting overall morale of the workers.

Women workforce participation	Women's employment in night shifts and certain occupations was restricted	<p>Women are permitted to work at night and in all types of work across all establishments, subject to their consent and required safety measures.</p> <p>Women will get equal opportunities to earn higher incomes – in high paying job roles.</p>
ESIC coverage	ESIC coverage was limited to notified areas and specific industries; establishments with fewer than 10 employees were generally excluded, and hazardous-process units did not have uniform mandatory ESIC coverage across India	<p>ESIC coverage and benefits are extended Pan-India - voluntary for establishments with fewer than 10 employees, and mandatory for establishments with even one employee engaged in hazardous processes.</p> <p>Social protection coverage will be expanded to all workers.</p>
Compliance Burden	Multiple registrations, licenses and returns across various labour laws.	<p>Single registration, PAN-India single license and single return.</p> <p>Simplified processes and reduction in Compliance Burden.</p>

Benefits of Labour Reforms Across Key Sectors:

1. Fixed-Term Employees (FTE):

- FTEs to receive **all benefits equal to permanent workers**, including leave, medical, and social security.
- **Gratuity eligibility after just one year**, instead of five.
- **Equal wages** as permanent staff, increasing income and protection.
- Promotes direct hiring and reduces excessive contractualisation.

2. Gig & Platform Workers:

- 'Gig work', 'Platform work', and 'Aggregators' **have been defined for the first time**.
- Aggregators must contribute **1–2% of the annual turnover**, capped at 5% of the amount paid/payable to gig and platform workers.
- Aadhaar-linked Universal Account Number will make welfare benefits easy to access, fully portable, and available across states, regardless of migration.

3. Contract Workers:

- **Fixed-term employees (FTE) will increase employability and ensure social security, legal protection like benefits equal to permanent employees.**
 - Fixed-term employees will become eligible for gratuity after one year of continuous service.
 - **Principal employer will provide health benefits and social security benefits to contract workers.**
- **Workers to get free annual health check-up.**

4. Women Workers:

- **Gender discrimination legally prohibited.**
- **Equal pay for equal work** ensured.
- Women are **permitted to work night shifts and in all types of work** (including underground mining and heavy machinery), **subject to their consent** and mandatory safety measures.
- Mandatory women's representation in grievance redressal committees
- Provision to add parents-in-law in Family Definition of Female employees, expanding dependent coverage and ensuring inclusivity.

5. Youth Workers:

- **Minimum wage is guaranteed for all workers.**
- All workers to get **appointment letters**, - promoting social security, employment history and formal employment.
- Worker exploitation by employers is prohibited—payment of wages during leave has been made mandatory.
- To ensure a decent standard of living, workers will receive wages as per the **floor wage** determined by the Central Government.

6. MSME Workers:

- All MSME workers covered under the **Social Security Code, 2020**, eligibility based on employee count.
- **Minimum wage guaranteed for all workers.**
- **Workers will have access to facilities such as canteens, drinking water, and rest areas.**
- **Provisions for standard working hours, double overtime wages, and paid leave.**
- Timely wage payment ensured.

7. Beedi & Cigar Workers:

- **Minimum wages** guaranteed for all.
- Working hours capped at **8 -12 hours per day, 48 hours per week has been capped.**
- Overtime Work beyond prescribed hours, to be consent based and pay at least double the normal wage rate.
- Timely payment of wages ensured.
- **Workers eligible for Bonus** after completing 30 days of work in a year.

8. Plantation Workers:

- **Plantation workers are now brought under the OSHWC Code and the Social Security Code.**
- Labour Codes apply to plantations with more than 10 workers or 5 or more hectares.

- **Mandatory safety training on handling, storing, and using chemicals.**
- **Protective equipment mandatory** to prevent accidents and chemical exposure.
- Workers and their families **to get full ESI medical facilities; Education facilities** for their children are also guaranteed.

9. Audio-Visual & Digital Media Workers:

- **Digital and audio-visual workers, including journalists in electronic media, dubbing artists, and stunt persons will now receive full benefits.**
- **Mandatory appointment letter for all workers** - clearly stating their designation, wages, and social security entitlements.
- **Timely payment of wages** ensured.
- **Overtime Work beyond prescribed hours, to be consent based and pay at least double the normal wage rate.**

10. Mine Workers:

- **The Social Security Code treats certain commuting accidents as employment-related, subject to conditions of time, and place of employment.**
- Central Government notified standards to **standardize workplace occupational safety and health conditions.**
- **Health safety for all workers will be ensured.** Free annual health check-up will be provided.
- **Limit on working hours** set to 8 to 12 hours per day, 48 hours per week to ensure health and work-life balance.

11. Hazardous Industry Workers:

- All workers will receive **free annual health check-ups.**
- **Central Government** will frame **national standards** for better safety of workers.
- **Women can work in all establishments**, including underground mining, heavy machinery, and hazardous jobs, ensuring equal job opportunities for all.
- Mandatory safety committee at each site for on-site safety monitoring, and safe handling of hazardous chemicals ensured.

12. Textile Workers:

- All **Migrant Workers** (direct, contractor-based and self-migrated) to get **Equal wages, welfare benefits** and PDS portability benefits.
- Workers can raise claims for upto 3 years for settlement of pending dues, facilitating flexible and easy resolution.
- Provision for **double wages for workers for overtime work.**

13. IT & ITES Workers:

- **Release of Salary mandatory by the 7th of every month.** Transparency and trust ensured.
- **Equal pay for equal work made mandatory**, women's participation is strengthened.
- Facility for **women to work night shifts** in all establishments – women to get **opportunity to earn higher wages.**
- **Timely resolution** of harassment, discrimination, and wage related disputes.

- **Guarantee of social security benefits through fixed-term employment and mandatory appointment letters.**

14. Dock Workers:

- All Dock workers to **get formal recognition, Legal Protection.**
- Mandatory appointment letters to guarantee social security benefits.
- **Provident fund, pension, and insurance benefits ensured for all**, whether contract or temporary dock workers.
- Employer-funded annual health check-ups **mandatory.**
- **Dock workers to get mandatory medical facilities, first aid, sanitary and washing areas, etc., to ensure decent work conditions and safety.**

15. Export Sector Workers:

- **Export sector fixed term workers to receive gratuity, provident fund (PF), and other social security benefits.**
- Every worker to have the option of availing **annual leaves after 180 days of work in a year.**
- Every worker to get right to **timely wage payment and no unauthorized wage deductions and no wage ceiling restrictions.**
 - Women allowed to **work in night shifts** with consent, ensuring opportunity to earn higher income.
 - **Safety and welfare measures** include mandatory written consent, double wages for overtime, safe transportation, CCTV surveillance, and security arrangements.

Beyond the major welfare initiatives already highlighted, the Labour Codes introduce several further reforms that strengthen worker protection and simplify compliance for employers:

- **National Floor Wage** to ensure no worker receives a wage below the minimum living standard.
- **Gender-neutral pay and job opportunities**, explicitly prohibiting discrimination—including against transgender persons.
- **Inspector-cum-Facilitator system**, shifting enforcement towards guidance, awareness and compliance support rather than punitive action.
- **Faster and predictable dispute resolution**, with two-member Industrial Tribunals and the option to approach tribunals directly after conciliation.
- **Single registration, single licence and single return** across safety and working-conditions requirements, replacing multiple overlapping filings.
- **National OSH Board** to set harmonised safety and health standards across sectors.
- **Mandatory safety committees in establishments with 500+ workers**, improving workplace accountability.
- **Higher factory applicability limits**, easing regulatory burden for small units while retaining full safeguards for workers.

In line with the wide-ranging consultations carried out during the drafting of the Labour Codes, the Government will likewise engage the public and stakeholders in the framing of the corresponding rules, regulations, schemes, etc. under the Codes. During transition, the relevant provisions of the existing labour Acts and their respective rules, regulations, notifications, standards, schemes, etc. will continue to remain in force.

Over the past decade, India has expanded social-security coverage dramatically, rising from about 19% of the workforce in 2015 to more than 64% in 2025, ensuring that protection and dignity reach workers across the country, and also earning recognition in the global arena for this milestone achievement in social protection. The implementation of the four Labour Codes marks the next major step in this trajectory, further widening the social-security net and embedding portability of benefits across states and sectors. With expanded social security, stronger protections and nationwide portability of entitlements, the Codes place workers, especially women, youth, unorganised, gig and migrant workers, firmly at the centre of labour governance. By reducing compliance burden and enabling flexible, modern work arrangements, the Codes boost employment, skilling and industry growth, reaffirming the Government's commitment to a pro-worker, pro-women, pro-youth and pro-employment labour ecosystem.

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India's Labour Reforms: Simplification, Security, and Sustainable Growth

21st November, 2025

Key Takeaways

- The Government has consolidated 29 labour laws into four comprehensive Labour Codes.
- The four Labour Codes include the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020.
- The historic reform streamlines compliance, modernizes outdated provisions, and creates a simplified, efficient framework that promotes ease of doing business while safeguarding workers' rights and welfare.

Labour at the Core of India's Growth

The empowerment of labour forms the cornerstone of an empowered, prosperous, and Aatmanirbhar India. Reflecting this vision, employment in India has shown remarkable growth—rising from 47.5 crore in 2017–18 to 64.33 crore in 2023–24, a net addition of 16.83 crore jobs in just six years. During the same period, the unemployment rate declined sharply from 6.0% to 3.2%, and 1.56 crore women entered the formal workforce, underscoring the Government's emphasis on inclusive and sustained labour empowerment. The positive outlook of the labour market has also led to a broader socio-economic transformation, mirrored by declining proportion of people below the international poverty line. Additionally, India's social protection system has expanded rapidly to become one of the largest globally.

Labour is a key driver of economic growth and development. In order to simplify and strengthen the framework governing workers' rights, the Government consolidated 29 labour laws into four comprehensive Labour Codes- **namely, the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020.** This historic reform ensures that workers gain easier access to security, dignity, health, and welfare measures, reinforcing **India's commitment to a fair and future-ready labour ecosystem.**



Rationale Behind Codification of Existing 29 Labour Laws

Reforms in labour laws are an ongoing process. The Government continuously works to modernize and streamline the legislative framework in line with the evolving economic and industrial landscape of the country. **The codification of 29 existing labour laws into four Labour Codes was undertaken to address long-standing challenges and make the system more efficient and contemporary.** The codification aims to enhance ease of doing business, promote employment generation, ensure safety, health, social & wage security for every worker.

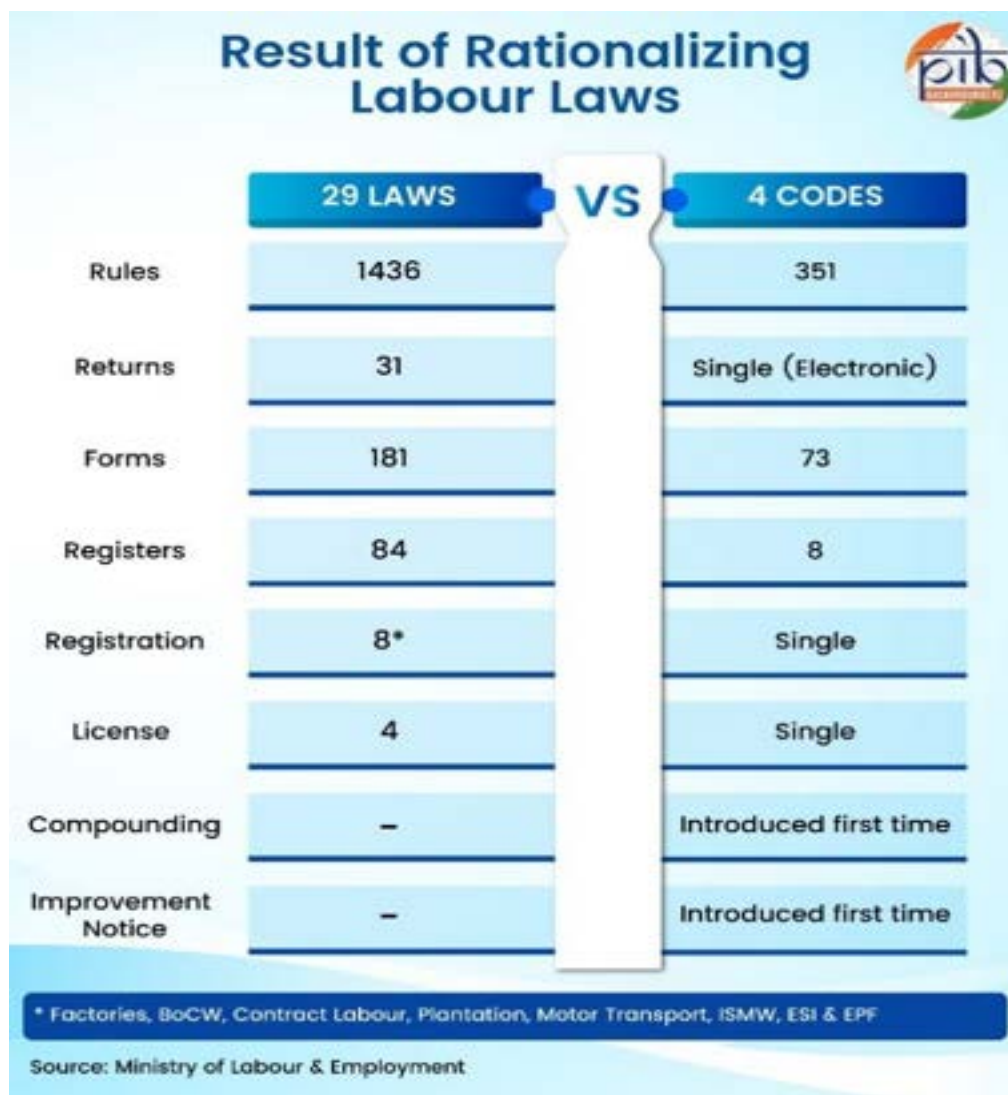
The key reasons behind this reform include:

- **Simplifying compliance:** Multiplicity of laws leads to difficulty in compliance.
- **Streamlining enforcement:** Multiplicity of authorities in different labour laws led to complexity and difficulty in enforcement.
- **Modernizing outdated laws:** Most labour legislations were framed during the pre-Independence era, necessitating alignment with today's economic realities and technological advancements.

Formulation of 4 Labour Codes

The second National Commission on Labour had recommended that the existing Labour Laws should be broadly grouped into four/ five Labour Codes on functional basis. Accordingly, the Ministry of Labour & Employment started the exercise to rationalize, simplify and amalgamate the relevant provisions of the labour laws in four codes. The four Labour Codes were enacted after the deliberations held in the **tripartite meeting of the Government, employers', industry representatives and various trade unions** during 2015 to 2019. The Code on Wages, 2019 was notified on 8th August, 2019 and the remaining three Codes were notified on 29th September, 2020.

An important reason of rationalizing labour laws via codification was to simplify the registration, licensing framework by introducing the concept of a **Single Registration, Single License, and Single Return**, thereby reducing the overall compliance burden to spur employment.



Code 1: The Code of Wages, 2019

The Code on Wages, 2019 seeks to simplify, consolidate, and rationalize the provisions of four existing laws- *The Payment of Wages Act, 1936*; *The Minimum Wages Act, 1948*; *The Payment of Bonus Act, 1965*; and *The Equal Remuneration Act, 1976*. It **aims to strengthen workers' rights while promoting simplicity and uniformity in wage-related compliance for employers.**

MAJOR HIGHLIGHTS

Universal Minimum Wages: The Code establishes a statutory right to minimum wages for all employees across both organized and unorganized sectors. Earlier, the Minimum Wages Act applied only to scheduled employments covering ~30% of workers.

Introduction of Floor Wage: A statutory floor wage shall be set by the Government based on minimum living standards, with scope for regional variation. No state can fix minimum wages below this level, ensuring uniformity and adequacy nationwide.

Criteria for Wage Fixation: Appropriate Governments will determine minimum wages considering workers' skill levels (unskilled, skilled, semi-skilled and highly skilled), geographic areas, and job conditions such as temperature, humidity, or hazardous environments.

Gender Equality in Employment: Employers shall not discriminate on the basis of gender, including transgender identity, in recruitment, wages, and employment conditions for similar work.

Universal Coverage for Wage Payment: Provisions ensuring timely payment and preventing un-authorized deductions will apply to all employees, irrespective of wage limits (currently applicable only to employees earning up to ₹24,000/month).

Overtime Compensation: Employers must pay all employees overtime wages at least twice the normal rate for any work done beyond the regular working hours.

Responsibility for Wage Payment: Employers, including companies, firms, or associations, shall pay wages to employees employed by them. Failure to do so makes the proprietor/ entity liable for unpaid wages.

Inspector-cum-Facilitator: The traditional role of "Inspector" is replaced with "Inspector-cum-Facilitator," emphasizing guidance, awareness, and advisory roles alongside enforcement to improve compliance.

Compounding of Offences: First-time, non-imprisonable offences can be compounded by paying a penalty. Repeat offences within five years, however, cannot be compounded.

Decriminalization of Offences: The Code replaces imprisonment for certain first-time offences with monetary fines (up to 50% of the maximum fine), making the framework less punitive and more compliance-oriented.

Code 2: The Industrial Relations Code, 2020

The Industrial Relations Code (IR Code) has been prepared after amalgamating, simplifying and rationalizing the relevant provisions of the *Trade Unions Act, 1926*, the *Industrial Employment (Standing Orders) Act, 1946* and the *Industrial Disputes Act, 1947*. The Code acknowledges the fact that survival of worker depends upon survival of industry. In this backdrop, it **simplifies laws related to trade unions, conditions of employment in industrial establishment or undertaking, investigation and settlement of industrial disputes.**

MAJOR HIGHLIGHTS

Fixed Term Employment (FTE): Allows direct, time-bound contracts with full parity in wages and benefits; gratuity eligibility after one year. The provision reduces excessive contractualization and offers cost efficiency to employers.

Re-skilling Fund: To train retrenched employees, this fund has been set up from the contribution to be made by an industrial establishment for an amount equal to 15 days' wages for every worker retrenched. This is in addition to retrenchment compensation. The amount will be credited to the workers account within 45 days of retrenchment.

Trade Union Recognition: Unions with 51% membership get recognition as the Negotiating Union; otherwise, a Negotiating Council is formed from unions, not less than 20% membership of trade union. Such an arrangement strengthens collective bargaining.

Expanded Worker Definition: Covers sales promotion staff, journalists, and supervisory employees earning up to ₹18,000/month.

Broader Definition of Industry: Includes all systematic employer-employee activities, regardless of profit or capital, widening access to labour protections.

Higher Threshold for Lay-off/Retrenchment/Closure: Approval limit raised from 100 to 300 workers; States may enhance the limit further. The provision will simplify compliance and contribute to formalization.

Women's Representation: Ensures proportional representation of women in grievance committees for gender-sensitive redressal.

Standing Orders Threshold: Raised from 100 to 300 employees, easing compliance and enabling flexible workforce management.

Work-from-Home Provision: Permitted in service sectors by mutual consent, improving flexibility.

Industrial Tribunals: Two-member tribunals consisting of judicial and administrative member for quicker dispute resolution.

Direct Tribunal Access: Parties may approach tribunals directly after failed conciliation within 90 days.

Notice for Strikes/Lockouts: Mandatory 14-day notice for all establishments to promote dialogue and minimize disruptions.

Expanded Definition of Strike: Includes "mass casual leave also within its ambit" to prevent flash strikes and ensure lawful action.

Decriminalization & Compounding: Minor offences made compoundable with monetary penalties, promoting compliance over prosecution.

Digital Processes: Enables electronic record-keeping, registration, and communication for transparency and efficiency.

Code 3: The Code on Social Security, 2020

The Code on Social Security incorporates existing nine Social Security Acts viz; *The Employee's Compensation Act, 1923*; *The Employees' State Insurance Act, 1948*; *The Employees' Provident Funds and Miscellaneous Provisions Act, 1952*; *The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959*; *The Maternity Benefit Act, 1961*; *The Payment of Gratuity Act, 1972*; *The Cine-Workers Welfare Fund Act, 1981*; *The Building and Other Construction Workers' Welfare Cess Act, 1996* and; *The Unorganised Workers' Social Security Act, 2008*. **The Code extends social security to all workers**- including unorganized, gig, and platform workers- covering life, health, maternity, and provident fund benefits, while introducing digital systems and facilitator-based compliance for greater efficiency.

MAJOR HIGHLIGHTS

Expanded ESIC (Employees' State Insurance) Coverage: ESIC now applies pan-India, eliminating the criteria of "notified areas." Establishments with fewer than 10 employees may voluntarily opt in with mutual consent of employers and employees. Coverage would be mandated for hazardous occupation and extended to plantation workers.

Time-bound EPF (Employees' Provident Fund) Inquiries: A five-year limit has been set for initiating EPF inquiries and recovery proceedings, to be completed within two years (extendable by one). Suo-moto reopening of cases has been abolished, ensuring timely resolution.

Reduced EPF Appeal Deposit: Employers appealing EPFO orders now need to deposit only 25% of the assessed amount (down from 40–70%), reducing financial burden and ensuring ease of business and access to justice.

Self-assessment for Construction Cess: Employers can now self-assess cess liabilities in respect to Building and Other Construction Work, previously assessed by the notified Government authority. It reduces procedural delays and official intervention.

Inclusion of Gig and Platform Workers: New definitions are included- "aggregator," "gig worker," and "platform worker" to enable social security coverage. Aggregators to contribute 1-2% of annual turnover (capped at 5% of payments to such workers).

Social Security Fund: A dedicated fund to finance schemes for unorganised, gig, and platform workers, covering life, disability, health, and old-age benefits has been proposed. The amount collected through the compounding of offences will be credited to this Fund and used by the Government.

Expanded Definition of Dependents: Coverage extended to maternal grandparents and in case of female employees it also includes dependent parents-in-law, broadening family benefit access.

Uniform Definition of Wages: “Wages” now include basic pay, dearness allowance, and retaining allowance; 50% of the total remuneration (or such percentage as may be notified) shall be added back to compute wages, ensuring consistency in calculating gratuity, pension, and social security benefits.

Commuting Accidents Covered: Accidents during travel between home and workplace are now deemed employment-related, qualifying for compensation.

Gratuity for Fixed-Term Employees: Fixed-term employees become eligible for gratuity after one year of continuous service (earlier five years).

Inspector-cum-Facilitator System: Introduces randomized web-based, algorithm-driven inspections for transparency and wider compliance. Inspectors now act as facilitators to support adherence and reduce harassment.

Decriminalization & Monetary Fines: The code has replaced imprisonment with monetary fines for certain offences. The employer will be given mandatory 30 days’ notice for compliance before taking any legal action.

Compounding of Offences: First-time offences punishable with fines are compoundable- for fine-only: 50% of maximum fine and for fine/imprisonment cases: 75% of maximum fine- reducing litigation and improving ease of doing business.

Digitization of Compliance: Mandates electronic maintenance of records, registers, and returns, cutting costs and improving efficiency.

Vacancy Reporting: Employers shall report vacancies to specified career centres before recruitment, promoting transparency in employment opportunities.

Code 4: The Occupational Safety, Health and Working Conditions Code 2020

The Code has been drafted after amalgamation, simplification and rationalization of the relevant provisions of the 13 Central Labour Acts- *The Factories Act, 1948; The Plantations Labour Act, 1951; The Mines Act, 1952; The Working Journalists and other Newspaper Employees (Conditions of Service and Miscellaneous Provisions) Act, 1955; The Working Journalists (Fixation of Rates of Wages) Act, 1958; The Motor Transport Workers Act, 1961; The Beedi and Cigar Workers (Conditions of Employment) Act, 1966; The Contract Labour (Regulation and Abolition) Act, 1970; The Sales Promotion Employees (Conditions of Service) Act, 1976; The*

Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979; The Cine-Workers and Cinema Theatre Workers (Regulation of Employment) Act, 1981; The Dock Workers (Safety, Health and Welfare) Act, 1986 and; The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996.

The Code balances the twin objectives of **safeguarding worker rights and safe working conditions, and creating a business-friendly regulatory environment**. This will spur economic growth and employment thereby, making India's labour market more efficient, fair, and future-ready.

MAJOR HIGHLIGHTS

Unified Registration: A uniform threshold of 10 employees is set for electronic registration. One registration for an establishment has been envisaged in place of 6 registrations in the Acts. This will create a centralised database and promote ease of doing business.

Extension to Hazardous Work: The Government can extend the Code's provisions to any establishment, even with one employee, engaged in hazardous or life-threatening occupations.

Simplified Compliance: Introduces one license, one registration, one return framework for the establishments, reducing redundancy and compliance burden.

Wider Definition of Migrant Workers: The definition of inter-state migrant workers (ISMW) now covers workers employed directly, through contractors, or migrate on their own. Establishments must declare the number of ISMW. Benefits include: a lump-sum annual travel allowance to native place once in 12 months and portability of public distribution system and social security benefits across states along with access to a toll-free helpline.

Health and Formalization: Free annual health check-ups for employees,

Formalization via appointment letters: Appointment letters specifying job details, wages, and social security will be given to enhance transparency and accountability.

Women's Employment: Women can work in all types of establishments and during night hours (before 6AM, beyond 7PM) with consent and safety measures, fostering equality and inclusion.

Expanded Media Worker Definition: "Working journalists" and "cine workers" now include employees in electronic media and all forms of audio-visual production.

National Database for Unorganised Workers: A national database to be developed for unorganized workers including migrants to help migrant workers get jobs, map their skills and provide other social security benefits.

Victim Compensation: Courts can direct at least 50% of fines imposed on offenders to be paid as compensation to victims or their legal heirs in case of injury or death.

Contract Labour Reform: Applicability threshold has been raised from 20 to 50 contract workers. All India license valid for 5 years against work-order based license to be provided to the contractor.

For contract labour, beedi and cigar manufacturing and factory: a common license is envisaged and provision of deemed license after expiry of prescribe period is introduced. Moreover, the license shall be auto-generated. Provision of contract labour board has been done away with and provision for appointment of designated authority to advise matters on core and non-core activities is introduced.

Safety Committees: Establishments with 500 or more workers will form safety committees with employer-worker representation, enhancing workplace safety and shared accountability.

National Occupational Safety & Health Advisory Board: A single tripartite advisory board replaces six earlier boards to set national safety and health standards across sectors, ensuring uniformity and quality.

Decriminalisation & Compounding of Offences: Offences punishable by fine only to be compounded by paying 50% of the maximum fine; those involving imprisonment or fine or both by 75%. Criminal penalties (imprisonment) replaced by civil penalties like monetary fines, promoting compliance over punishment.

Revised Factory Thresholds: Applicability increased from 10 to 20 workers (with power) and 20 to 40 workers (without power), reducing compliance burden for small units.

Social Security Fund: Establishes a fund for unorganised workers, financed through penalties and compounding fees, for their welfare and benefit delivery.

Contract Labour- Welfare & Wages: Principal employers to provide welfare facilities like health and safety measures to contract workers. If the contractor fails to pay wages, the principal employer has to pay unpaid wages to the contract labour.

Working Hours & Overtime: Normal working hours capped at 8 hours/day and 48 hours/week. Overtime allowed only with worker consent and paid at twice the regular rate.

Inspector-cum-Facilitator System: Inspectors will now act as facilitators with an objective to help employers comply with law, rules and regulations rather than merely policing them.

The Transformative Power of Labour Codes

India's new Labour Codes make labour laws simpler, fairer, and more in tune with today's work environment. They **protect workers' rights, improve safety and social security, make it easier for businesses to comply with rules, and create more job opportunities in a growing economy**. The enacted Labour Codes bring out following transformations in the labour market:

- **Align labour laws with the current economic scenario** by modernizing regulations in accordance with evolving work patterns, technological advancements, and economic realities.
- **Ensure the safety, health, social security, and wage security of every worker** through a unified and comprehensive framework encompassing all categories of workers.

- **Enhance employment opportunities** by simplifying procedures and fostering a business-friendly environment that promotes investment and economic growth.
- **Facilitate easier compliance** by introducing uniform definitions, single registration, single return, and simplified online systems for seamless adherence.
- **Encourage the use of technology** in the administration of labour laws through digital registration, licensing, and inspections for improved efficiency and transparency.
- **Strengthen transparency and accountability** in enforcement through online, risk-based inspection mechanisms and objective implementation processes.
- **Achieve simplification, harmonization, and rationalization** of the regulatory framework by consolidating multiple labour laws into four comprehensive Codes, ensuring consistency and reducing administrative burden.

Conclusion

Establishment of the new Labour Codes marks a transformative step in India's labour landscape—one that balances the welfare of workers with the efficiency of enterprises. These provisions simplify compliance, promote safety, and ensure fairness in wages. Moreover, these reforms lay the foundation for a more equitable, transparent, and growth-oriented economy. They reaffirm India's commitment to fostering a modern labour ecosystem that empowers both workers and industry, paving the way for inclusive and sustainable progress.

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Code on Wages, 2019

Safeguards Workers, Induces Growth, Empowers Women & Enhances Employment

23rd November, 2025

Introduction

The Government of India remains committed to **promoting equality and social justice** through **inclusive policies and programmes** that uplift all sections of the society. The Ministry of Labour and Employment aims to enhance **employment opportunities** in a sustainable manner by providing **decent working conditions** and **quality of life**.

The second National Commission on Labour had recommended that the existing Labour Laws should be broadly grouped into four or five Labour Codes on functional basis. Consequently, **the Code on Wages, 2019** is one of the four codes of the labour laws that has been enacted. The Code on Wages, 2019 is a step to **advance equity and labour welfare** while **ensuring enterprise sustainability**. It **standardizes definitions of key terms** and **streamlines procedures, reducing ambiguity** and **ensuring faster, time bound justice for employers**. The bigger aim of the labour reforms is to drive economic growth through generation of decent employment opportunities for all.

The Code on Wages, 2019: Laws Subsumed

The Code on Wages, 2019, amalgamates 4 wages and payment related labour laws viz. **The Payment of Wages Act, 1936**, **The Minimum Wages Act, 1948**, **The Payment of Bonus Act, 1965** and **The Equal Remuneration Act, 1976**. It strikes a balance between protecting the rights of workers and facilitating ease of compliance for employers. The Code introduces key reforms to streamline and strengthen labour regulation.



The Code safeguards employee interests through fair wages, social security, and protection against exploitation, ensuring dignity and stability at work. It supports women workers through equal pay and representation, fostering inclusive participation. By ensuring fair wages and social security for all

workers, it drives productivity and labour welfare. Together, these measures strengthen economic growth, employment generation, and workplace equity.

DID YOU KNOW?

The Labour Reforms simplify the registration and licensing framework by introducing the concept of a **Single Registration, Single License, and Single Return**, thereby reducing the overall compliance burden to improve employment.

The **Code on Wages, 2019** has reduced the number of rules from 163 to 58, number of forms from 20 to 6 and number of registers from 24 to 2.

Ensuring Fair and Minimum Wages

Universalisation of Minimum wages

Section 5 of the Code on Wages, 2019 establishes a statutory right to **minimum wages** for **all employees**, extending its coverage to every sector, both **organised and unorganised**. Earlier, the minimum wages applied only to scheduled employments, covering roughly 30% of the workforce.

Impact

The code safeguards interests of the vulnerable groups, improves living standards, reduces poverty, and promotes formal employment.

Pro Worker Provisions

- Ensures minimum pay for every employee, irrespective of industry, category, or nature of employment
- Provides a uniform legal safeguard nationwide, reducing wage disparity.
- Benefits vulnerable groups like casual employee, daily wagers, and migrant labourers.
- Promotes social justice and equity by narrowing wage gaps.
- Enhances employee' income security and living standards.

Pro Employment Provisions

- Encourages greater workforce participation, especially among women and migrants.
- Improves job stability and retention with fair pay.
- Boosts employment growth by fostering confidence in fair compensation as no employee is paid below the government-notified minimum wage.

Introduction of floor wages

Section 9 read with Rule 11 of the Code introduces **floor wages** as a statutory provision. The baseline wages will be fixed by the Central government on the basis of minimum living standards of an employee including food, clothing etc. It will be revised at regular intervals. State governments must ensure their minimum wages are not lower than this floor level.

Impact

The provision reduces regional wage disparities, provides social justice, prevents wage undercutting by states, and promotes equity across the country.

Pro Worker Provisions

- Protects labour across states by preventing state governments from fixing wages below the notified floor level
- Safeguards employees' basic living needs like food, clothing, and shelter and others
- Promotes social and economic justice through standardised wage protection
- Provides income security for unorganised and vulnerable workers

Pro Growth Provisions

- Reduces migration of labour from one state to another due to reduced wage differentials
- Prevents wage undercutting by states, and promotes equity across the country

Fixing Minimum wages

Minimum wage rates for timework, piece work for different wage period i.e. by hours, day or by month to be fixed by the appropriate Government. It will be based on the skill of employee, and/or geographical area and arduousness of work. The minimum rate of wages may consist of basis rate of wages and allowances. The government shall revise minimum rate of wages ordinarily at an interval not exceeding five years.

Impact

Such fixation of wages recognizes skills and arduousness, motivates employee to upskill, ensures fair compensation, and improves job satisfaction.

Pro Worker Provisions

- Links wages to skill level and work difficulty which ensures fair compensation
- Protects low-skilled workers through a legal minimum wage and rewards skilled labour
- Enhances job satisfaction and dignity of labour
- A legal minimum threshold protects exploitation of low-skilled and unskilled employees
- Ensures income stability and better living standards
- Regular wage revisions maintain balance with inflation and living costs

Re-defining the wage components

For the purpose of calculation of benefits and social security contributions, the redefined wage includes basic pay, dearness allowance and retaining allowance. In case allowances and contributions exceed over 50% (as may be notified by the Central Government)

of the total payment, excess amount shall be added to the wage. The social security contributions and benefits (like PF, gratuity, maternity benefits and bonus) will be based on a larger and fairer portion of pay, resulting in higher future benefits.

Impact

Even contractual and informal workers will enjoy the **same fair wage structure and social security base. Improved inclusiveness and reduced exploitation** as contractual and informal workers enjoy same fair wage structure and social security base.

Stating working hours

Section 13 read with Rule 6 of the Code limits normal working hours to prevent employees from being overworked without adequate compensation. The period of work shall not exceed 48 hours

a week, if employee is working for less than 6 days a week. The period of work shall not exceed 12 hours in a day in cases where flexibility is provided. This includes intervals for rest. The remaining days of that week shall be a paid holiday for the employee.

Impact

The rule safeguards employee health, prevents over-exploitation, promotes work-life balance, and improves productivity.

Securing Fair and Consistent Wage Payments

Ensuring payment of wages

Under Section 43 of the Code, every employer shall pay wages to the employee employed by him. In cases of failure, the company or firm or association or any other person who is the proprietor of the establishment, in which the employee is employed, shall be responsible for such unpaid wages, **reinforcing employer liability under the Code.**

Timely payment of wages

The provisions relating to **timely payment of wages and un-authorized deductions** from wages, **which were earlier applicable only in respect of employees drawing wages upto** to ₹24,000 per month, is now applicable to all employees irrespective of the wage ceiling. It protects both blue-collar and white-collar employee, bringing them under a uniform wage protection framework. The provision ensures fairness in wages as every employer, regardless of salary and designation, is covered equally under the law.

Timely Limit for payment of wages

In accordance with Section 17 of the Code on Wages, 2019, the employer shall pay or cause to be paid wages to all the employees, engaged on

- Daily; then at shift end,

- Weekly; before the weekly holiday,
- Fortnightly; within two days, and
- Monthly; within seven days of the next month.
- On termination or resignation; wages must be paid within two working days.

This guarantees **timely income, prevents financial distress**, and ensures employee can meet essential needs.

Proof of Payment and Employment

Under Section 50(3) read with Rule 34 of the Code on Wages, 2019 the employers shall provide wage slips, electronically or in physical form, on or before wage payment, ensuring transparency and reducing disputes. This provides a documentary proof of employment and compensation. It also extends as a protection to employees in both organised and unorganised sectors including daily wagers and contract employees.

Payment of Annual Bonus

Payment of bonus is applicable to every employee, drawing wages not exceeding such amount as fixed by appropriate government, who has worked for at least 30 days in an accounting year. The annual bonus is paid minimum at the rate of eight and one-third % and maximum up to 20% of the wages earned by the employee. This **promotes economic justice** by profit sharing, boosts **employee morale, loyalty and motivation**.

Extension of Limitation Period

The Code on Wages, 2019 provides that **period of limitation for filing of claims by an employee** from the earlier duration of 6 months-2 years has been enhanced to a period of 3 years. This gives employees more time to gather evidence, seek support, and pursue justice effectively.

Minimum Time Rate Wages for Piece Work

Under Section 12 of the Code of Wages, 2019, if an employee is employed on piece work where a minimum time rate (instead of a piece rate) is fixed, the employer must pay wages not less than this minimum time rate.

Pro Worker Provisions

- Guarantees minimum wage for piece rate workers, preventing underpayment.
- Ensures income stability for vulnerable and low-income workers, especially in sectors like manufacturing, textiles, and construction.
- Upholds dignity of labour by valuing time and effort.
- Promotes economic security and better living standards, especially for unorganised workforce.
- Extends legal protection of minimum wage to all payment types.

Payment of overtime

In accordance with Section 14 of Code on Wages, 2019 employers must pay overtime wages at a rate not less than twice the normal wages for any work performed beyond regular working hours.

Pro Worker Provisions

- Ensures fair compensation of work done and discourages exploitation of workers
- Protects employee' right to rest by making overtime costlier for employers
- Provides an additional income opportunity for employee

Ensuring Payment of Wages: Benefits the Employees

- Section 43 holds the **employer directly accountable** for payment of wages
- Section 17 guarantees **timely income, prevents financial distress**, and ensures employee can meet essential needs.
- Section 50(3) read with Rule 34 ensures **proof of employment and payment** that promotes **transparency, prevents disputes, and empowers employees**.
- Payment of annual bonus ensures **employees share in enterprise profits, boosts morale, and enhances consumption capacity**.
- Section 12 **prevents wage manipulation, exploitation and unfair practices** in piece-rate jobs
- **Reward for extra work** recognises uplifts dignity of labour and enhances productivity.

Decriminalization and Composition of Offences

First Time Offenders

The Code introduces a provision for compounding first-time offences that are not punishable by an imprisonment. However, no offence of same nature shall be compounded, if it has been repeated within a period of five years.

Impact

- Shifts **focus from punishment to compliance**, promoting **adherence to wage laws**
- Fostering a **respectful and fair work environment**

Composition of Offences

Section 56 read with Rule 36 of the code replaces criminal penalties (like imprisonment) with civil penalties (like graded monetary fines) for first time offences punishable with fine only. It introduces a provision of compounding for offenses punishable (with fine only) by paying sum of fifty percent of the maximum fine. For employers, it ensures that wage laws benefit the employees directly. For employees, it creates a work environment that is not driven by fear.

Growth Inducive Provisions of the Code

- Uniform definition of wages, worker, employee etc
- Replaces "Inspector Raj" system with a transparent, tech-based inspection system
- Introduces random, web-based inspections to prevent bias
- Promotes a co-operative, compliance-oriented work environment benefiting all
- Provides security to employers while protecting employees' dues, promoting investment confidence.
- Ensures faster and time-bound justice for employer by streamlining procedures

One Nation, One Code on Wage

Section 2 read with Rule 31 of the Code consolidates four existing wage laws into one with a uniform definition of wages, worker, employee etc.

Inspector-cum-Facilitators

In accordance with Section 51 of Code on Wages, 2019, the term Inspector is replaced with Inspector-cum-Facilitator emphasizing a dual role that combines enforcement with guidance. The facilitator will provide information, raise awareness, and offer advice to employers and employees to promote better compliance and worker welfare.

Protection of Employer's Assets

Section 64 of the Code safeguards any amount deposited with the appropriate Government by an employer to secure the due performance of a contract with that Government and any other amount due to such employer from that Government in respect of such contract shall not be liable to attachment under any decree or order of any court in respect of any debt or liability incurred by the employer other than any debt or liability incurred by the employer towards any employee employed in connection with the contract aforesaid.

Gender Inclusive Employment Policies

Prohibition of Gender Discrimination

Pursuant to Section 3 of Code on Wages, 2019, there shall be no discrimination on the basis of gender, including transgender identity, in matters of recruitment, wages, or employment conditions for the same or similar work performed by employees. Unfair wage disparities based on gender shall be removed and equal pay for equal work will be ensured.

- Promotes workplace equality and enhances social and economic empowerment by giving all genders equal chance to earn, thereby uplifting families and communities.
- Removes wage disparities and promotes fairness in employment and recruitment conditions

Women's Representation on Advisory Boards

In order to ensure women's voices in policy-making, leading to more inclusive and balanced employment policies, Section 42 of the Code provides that one-third members of the Central/State Advisory Boards shall be women. The boards shall advise on fixation or revision of minimum wages, providing increasing employment opportunities for women.

Conclusion

The Code on Wages, 2019 promotes fairness, equity, and inclusivity in India's labour market. By ensuring uniform wage standards and social security, it safeguards both workers' rights and employers' interests. Overall, it strengthens economic justice, encourages formalisation, and enhances the dignity of labour.

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Code on Social Security, 2020: Towards Universal and Inclusive Social Protection

22nd November, 2025

Key Takeaways

- The code merges **nine existing Social Security Acts** into **one framework**, ensuring **universal social protection** for **organized, unorganized, gig, and platform workers**.
- **Extends EPFO and ESIC coverage nationwide**, bringing more establishments and workers under **social security benefits**.
- **Recognizes Gig and Platform workers** for the **first time** and establishes a **Social Security Fund** for their **welfare**.
- **Strengthens women-centric provisions** including **26 weeks of maternity leave, work-from-home option, and crèche facilities**.
- **Promotes ease of doing business** through digital records, decriminalization and compounding of offences, and a transparent, technology-driven **Inspector cum facilitator system**.

Introduction

The **Code on Social Security, 2020** represents a significant reform in India's labour welfare framework, aimed at ensuring **comprehensive and inclusive social protection** for all sections of the workforce. It consolidates nine existing social security laws into a single, streamlined framework that extends coverage to **organized, unorganized, gig, and platform workers** alike.

By bringing diverse labour laws under one umbrella, the Code seeks to **simplify compliance, enhance efficiency, and expand access** to benefits such as **life and disability insurance, health and maternity care, provident fund, and gratuity**. It also introduces **digital systems and transparent facilitation mechanisms** to strengthen implementation and support both employers and employees.



Pro-Worker Provisions

1. Gratuity to Fixed-Term Employees

Under Section 53 of the code, the Government has **reduced the eligibility requirement for gratuity** for Fixed Term Employees (FTEs) from **five years to one year**. In case where the employee completes one year of continuous service, gratuity shall be applicable on proportionate basis.

2. Inclusion of Gig and Platform Workers

For the first time in the country, social security benefits have been extended to unorganised, gig and platform workers under Sections 113 & 114 of the Code on Social Security, 2020. The code also

addressed the gap and includes definition of aggregator (digital intermediary). This shall benefit such workers directly.

The Code covers following measures to extend welfare benefirs to a large domain of workers:

- Establishment of a **National Social Security Board** to advise the Government for formulating and monitoring suitable schemens for different sections of workers in the unorganised , gig and platform sectors.
- **Provision for State Unorganised workers Social Security Board** that will advise the state governments about suitable schemes for unorganised workers, gig and platform workers, covered under Section 6(9).
- Creation of a **Social Security Fund** based on contributions from the Central & State Governments , collected from Corporate Social Responsibility, fines colleceted due to compounding etc. This fund will be used to provide benefits such as **life insurance, disability cover, health and maternity benefits, and provident fund schemes** for these workers.
- Section 13 has also been envisaged for entrustment of **additional functions** to social security organisations , for future requirements.

3. Universal Coverage under EPFO

The **Employees Provident Fund & Miscellaneous Provisions Act, 1952**, valid for the establishments mentioned in Schedule 1 of the Act, has been removed under the code.

Now, the **Code on Social Security, 2020** extends the coverage of the **Employees' Provident Fund (EPF)** with the provisions applying to **all establishments that have 20 or more employees**, regardless of the type of industry.

More workplaces and workers will be covered under the **Provident Fund system**, allowing a larger number of employees to receive **social security benefits** like **retirement savings**. Since applicability issue is resolved, it shall reduce litigation.

4. National Registration & Unique Identification

The Government will build a **National Database of Unorganized Workers** to make it easier to design and deliver social security benefits for specific worker groups. All unorganized, gig, and platform workers will have to register themselves on a **National Portal**, post which each worker will receive a **Unique Identification Number**. Verified through Aadhaar, it will be valid across the entire country.

This will ensure that workers, especially migrant workers, can carry their benefits with them even if they move to another place for work.

5. Uniform Definition of “Wages”

A **standardized definition of “wages”** across all labour laws for social security purposes to be followed. As per the Code, the definition of “Wage” includes **basic pay, dearness allowance, and retaining allowance**, if any.

If other pay-outs such as **bonus, house rent allowance, conveyance allowance, overtime allowance, or commission** exceed **50% of the total remuneration** (or such percentage as notified by the Government), the excess amount will be added back to wages.

This will increase the wage amount and, in turn, enhance the value of social security benefits such as **gratuity, pension, and leave salary**, which are linked to wages.

6. Expanded Definition of “Family”

The Code expands the definition of “**family**” to include the **mother-in-law and father-in-law** of a woman employee (subject to an income cap). It also includes a **minor unmarried brother or sister** who is wholly dependent on the insured person, if the parents are not alive.

This expansion increases the coverage of family members eligible for **ESIC benefits**.

7. Commuting Accidents Covered under Employee’s Compensation

Earlier, accidents that occurred while an employee was **travelling between home and the workplace** were not treated as work-related, and employees or their families were not eligible for compensation.

The **Code on Social Security, 2020** has changed this. Now, **any accident that happens while commuting to or from work will be considered as having occurred “in the course of employment.”**

Affected employees or their families can receive compensation or ESIC benefits in such cases.

8. Extension of ESIC Coverage

Earlier, **ESIC coverage was limited** only to certain notified areas. Under the Code, **ESIC coverage has now been extended across India** by removing this restriction.

Additionally, **Voluntary ESIC membership** is also allowed for establishments with fewer than **10 employees**, if both the employer and employees agree to join.

For hazardous or life-threatening occupations, the minimum limit of 10 workers has been removed. **ESIC coverage is now mandatory even for a single worker** engaged in such work. ESIC benefits can also be extended to plantation workers if the employer chooses to opt in.

Pro-Women Provisions

1. Maternity Benefit Entitlement

Every woman employee who has worked for at least **80 days** in the **12 months** before the expected delivery is eligible for **maternity benefit equal to her average daily wages** during the leave period.

The maximum duration of maternity leave is **26 weeks**, of which **up to 8 weeks** can be taken before delivery.

A woman who **adopts a child below 3 months of age** or a **commissioning mother** (a biological mother who uses surrogacy) is entitled to **12 weeks of maternity benefit** from the date of adoption or when the child is handed over.

2. Work from Home

To provide more flexibility to women returning after maternity leave, the Code allows them to **work from home**, if the **nature of work permits**.

The employer may permit work from home based on **mutual agreement** between the employer and the employee.

3. Simplified Certification for proof of Delivery, etc.

Proof of maternity-related conditions such as pregnancy, delivery, miscarriage, or related illness has been **simplified** under the Code. Medical certificates can now be issued by:

- A registered medical practitioner
- An accredited social health activist (ASHA worker)
- A qualified auxiliary nurse, or
- A midwife

4. Medical Bonus

Under Section 64, if the employer does not provide free **pre-natal and post-natal care**, the woman employee is entitled to a **medical bonus of ₹3,500**.

5. Nursing Breaks

After returning to work post-childbirth, a woman employee is entitled to **two nursing breaks each day** for nursing her child until the child attains **15 months of age**.

6. Crèche Facility

Every establishment with **50 or more employees** must provide a **crèche facility** within a prescribed distance. This requirement is now **gender-neutral** and applies to all types of establishments.

- The employer must allow **four visits a day** by the woman to the crèche which includes the rest intervals.
- Establishments can avail **common crèche facility** of the Central Government, State Government, municipality or private entity or provided by non-Governmental organisation or by any other organization or group of establishments who may pool their resources for setting up of common crèche in the manner as they may agree for such purpose.
- If a crèche facility is not provided, the employer must pay a **crèche allowance not less than ₹500 per month per child (for up to two children)**.



Pro-Growth Provisions

1. Digitalisation

The Code provides for maintaining all **records, registers, and returns in electronic form**. This will **reduce compliance costs** for employers and make processes simpler and more efficient.

2. Limitation on Inquiry

A **five-year limit** has been introduced for starting any inquiry under the **Employees' Provident Fund** to determine applicability or recover dues. Such inquiries must be **completed within two**

years from the date they begin, with a possible **extension of one year** if approved by the **Central Provident Fund Commissioner (CPFC)**.

This reform helps improve timely compliance and faster case resolution.

3. Reduced Deposit for Appeals

For filing appeal before tribunal against the order of EPFO officer, the deposit of **25% of the awarded amount** determined by the EPFO officer will be required to be deposited by the employer against existing provision of between **40% to 70%** of the awarded amount on discretion of the tribunal.

4. Self-Assessment of Cess

New provision of **self-assessment of cost of construction** and payment of **cess** thereon for construction of building or other construction works has been introduced. This will enable **faster and easier collection of cess**, which will be used for the welfare of **Building and Other Construction Workers**.

5. ESIC for Plantations

As per existing Act, **plantation owners are not covered by ESIC Schemes**. The Code now gives them the **option to join ESIC voluntarily**.

6. Decriminalization of Offences

At present, there is no provision for **compounding of offences**, nor any provision to give notice to an establishment to comply with the laws in case of a violation.

The Code has now mandated that a **30-day notice of improvement** be given to the employer in case of any violation, allowing time to rectify non-compliance. This promotes fairness, provides an opportunity for correction, and encourages voluntary adherence rather than punitive enforcement.

Further, the Code has **replaced imprisonment with monetary fines for 13 offences**, and 7 violations carrying imprisonment of **less than one year** can now be **compounded into penalties or fines**.

Replacing criminal penalties with fines reduces the fear of imprisonment, encourages voluntary compliance, reduces litigation, and promotes **ease of doing business**.

7. Inspector-cum-Facilitator

Under Section 72 of the Code, **Inspector cum facilitator** in place of inspector and **randomized web-based inspection system** aims to reduce the traditional “inspector raj,” where inspections were often seen as intrusive and burdensome. Inspectors will now function as facilitators, helping employers comply with laws, rules, and regulations rather than merely policing them.

- Use of technology and clear guidelines make **inspections transparent**, and encourage compliance through guidance.

- Helps create a **harmonious work environment**, which benefits both employee and employers and facilitates **ease of doing business**.

8. Compounding of Offences

Compounding of offences through authorized officers is allowed and **First-time offences** can be settled with fines. The provision, reduces legal burden, speeds up resolution, and promotes ease of doing business.

- First-time offences that are punishable with fines shall be **compoundable by paying 50% of the maximum fine**.
- Offences punishable with fine or imprisonment or both shall also be **compoundable by paying 75% of the maximum fine**, making the law less punitive and more compliance-oriented.
- Employers can avoid prolonged litigation by paying a prescribed penalty and ensuring compliance.

The provision **reduces court burden**, provides **quick resolution**, and **encourages businesses to maintain compliance without harsh penalties**.

Pro-Employment Provisions

1. Career Centres

In order to better connect **job seekers with employers**, **Career Centres** will be established by the Government that will offer services such as **registration, vocational guidance, and job matching**. These centres will function as modern employment exchanges through both **digital and physical platforms**.

Employers are required to **report vacancies** to these centres, making it easier for job seekers to find employment and thereby promoting overall **job growth** in the country.

2. Fixed-Term Employment

With the Code on Social Security 2020 in place, **fixed-term employees are now eligible for gratuity after completing one year of continuous service**, a benefit that was earlier available only to permanent employees. Fixed-term employees (employed for a specific duration under a contract) shall be entitled to the **same social security benefits** (such as gratuity and pension) as permanent employees.

3. Universal Coverage of Workers

The Code broadens social security and employment coverage to categories of workers who were earlier outside the scope of such benefits.

(a) Gig and Platform Workers:

For the first time, these categories have been formally recognised. The Code mandates the framing of **social security schemes** for them, covering **life insurance, disability insurance, health, maternity, and pension benefits**. This will help gig and platform workers live with dignity and security.

(b) Unorganised Sector / Self-Employed Workers:

The Code provides for social security schemes for **self-employed and unorganised workers**, as well as other classes of persons, ensuring their welfare and protection.

Conclusion

The **Code on Social Security, 2020** consolidates **nine existing labour laws** into a **single, comprehensive framework**. It is a step to ensure **universal social protection** for all workers by strengthening **social welfare coverage** for both organized and unorganized workers including gig and platform workers. It also promotes **women's participation** in the workforce, and **simplifies compliance**, thereby enhancing **ease of doing business**.

The Code reflects the **Government's commitment towards inclusive growth and social security for all**, in line with the vision of a **Viksit Bharat by 2047**.

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Occupational Safety, Health and Working Conditions (OSH) Code, 2020

22nd November, 2025

Introduction

The Occupational Safety, Health and Working Conditions Code (OSH), 2020, is enacted to consolidate and simplify the existing complex web of labour laws. **It replaces 13 Central Labour laws by a single comprehensive legislation**, thereby reducing multiplicity and bringing uniformity across industries and States/ UTs. The Code was enacted as a part of the broader labour laws reforms to improve transparency, enhance worker welfare, and promote ease of doing business in India.

The Code balances the twin objectives of **safeguarding worker rights and safe working conditions, and creating a business-friendly regulatory environment** spur economic growth and employment thereby, making India's labour market more efficient, fair, and future-ready.

By streamlining compliance through measures such as **single registration, all-India licences, electronic filings, and time-bound approvals**. Additionally, the code reduces the number of rules, returns among other subjects to reduce procedural hurdles and encourage investments.

SUBJECT	EXISTING LAWS	OSH & WC CODE 2020
Number of Acts	13	1
Sections	620	143
Rules	868	175
Registration	6	1
Licenses	4	1
Forms	55	20
Returns	21	1
Compounding of offences	No provision	New provision
Improvement Notice	No provision	New provision



Worker Welfare & Employment Conditions

Formalisation through Appointment Letters

Every employee will be given appointment letters in the prescribed format specifying the details of the employee, designation, category, details of the wages, details of social security etc.

Pro-Worker Provisions

- Ensures transparency in employment terms, wages, designations, and social security
- Minimizes disputes related to pay, work hours, and job expectations

Pro-Employment Provisions

- Appointment letter brings clarity of terms which supports security and benefits access, reduces exploitation and improves job security

Annual Leave with wages

The workers employed in an establishment are entitled for paid leave in a calendar year on working of 180 days or more in such calendar year, earlier workers had to work for 240 days for becoming eligible for paid leave.

Reduction of eligibility from 240 to 180 days alongwith flexibility in working hours ensures enough rest and recovery, improving productivity and job satisfaction.

Working Hours & Overtime

No employee shall be required to work for more than 8 hours in a day and 48 hours in a week. Further, the power to fix the time of interval and spread over time has been given to Appropriate Government .

Fixing overtime hours, with consent of the worker: workers can work 12 hours in a day without overtime in 4-day week, 9.5 hours in 5-day week and 8 daily hours in 6-day week. The appropriate Government has been full flexibility for fixing the limit of over-time hours. Earlier this limit was 75 hours in a quarter which can now be fixed by appropriate government. The provision gives two benefits to workers, viz, opportunity to **earn more** by doing overtime and get paid at higher wage (**double the normal wage rate**)

Inter-State Migrant Workermen (ISMW)

The **definition has been widened** to include those employed directly or through contractor and also covers workers who migrate on their own. For the purpose of collection of data while seeking registration, license; an establishment would have to necessarily indicate the number of ISMW employed in his establishment.

Pro-Worker Provisions

- ISMW will receive to and fro journey allowance from the employer to visit native place once in 12 months
- Migrant construction workers will get portability of benefits under Building & Other Construction Workers (BOCW) Cess fund and PDS ration
- Provides toll free helpline facility for grievance redressal.

National Worker Database

The Ministry of Labour & Employment has also taken steps to develop a **national database to enroll unorganized workers including migrants**. It will help migrant workers get jobs, map their skills and provide other social security benefits. This will ensure availability of data for ISMW and help in better policy formulation for unorganized sector workers.

Victim Compensation

The Code empowers the courts, upon conviction of an offender for contravention of any duties, to direct that at least **50% of the fine imposed be paid as compensation to the victim in case of serious bodily injury** or their legal heirs in case of death.

Redefining Working Journalists and AV Workers.

The definition of **audio- visual worker** has been revised and now it includes digital/audio-visual workers and dubbing artist, stunt persons these persons will also get the benefit of law. Now Code

gives dubbing artists and stunt workers formal recognition and access to legal protections, ensuring safer and fairer working conditions.

The definition of working journalist has been expanded and now it includes electronic media or digital media journalists and broadens the coverage from print journalism to electronic media (TV, radio, online, etc.), making it more contemporary. This ensures that journalists are covered for workplace safety, health and welfare measures just like other factories or office workers.

Health, Safety & Well-being

Safety Committees

Every factory employing **500 or more workers**, employer employing **250 or more BOCW** and employer employing **100 or more mine workers** will constitute safety committee which will consist of representatives from employers and workers.

Pro-Worker Provisions

- It strengthens workers' voice and on-site safety monitoring.
- Empowers workers through representation in safety matters, fostering safer workplaces and shared responsibility.

Universal coverage of establishments for health, safety and welfare of workers

This code has provided health, safety and welfare of workers in all sectors which was previously limited to 7 sectors viz. factories, mines, plantation, beedi-cigar, dock workers, BOCW and motor transport.

Health and Medical Coverage

Every employee will be eligible for free annual health check-ups. Also, the plantation employer can now avail the ESI facility for medical services.

Pro-Worker Provisions

- Enables early detection of diseases, reduces medical costs, and improving workforce health and productivity.
- Promote preventive healthcare and reduces long-term occupational risks.
- Industry benefits in terms of lower absenteeism and improved productivity.

National Standards and National Board

In place of 6 boards under different acts, now there is a **single National Occupational Safety and Health Advisory Board** which is of tripartite nature and has representation from trade unions, employer associations, and State Governments to advise Central Govt. on standards, regulations etc. for factory, mine, dockwork, bidi & cigar, building or other construction work etc.

The boards will set **national standards for occupational safety, health and working conditions** that will be **mandatory for states** to follow ensuring compliance to stringent quality standards for occupational safety, health and working conditions across the country for all workers.

Pro-Growth Provisions

- Having uniform safety and health standards improves worker protection across industries and states, ensuring fairness and consistency.

Social Security Fund

The Code provides for establishment of a **Social Security fund** for the welfare of the unorganised workers to which amount received from composition of the offence as well as from the penalty, would be credited.

Pro-Worker Provisions

- Safeguards *work-life balance* and ensures fair compensation for extra work.
- Encourages transparent overtime practices with worker consent.
- Opportunity to **earn more** by doing overtime and get paid at higher wage (**double the normal wage rate**)

Industry Facilitation & Ease of Doing Business

Extended Applicability

An enabling provision has been made that the Government can extend applicability of this Code to any establishment, **even if it has one employee, carrying out hazardous or life-threatening occupations**. It provides universal coverage for worker's health, safety and welfare of workers in all sectors.

Ease of Doing Business

Electronic Single registration, Single return, Single all India licences valid for 5 years and deemed approvals promotes "Ease of Doing Business". Further, it reduces procedural delays, lowers compliance costs and speeds start-up/operations. Simplified registrations, single return, single licences, and deemed approvals reduce bureaucracy, cut costs, and encourage entrepreneurship and business expansion, leading to more jobs and investment

Electronic Registration

Uniform threshold of 10 employees; one registration for an establishment has been envisaged in place of 6 registrations - creating a centralized database and promote ease of doing business.

Pro-Growth Provisions

- Reduces procedural delays, lowers compliance costs, and encourages entrepreneurship.
- Easier registration encourages new establishments and promotes formal job creation.

Revised Factory Thresholds

The threshold to obtain **license for factory has been increased from 10 to 20 with power and 20 to 40 without power**. Further, the provision to grant permission for construction of factory or expansion of factory a time limit of 30 days has been prescribed with the provision of deemed permission. A time limit of 30 days has been fixed for the site appraisal committee to give its recommendations for initial location of the factory involving hazardous process or expansion of such factories.

Pro-Growth Provisions

- Time bound approvals encourage establishments for more factories, reduce delays and promote industrial growth, which increases employment opportunities.
- This provision will benefit small scale industries, which are major providers of employment.
- Eased norms for smaller units promote expansion and creation of formal jobs with full OSH and social security benefits eg. EPFO & ESIC

Pro-Employment Provisions

- Small and Medium enterprise get flexibility to expand or restructure without approvals, they are more likely to hire workers.
- The increase of threshold for obtaining factory license will encourage employers to establish more establishments resulting in more employment and encourage employment formalization.

Inspector cum Facilitator

Inspector-cum-Facilitators in place of inspector and **randomized web-based inspection** system aim to reduce the traditional “inspector raj,” where inspections were often seen as intrusive and burdensome. Inspectors will function more as **facilitators-helping employers comply with law, rules and regulations rather than merely policing them**.

Pro-Growth Provisions

- It makes inspections transparent, and encourages compliance through guidance.
- Randomized and web-based inspections prevent biasness.
- Helps create a harmonious work environment, which benefits both employee and employers by ensuring compliance without unnecessary conflict
- Strengthens labour protection mechanisms by ensuring that enforcement is consistent and accountable.

Third party audit and certification

Provision has been made for third party audit and certification of start-up establishments or class of establishments. It will help establishments to assess and improve health & safety without intervention of Inspector-cum-Facilitator. It will reduce the “inspector raj” and at same time will improve health & safety in establishments. Third party audit will promote industrialization and growth of employment as audits will be faster and on-time.

Digitization of Records

There is drastic reduction in number of registers from 84 to 8 under this Code.

Revised Contract Labour Regime

Defined Core and Non-Core Activities

In OSH Code the core & non-core activities are clearly defined & employers are given flexibility to employ contract labour even in the core activities, if-

- (a) the normal functioning of the establishment is such that the activity is ordinarily done through contractor; or
- (b) the activities are such that they do not require full time workers for the major portion of the working hours in a day or for longer periods, as the case may be;
- (c) any sudden increase of volume of work in the core activity which needs to be accomplished in a specified time.

With clear distinction of core and non-core activity, workers will have clarity of the type of work engaged in and thus, flexibility to choose work.

Threshold for Applicability

Threshold for applicability of the provisions relating to contract labour has been **increased from 20 to 50 workers** as a result the contractor employing less than 50 contract labour will not require license. By raising the threshold, small contractors are freed from excessive regulation, encouraging small business growth, while larger establishments still ensure protections for workers.

Higher thresholds ease compliance for small firms, boosting growth while ensuring worker protection in larger units

Contract Labour Welfare & Wages

The Code casts responsibility on the principal employer to provide welfare facilities like health and safety measures to contract workers. If the contractor fails to pay wages, the principal employer has to pay unpaid wages to the contract labour. This ensures workers get their wages timely.

Compounding & Decriminalization of Offences

Compounding of Offences

The first-time offences which are punishable with fine only shall be compoundable by paying sum of **50%** of the maximum fine and the punishment with fine or imprisonment or with both shall be also be compoundable by paying sum of **75%** of the maximum fine making the law **less punitive** and **more compliance-oriented**.

Pro-Growth Provisions

- Reduces legal burden, speeds up resolution, and promotes **ease of doing business**.
- Allows employers to settle cases by paying prescribed penalties, ensuring quicker compliance.
- Promotes faster adjudication and greater regulatory efficiency.
- Compounded penalty amounts are credited to the Social Security Fund, supporting welfare of unorganized workers

De-criminalization of offences & Improvement Notice

Several offences have been decriminalized making the law **less punitive and more compliance-oriented** encouraging voluntary compliance and reducing fear of harsh penalties for procedural lapses.

Replacing **criminal penalties** (like imprisonment) with **civil penalties** (like monetary fines) for certain offences. The employer will be given **mandatory 30 days notice** for compliance before taking any legal action.

Pro-Growth Provisions

- Reduces fear of imprisonment, encourages voluntary compliance, reduces litigation, and promotes ease of doing business.
- Encourages voluntary compliance through fair, corrective measures instead of punitive action.
- The amount of compounding will be used for the welfare of unorganized workers.

Women-Centric Provisions

Boosting Women's Participation in Labour

Women workers are entitled to work in all establishments for all types of work (with safeguards). Women can also work at night, i.e. before 6 a.m. and beyond 7 p.m, with their consent and the employer is to make adequate arrangements to provide safety, facilities and transportation to women workers.

This pro-employment provision allowing women to work in all establishments, **promotes gender equality, increases employment opportunities**, and **improves female participation** in the workforce.

Crèches facilities

Establishment having more than 50 workers have to provide creche facility either separately or common crèche facilities at suitable locations. It supports working women with children below the age of 6 years.

Earlier the creche facility was for women workers only. However, now it has become gender friendly/ equal for all workers. This move helps women balance work and family.

Conclusion

The **Occupational Safety, Health and Working Conditions Code, 2020** strengthens India's labour architecture by unifying standards, empowering workers, and enhancing ease of doing business. It lays the foundation for a safer, fairer, and more productive workforce aligned with India's vision of inclusive and sustainable growth.

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Industrial Relations Code, 2020: Promoting Harmony and Ease of Doing Business

23rd November, 2025

Introduction

The success of workers and industries are deeply connected; one cannot thrive without the other. When industries grow, they create stable jobs, fair wages, and social security for workers. Likewise, a motivated and secure workforce drives productivity and innovation, ensuring the industry's long-term survival.

National Commission on Labour highlighted a need to rationalise and simplify the exiting labour laws with an aim to protects interests of the workers. Consolidation of three existing laws viz i.e. Industrial Disputes Act 1947, Trade Unions Act 1926 And Industrial Employment (Standing Orders) Act 1946 into The Industrial Relations Code, 2020 is a step in this direction.



Integrated Law: Industrial Relations Code, 2020

The Industrial Relations Code, 2020 is designed to consolidate & amend the laws regarding trade Unions, retrenchment, industrial disputes and simplifying compliance by providing uniform definitions. The Code seeks to promote industrial harmony by balancing worker protection with business flexibility and facilitating ease of Doing Business.

With the introduction of The Industrial Relations Code, 2020 the number of rules has been reduced from 105 to 51, number of forms from 37 to 18 and number of registers from 3 to zero, thereby **reducing the overall compliance burden to spur employment.**

The Industrial Relations Code, 2020 creates a balanced and progressive framework that benefits workers, employers, and the economy alike. It is pro-labour, ensuring fair representation, job

security, and quicker dispute resolution. At the same time, it is pro-employment, simplifying compliance and promoting flexible hiring. With pro-women measures encouraging equal representation and working flexibility, it fosters inclusive participation. Overall, the Code is pro-growth, by focusing on uniform, faster, and efficient system.

Uniform Definitions to Simplify Compliance

Definitions of “Worker” has been expanded

To ensure that more workers have **access to basic labour rights**, inclusive definition of ‘worker’ has been established. Pursuant to Section 2(zr) of Industrial Relations Code, 2020, the definition of ‘worker’ has been expanded to include sales promotion employees, working journalists, and supervisory employees earning up to ₹18,000 per month, thereby extending statutory labour protections to a wider segment of the workforce.

Pro-Labour Benefits

It helps create policies that **recognize their contribution** and ensure fair treatment

Improved **economic resilience** at both individual and societal levels.

Reduction in income inequality.

Access to benefits like healthcare and sick leave.

Expansion of the definition of “Industry”

As per Section 2(p) of Industrial Relations Code, 2020, the term “industry” now encompasses any systematic activity carried on by cooperation between employer and worker, regardless of whether capital is invested or profit is intended, thereby bringing non-profit and low-capital activities within its ambit.

Pro-Labour Benefits

Extends labour rights to employees in non-profit and non-capital-based organisations.

Expands access to formal dispute resolution through Conciliation Officers and Industrial Tribunals.

Broadens collective bargaining rights to more workers

Statutory benefits (like notice for change of service conditions, retrenchment compensation, and grievance redressal mechanisms) to be given to workers in newly included sectors.

Change in definition of “Wages”

A **single, consistent definition of wages** has been applicable across all labour codes. The Industrial Relations Code, 2020 provides the **50% ceiling on exclusions** to ensure that statutory benefits such as gratuity, retrenchment compensation, and social security contributions are calculated on a fair and substantial portion of actual earnings, preventing employers from artificially splitting wages to reduce obligations. Legally, this aligns with the principle of **beneficial construction in social welfare legislation**, giving courts a clear statutory basis to protect workers’ entitlements and reducing ambiguity that previously led to disputes.

Pro-Labour Benefits

Establishes a **uniform definition** of “wages” across all labour codes.
Increases social security benefits with a **larger wage base**.
Ensures **higher lay-off and retrenchment compensation**, ensuring higher payouts
Prevents wage manipulation through inflated allowances and reduced benefits
Promotes transparency and reduces wage-related disputes.

Statutory recognition to the Trade Unions

Trade unions that previously lacked formal recognition now have a **clear pathway to legal recognition**. A union with **51% membership in an establishment** can be categorised as a **Negotiating Union** with exclusive rights to represent workers in collective bargaining and grievance redressal. In case this threshold is not met, **Negotiating Council** shall be constituted comprising representatives of all trade unions with at least 20% membership.

Pro-Labour Benefits

Grant **formal recognition to unions**, empowering them to represent workers officially.
Gives **statutory collective bargaining rights** over wages, service conditions and workplace policies.
Protects recognised unions from employer interference or victimization.
Involves **worker representatives** in internal grievance committees.
Strengthens industrial democracy through structured dialogue and negotiation.
Enhances job security by preventing arbitrary layoffs and unfair practices.

Pro-Growth Benefits

Legal backing to negotiating unions.
Single majority unions/councils to deal with the employer.

Introduction of Fixed-term Employment

The concept of Fixed Term Employment (FTE) has been introduced, which allows engagement of workers through a direct written contract between the employer and the employee for a specified duration. Such **workers are entitled to all benefits**, including working hours, wages, allowances, and statutory benefits, **on par with permanent employees**.

It is a win-win situation for employee and employer as this provision is expected to reduce excessive contractualization and offer cost efficiency to employers.

Pro-Labour Benefits

FTE Shall be provided **safe and healthy working conditions** equal to permanent staff.
FTEs shall be made **eligible for all statutory benefits** equivalent to a permanent staff.
FTEs shall be **eligible for gratuity** on completion of 1 year of service.
Freshers can gain experience in a short span of time and enhance specialized skill.

Pro Employment Benefits

It encourages **more flexible hiring**, especially in sectors with seasonal or project-based work, leading to greater overall employment opportunities.

This provision is expected to **reduce excessive contractualization** and offer cost efficiency to employers.

Pro-Growth Benefits

Universal applicability for all establishments.

No restriction on tenures, time period or nature of work.

It will provide **flexibility to the employer** for hiring FTEs directly for all nature of work.

Amended Definition of “Strike”

To discourage flash strike and to promote industrial harmony, the definition of strike has been amended. It includes “mass casual leave also within the ambit”, which comprises of cases where casual leave has been taken by more than fifty percent of the workers on a given day.

Pro-Growth Benefits

Pave the way for **Ease of Doing Business**

It protects workers’ rights by ensuring that **collective action** occurs through lawful procedures

Encourages negotiation rather than abrupt protest

Simplified Dispute Resolution Process

Decriminalization and compounding of offences

Under the Chapter XII of Industrial Relations Code, 2020, several minor offences that previously attracted imprisonment or criminal liability have been decriminalized, and certain contraventions can now be compounded by paying a specified penalty (in case of first-time convictions):

Pro-Growth Benefits

For an offence punishable with fine only, with payment of 50% of the maximum fine provided for that offence.

For an offence punishable with imprisonment for a term which is not more than one year and also with fine, with payment of 75% of the maximum fine provided for that offence.

Once an offence is compounded, no prosecution will be instituted against the offender for that offence.

Pro-Labour Benefits

Reduces legal harassment for workers and employers.

Promotes **quicker resolution** of disputes.

Ensures that minor procedural breaches **do not jeopardize employment** or subject workers to criminal proceedings

Create a more **worker-friendly and less adversarial enforcement environment**, balancing compliance with protection of labour rights.

Pro-Growth Benefits

Shifts focus from **imprisonment to monetary penalties, making compliance easier for employers.**

Employers are more likely to comply when penalties are fair, predictable, and non-criminal in nature.

Compounding avoids lengthy court trials, saving time and resources for employer.

Reduces fear of criminal prosecution, thereby encouraging investment and smoother industrial operations.

Streamlined Dispute Resolution Mechanism

Time-bound adjudication of disputes has been introduced to ensure speedy disposal of the dispute. Industrial tribunals will now have 2 members (judicial and administrative member). This mechanism is in line with other tribunals and widens the experience of members. Two members Industrial Tribunal will help in speedy disposal of labour disputes. The move is pro-growth as it creates a **uniform, faster, and efficient system** for resolving industrial conflicts.

Direct Access Mechanism to Approach the Tribunal

The concerned party may **make application directly to the tribunal** in the **matters not settled by the conciliation officer within 90 days** from the date of receipt of failure of conciliation by the party. Disputes no longer require discretionary reference by government officials, which was a time-consuming process. This reduces delays in the resolution of the industrial disputes and litigations.

Regulation of Strikes and Lockouts

For speedy resolution of disputes, to reduce conflict and to avoid abrupt stoppage of work. The Industrial Relations Code, 2020 states mandatory provisions before strike for all establishment with 14 days prior notice. Strikes are restricted during conciliation or tribunal proceedings

Pro-Growth Benefits

By requiring **14 days' prior notice**, it prevents sudden strikes or lockouts that disrupt production.

Fair Opportunity for Resolution – Gives time for conciliation or negotiations before disputes escalate.

Reduces Losses – Protects both workers and employers from economic losses due to abrupt stoppages of work. Prevents loss of man days or work.

Encourages Responsible Action – Ensures strikes and lockouts are not misused and are exercised in a disciplined manner.

Balances Rights of Workers & Employers – Protects the workers' right to strike while ensuring industries are not destabilized.

Strengthens Government Role – Allows authorities to intervene during the notice period to mediate and prevent escalation.

- Prevents loss of man days or work.

Pro Employment Benefits

Gives employers confidence to **expand operations and hire more workers**, knowing productivity

will be stable.

Provisions on Retrenchment Process

Worker Re-Skilling Fund

In case of any retrenchment of a worker by an employer, the employer will need to contribute equivalent to 15 days' last drawn wages of the retrenched worker, within 45 days of retrenchment.

Pro-Labour Benefits

Provides **short term relief** and helps worker upgrade skills to match current industry requirement.

Increases chances for retrenched workers to **secure new jobs quickly**.

Expands **protection for workers** beyond traditional severance, supporting long-term economic stability.

Increased Threshold for Lay-off, Retrenchment & Closure

The code establishes that the industrial establishment, employing **300 or more workers**, shall require prior permission from the appropriate Government, for lay-off, retrenchment, or closing down its industrial establishment. The threshold has been increased from 100 to 300, with flexibility for States to enhance this limit further.

Pro Growth Benefits

Reduces procedural hurdles and simplifies compliance requirements attracting investments and supporting expansion of industries.

Quick adoption of economic situations by employer without waiting for government approvals

Small and medium enterprises gain operational freedom, ensuring both regulation and flexibility to expand or restructure without heavy approvals.

Easier compliance encourages sustainability of smaller industries.

Pro Employment Benefits

It will **encourage** formalisation of employment

Increased flexibility to manage workforce efficiently, without fear of lengthy government procedures if business conditions change.

Advancing Gender Equity at Work

Representation of women in the Grievance Redressal Committee

The Code provides for adequate representation of women in the Grievance Redressal Committee, not less than in proportion to their presence in the workforce in the industrial establishment. Thus, ensuring gender-sensitive dispute resolution and promoting equality and safety at the workplace.

Pro Women Benefits

Ensures women workers have a **fair voice in workplace** dispute resolution.

Women's perspectives help address issues more comprehensively and sensitively.
Women employees feel more secure raising concerns when represented by peers.
Matters such as **workplace harassment, maternity rights, and safety** can be better handled.
Balanced representation fosters fairness, reducing discrimination and conflicts.

Work From Home Provision

Model Standing Orders in service sectors now explicitly allow work from home subject to mutual agreement between employee and employer. This improves flexibility, particularly benefiting women.

Other Pro-Growth Provisions

Threshold for Applicability of Standing Orders

To **reduce the compliance burden** for the establishments, the provisions relating to the requirement of certified standing orders shall apply only to industrial establishments employing 300 or more workers (previously 100) on any day in the preceding 12 months.

Pro Growth Benefits

Smaller industries can manage workforce rules **without rigid formalities**, enabling adaptability

Clear applicability threshold **avoids unnecessary disputes** for small industries.

Workers and employers can **mutually agree** on service conditions without being bound by rigid certified standing orders.

Workers in smaller units enjoy more adaptability compared to rigid formal orders due to flexible practices (work timings, leave, job roles).

In small and medium industries, workers have a more personal say as decisions are often made through direct communication.

Flexible conditions make it easier for workers to shift roles or negotiate terms informally.

Digital Systems

The Code enables **electronic record-keeping**, registration, and communication. Digital filings and records reduce chances of manipulation and corruption, which results in **transparency**. Faster processing of registrations, returns, and compliance submissions **improves efficiency** and reduction in paper work, administrative costs, and delays, **saves cost**.

Conclusion

The Industrial Relations Code, 2020 revolutionizes labour laws by simplifying compliance and promoting harmonious employer and employee relations. It strengthens **collective bargaining, dispute resolution, and job security through clearer, uniform provisions**. The Code empowers workers with uniform definitions while granting employers greater flexibility in operations. Overall, it **fosters industrial peace, boosts productivity, and supports a balanced, growth-oriented work environment**.

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