

# **HANDBOOK ON LABOUR CODES**

A ready reference for professionals  
highlighting key changes in the legal  
framework

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# IndiThinkk

IndiThinkk Tech Private Limited is a leading labour law compliance and HR advisory firm supporting organizations across India in achieving seamless statutory compliance. Established in 2021, the company provides end-to-end services covering labour and employment laws such as audits, contractor compliance governance, statutory registers and returns, factory and shop act compliance, and multi-state regulatory management. With operational presence across Delhi, Gurugram, Ahmedabad, Jodhpur, Mumbai, Kolkata, and Ernakulum. IndiThinkk caters to a wide spectrum of clients including Fortune 500 companies, multinationals, government entities, BFSI, FMCG, IT/ITES, telecom, manufacturing, logistics, healthcare, and engineering sectors.

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# Introduction

In a landmark policy reform, the Government of India has notified the implementation of the four consolidated 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—with effect from 21 November 2025.

These Codes rationalise 29 existing labour laws, bringing long-awaited clarity, uniformity, and modernization to India’s labour regulatory framework. By streamlining compliance, strengthening worker protections, and aligning labour governance with contemporary workplace realities, this reform sets the foundation for a future-ready workforce and more resilient industries, advancing India’s journey towards Aatmanirbhar Bharat.

For decades, India’s labour laws—many dating back to the 1930s–1950s—remained fragmented, complex, and at times outdated, with provisions that did not reflect emerging forms of employment or the changing economic landscape. While major global economies modernised their labour systems, India continued to operate under 29 separate Central laws that often created uncertainty, compliance inefficiencies, and constraints for both employers and workers. The introduction of the four Labour Codes marks a decisive shift away from colonial-era structures toward a unified, contemporary, and business-friendly framework. Collectively, the Codes enhance worker welfare, enable ease of doing business, and foster a labour ecosystem that is productive, competitive, and aligned with global benchmarks—strengthening the foundation of a self-reliant and progressive nation.

Area	Before Labour Reforms	After Labour Reforms
Formalisation of Employment	Appointment letters were not mandatory, leaving workers without formal proof of employment.	Mandatory issuance of appointment letters to all workers, ensuring transparency, job security, and structured employment relationships.
Social Security Coverage	Limited or no social security benefits for large sections of the workforce.	Under the Code on Social Security, 2020, all workers—including gig and platform workers—are eligible for PF, ESIC, insurance, and comprehensive social security benefits.
Minimum Wages	Minimum wages applied only to scheduled industries, leaving many workers unprotected.	The Code on Wages, 2019 grants all workers a statutory right to minimum wages and timely payment, ensuring greater financial stability.
Preventive Healthcare	No legal requirement for employers to provide annual health check-ups.	Employers must provide free annual health check-ups for all workers above 40 years, promoting preventive healthcare and early detection.
Timely Payment of Wages	No uniform mandate for timely wage payment.	Employers are mandated to ensure timely wage disbursement, improving worker morale and reducing financial stress.
Women Workforce Participation	Restrictions on women working at night or in certain occupations.	Women can now work at night and across all job roles, subject to consent and safety provisions—expanding opportunities for higher-income employment.
ESIC Coverage	ESIC coverage was limited to notified areas and excluded most small establishments; hazardous units lacked uniform coverage.	Pan-India ESIC coverage extended to all workers; voluntary for establishments with <10 employees and mandatory for even 1 employee in hazardous processes—strengthening social protection.
Compliance Burden	Multiple registrations, licenses, and returns across 29 laws created heavy administrative load.	A single registration, single license (PAN-India), and single return significantly streamline compliance and reduce operational burden.



# Introduction

**A Comprehensive Compliance-Centric Overview** India's new Labour Codes introduce a unified, modernised framework that strengthens worker protection, enhances social security, and simplifies compliance for employers across industries. The reforms focus on formalisation, transparency, safety, and welfare while enabling organisations to operate with greater clarity and regulatory certainty. Below is a sector-wise summary of the benefits:

## Cross-Cutting Labour Reforms Impacting All Sectors

- **National Floor Wage** ensures no worker earns below minimum living standard.
- **Gender-neutral** job opportunities including protections for transgender workers.
- **Inspector-cum-Facilitator** model shifts from punitive enforcement to compliance support.
- **Single Registration**, Single Licence, Single Return replace multiple filings.
- **National OSH Board** to harmonise safety norms across industries.
- **Mandatory Safety Committees** for establishments with 500+ workers.
- **Higher Factory applicability thresholds** reduce burden on small units while ensuring worker safety. With the help of power 20 from 10, without power 40 from 20.

Portability of benefits expands social security coverage—now reaching 64% of the workforce (2025) up from 19% in 2015.

**Overall Impact** The Labour Codes significantly strengthen worker rights, enhance wage protection, improve workplace safety, and broaden social-security coverage across India. At the same time, they bring ease of doing business through simplified compliance, unified filings, clarity of definitions, and digital governance. These reforms are designed to create a pro-worker, pro-industry, and future-ready labour ecosystem, supporting India's growth trajectory across manufacturing, services, technology, exports, gig economy, and emerging sectors

## Fixed-Term Employees (FTE)

- ✓ FTEs receive benefits equal to permanent workers, including leave, medical, and social security.
- ✓ Gratuity eligibility reduced to 1 year of continuous service.

- ✓ Equal wages for equal work ensure fair compensation.
- ✓ Encourages direct hiring, reducing excessive contractualisation.

## Gig & Platform Workers

- ✓ "Gig work", "Platform work", and "Aggregators" defined for the first time.
- ✓ Aggregators must contribute 1–2% of turnover, capped at 5% of worker payments, towards social security.
- ✓ Aadhaar-linked Universal Account Number enables full portability of benefits across states, regardless of migrations

## Contract Workers

- ✓ Contract workers receive health, safety, and social security benefits from principal employers.
- ✓ Annual free health check-up mandated. FTE rules increase employability and ensure protections.

## Women Workers

- ✓ Gender discrimination prohibited; equal pay ensured.
- ✓ Women permitted to work night shifts and all job categories, including hazardous roles, with safeguards and consent.
- ✓ Mandatory representation of women in grievance committees.
- ✓ Family definition expanded to include parents-in-law.

## Youth Workers

- ✓ Minimum wage guaranteed for all youth workers.
- ✓ All workers to get appointment letters – promoting social security, employment history and formal employment.
- ✓ Payment of wages during leave has been made mandatory.

## Beedi & Cigar Workers

- ✓ Minimum wages and timely payment ensured.
- ✓ Work hours capped at 8–12 hrs/day, 48 hrs/week.
- ✓ Overtime at double wages. Bonus eligibility after 30 days of work.



# Introduction

## **Plantation Workers**

- ✓ Covered under OSHWC Code and Social Security Code.
- ✓ Safety training and mandatory protective equipment.
- ✓ Workers and families receive full ESI facilities; education support for children.

## **MSME Workers**

- ✓ All MSME workers covered under Social Security Code.
- ✓ Standard working hours, paid leave, and double overtime wages. Access to canteen, drinking water, and rest facilities.

## **Audio-Visual & Digital Media**

- ✓ Workers Mandatory appointment letters defining wages and benefits.
- ✓ Timely wage payment and double overtime wages.
- ✓ Covers journalists, actors, dubbing artists, stunt persons, and digital content workers.

## **Mine Workers**

- ✓ Certain commuting accidents treated as employment-related.
- ✓ Standardized national OHS norms.
- ✓ Free annual health check-up and 48 hours/week work limit.

## **Hazardous Industry**

- ✓ Workers Free annual health check-ups and mandatory safety committees.
- ✓ Women allowed in all hazardous roles with

consent.

- ✓ National standards for safe handling of hazardous chemicals.

## **Textile Workers**

- ✓ Equal wages and welfare benefits for migrant workers. Double wages for overtime.
- ✓ Claims for due wages allowed up to 3 years.

## **IT & ITES Workers**

- ✓ Mandatory salary release by the 7th of every month.
- ✓ Equal pay and enhanced opportunities for women, including night shifts. Stronger mechanisms for resolving workplace grievances.

## **Dock Workers**

- ✓ Mandatory appointment letters ensuring formal recognition.
- ✓ Coverage under PF, pension, insurance—for both contract & temporary workers.
- ✓ Employer-funded annual health check-ups and basic facilities.

## **Export Sector**

- ✓ Export Sector Workers FTE workers eligible for gratuity, PF, and social security benefits.
- ✓ Annual leave eligibility after 180 days.
- ✓ Night shifts for women allowed with consent; strong safety measures



# Code on Wages, 2019

*Rules 163 to 58  
Form 20 to 6  
Registers 24 to 2*



**DID YOU KNOW?**

## 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.

## 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.

## 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.

## 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.

## 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 unauthorized 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 contracts 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.

## 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.



# Code on Wages, 2019

Rules 163 to 58  
Form 20 to 6  
Registers 24 to 2

## Laws Covered by the Wages Code:

1. Payment of Wages Act, 1936
2. Minimum Wages Act, 1948
3. Payment of Bonus Act, 1965
4. Equal Remuneration Act, 1976

S.No.	Provision	Section	New Provision or Revision	Impacted Parties
DEFINITIONS				
1	<b>Definition of 'wages':</b> The Wage Code (and other labour codes) introduces a uniform definition of "wages". The definition of wages is to be considered for calculation of minimum wages, provident fund (PF) contributions, employee State Insurance (ESI), maternity benefit, employee's compensation, gratuity, statutory bonus, and other payment of wage related provisions.  This change in definition of wages does not impact provisions under state specific statutes such as shops and establishments statutes, labour welfare fund statutes, professional tax statutes, etc.	2(y) and 3	<b>Revision:</b> The labour codes provide a uniform definition of wages which was different under the erstwhile labour laws.	Relevant to all employers and employees  <b>Stakeholders:</b> Finance & Payroll Important for understanding financial impact on wage related benefits such as gratuity.
2	<b>Definition of 'employee':</b>  Wage Code defines an 'employee' as any person (other than an apprentice engaged under the Apprentices Act, 1961), employed on wages by an establishment to do any skilled, semi-skilled or unskilled, manual, operational, supervisory, managerial, administrative, technical, or clerical work for hire or reward, whether the terms of employment be express or implied.	2(k)	<b>Revision:</b> The Payment of Wages Act, 1936 provisions are typically not applicable to employees drawing monthly wages above INR 24,000. However, the Wage Code provisions are applicable to all 'employees'.	Relevant to all employers and employees  <b>Stakeholders:</b> Finance, Payroll & HR Important for understanding the net of coverage of Wage Code.
3	<b>National Floor Wage:</b>  A new concept of national floor wage has been introduced. A national floor wage to be fixed by the Central Government basis which the appropriate State Government will have to fix the minimum wage rates.	9	<b>New Provision.</b> Earlier, only minimum wages were notified by the relevant State and Central Government. Now, the Central Government will notify national floor wages which States will keep in mind while notifying their respective minimum wages.	Relevant to all employers and employees  <b>Stakeholders:</b> Finance & Payroll Important for understanding minimum obligations towards employees, and services received through contract workers.

EMPLOYER OBLIGATIONS/ COMPLIANCES				
4	<b>Prohibition of discrimination on ground of gender:</b>  Employer to ensure that there is no discrimination among employees on the basis of gender in matters relating to wages for the same work or work of similar nature.	2(y)	<b>Revision:</b> The obligation to pay equal remuneration to male and female employees for same work or work of similar nature have been extended to all genders in respect of conveyance allowance, house rent allowance and any remuneration payable under an award or settlement.	Relevant to all employers  <b>Stakeholders:</b> Finance, Payroll & HR Important for ensuring wage breakup is computed accordingly.
5	<b>Payment of due wages within two working days of resignation:</b>  The employer will have to pay the due wages within 2 working days from the last day of employment even in cases of employee resignation.	17	<b>Revision:</b> The prescribed timeline for payment of wages, which was applicable only to cases of termination, has been extended to cases of resignation as well.	Relevant to all employers  <b>Stakeholders:</b> Payroll & Compliance Important for understanding payment timelines and compliances for deductions.



EMPLOYER OBLIGATIONS/ COMPLIANCES				
6	<b>Compliances for payment of wages:</b>  Employer to comply with certain conditions on payment of wages, including time of payment of wages and authorised deductions (for example deductions for fines, recovery of salary advance, etc.).	Section(s) 16, 17 and 18	<b>Revision:</b> These provisions were primarily applicable under Payment of Wages Act, 1936 to employees earning monthly wages below INR 24000. Under the Wage Code there is no such threshold, and accordingly, these compliance requirements will apply to all employees.	
7	<b>Approval for fines:</b>  Employer to obtain prior approval of the appropriate government (relevant government authority for the employer's establishment – typically State Government for private employers) regarding imposition of any fines on an employee. For instance, a penalty imposed by the employer on employee as a result of a misconduct.	19		
8	<b>Payment of wages by electronic mode:</b>  Wage Code recognises payment of wages in electronic mode. For the first time, electronic payment has been statutorily recognised in labour laws.	15	<b>New Provision</b>	Relevant to all employers  <b>Stakeholder:</b> Payroll Payments can be made electronically.
9	<b>Payment of bonus:</b>  Employer is required to pay an annual minimum bonus calculated at a minimum of 8.33% of the annual wages to eligible employees and a maximum of 20% of such wages. Employees dismissed from services due to conviction for sexual harassment are disqualified from receiving payment of statutory bonus.	Section(s) 26 and 29	<b>Revision:</b> The government is yet to announce the salary threshold for statutory bonus eligibility which may increase the net of bonus obligations.	Relevant to all employees earning 'wages' below the notified wage threshold. Wage threshold shall be notified by the Central Government.  <b>Stakeholder:</b> Finance & Payroll Important for determining statutory bonus liability.
DISPUTE RESOLUTION AND STATUTORY AUTHORITIES				
10	<b>Limitation period to file claims:</b>  The period of limitation for filing of claims by a worker has been enhanced to 3 years. For example, under Payment of Wages Act, 1936 claims in relation to unlawful deductions could be filed within 12 months from the date of the deduction.	45	<b>Revision:</b> Limitation period enhanced under the Wage Code for filing of claims on non compliances.  For example, under Payment of Wages Act, 1936, application for illegal deductions from wages or delayed payments can be presented to relevant labour authorities for adjudication within 12 months from date of deduction or due payment. Under the Wages Code, such applications may be filed within a period 3 years from the date on which the claim arises.	Relevant to all employers and employees <b>Stakeholder:</b> Legal Important for determining time-barred claims. For example, if an employee files a claim of wrongful deduction from wages under Wages Code after 3 years from the date of deduction, such a claim may be timebarred. However, Wage Code permits labour authorities to admit time barred claims in case there is sufficient reason for delay.
11	<b>Inspector cum facilitator :</b> Role of labour authorities has been extended beyond just inspection, to include facilitation of compliances.  In case of any violation of certain Wage Code provisions (such as wrongful deduction from wages, non-maintenance of registers etc.), the Inspector-cum-Facilitator shall give an opportunity to the employer to rectify such non-compliance prior to initiating action.  In case of repetition of an offence within 5 years from the date of first violation, the employer will not be provided with such opportunity. The appropriate government may lay down an 'inspection scheme' which may provide for web-based inspection and calling of online information.	51 and 54	<b>New provision</b>	Relevant to all employers <b>Stakeholders:</b> Legal & Compliance Important to understand potential liabilities in case of non-compliances and labour audit process.
12	<b>Increased penalties for non-compliance:</b>  The employer may be penalised for paying less than the due wages or contravening any other provisions of the Wage Code. The penalties include:  <b>Paying less than the due wages:</b> - Max. penalty for first offence: Fine of INR 50,000 - Max. penalty on repetition of offence within 5 years of previous offence: Imprisonment of 3 months and/or fine of INR 1,00,000	54 and 45	<b>Revision:</b> Penalties under subsumed laws have been revised. For example, as per Payment of Bonus Act, 1965 non-payment of bonus is punishable with imprisonment of up to 6 months and/or fine of up to INR 1000. The Wage Code provides for a monetary penalty of up to INR 20,000 for first offence of non-payment of bonus.	Relevant to all employers  <b>Stakeholders:</b> Legal & HR  Important for understanding potential liabilities in case of non-compliance.

DISPUTE RESOLUTION AND STATUTORY AUTHORITIES				
	<p><b>Contravention of other provisions of Wage Code:</b></p> <ul style="list-style-type: none"> <li>- Max. penalty for first offence: Fine of INR 20,000</li> <li>- Max. penalty on repetition of offence within 5 years of previous offence: Imprisonment of 1 month and/or fine of INR 40,000 For any default in payment of wages, minimum wages, bonus, etc.</li> </ul> <p><b>Compensation :</b> awarded could be up to 10 times the value of claim.</p>			
13	<p><b>Composition of offences:</b></p> <p>The Wage Code permits composition of offences (which are not punishable with imprisonment). Employers who are convicted of such offences for the first time may need to pay up to 50% of the maximum penalty provided for composition. Once an offence is compounded, no prosecution will be instituted against the offender for that offence.</p>	56	New provision	<p>Relevant to all employers</p> <p><b>Stakeholders:</b> Finance and Legal Important for understanding potential liabilities in case of non-compliance.</p>





# Code on Social, Security 2020



DID YOU KNOW?

## 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.

## 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.

## 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.

## 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.

## 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.

## 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.

## 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.

## 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.

## 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.



# Code on Social, Security 2020



**DID YOU KNOW?**

## **Maternity Benefit Entitlement**

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## **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.

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

## **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.

## **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.

## **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.

## **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.

## **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.

## **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.



# Code on Social, Security 2020

## Laws Covered by the SS Code:

1. Employee's Compensation Act, 1923
2. Employees' State Insurance Act, 1948
3. Employees' Provident Funds and Miscellaneous Provisions Act, 1952
4. Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
5. Maternity Benefit Act, 1961
6. Payment of Gratuity Act, 1972
7. Cine-Workers Welfare Fund Act, 1981
8. Building and Other Construction Workers' Welfare Cess Act, 1996
9. Unorganised Workers' Social Security Act, 2008

SL	Provision	Section	New Provision or Revision	Impacted Parties
DEFINITIONS				
1	<b>Aggregators</b>  SS Code defines aggregators in context of gig and platform workers. It states that an aggregator means a digital intermediary or a market-place for a buyer or user of a service to connect with the seller or the service provider	2(2)	<b>New provision</b>	Relevant to aggregators.  <b>Stakeholders:</b> Finance & HR  Important in context of social security for gig and platform workers.
2	<b>Gig-workers</b>  SS Code introduces the concept of 'gig-worker' who is a 'person who performs work or participates in a work arrangement and earns from such activities outside of traditional employer-employee relationship'. This may include independent contractors.	2(35)	<b>New provision</b>	Relevant to gig workers, aggregators engaging gig workers.  <b>Stakeholders:</b> Finance & HR  Important for aggregators engaging gig workers.
3	<b>Platform workers</b>  SS Code introduces the concept of platform workers who undertake 'platform work'. Platform work' means any work arrangement outside of a traditional employer employee relationship in which organisations or individuals can use an online platform to access or provide specific services against payment. Platform work covered under SS Code may be notified by the Central Government.	(s) 2(60) and 2(61)	<b>New provision</b>	Relevant to platform workers, aggregators engaging platform workers.  <b>Stakeholders:</b> Finance & HR  Important for aggregators engaging platform workers.
4	<b>Fixed-term employment</b>  SS Code defines the fixed-term employment to mean 'engagement of an employee on the basis of a written contract of employment for a fixed period'. It also provides that: - Hours of work, wages, allowances and other benefits of fixed-term employees should not be less than that of a permanent employee doing same work or work of a similar nature. - Fixed term employees shall be eligible for all statutory benefits available to a permanent employee or a pro-rata basis, irrespective of qualifying criteria prescribed under the applicable law. For example, gratuity will be payable to fixed term employees with less than 5 years of service.	2(34)	<b>New provision:</b> Similar definition was introduced in the <u>Industrial Employment (Standing Orders) Central Rules, 1946</u> and by some states (such as <u>Haryana, Karnataka</u> ) in their respective state rules to the Industrial Employment ( <u>Standing Orders</u> ) Act, 1946 and model standing orders.	Relevant to fixed term employees and employers engaging such employees.  <b>Stakeholders:</b> Finance, Payroll & HR  Important to ensure fixed-term employees are provided relevant pro-rata benefits, including statutory benefits such as gratuity.

SL	Provision	Section	New Provision or Revision	Impacted Parties
<b>DEFINITIONS</b>				
5	<b>Career centre</b>  SS Code introduces concept of career centres replacing employment exchanges. They are offices (including employment exchanges, places, or portals) established and maintained by the Central Government for providing career services by maintaining information on recruiting employers, candidates seeking recruitment, occurrence of vacancies and individuals seeking vocational guidance or counselling to start self employment etc.	2(9)	<b>Revision:</b> Through the SS Code, the role of employment exchanges under Employment Exchanges (Compulsory Notification of Vacancies Act, 1959 <b>(EE Act)</b> has been extended to provide vocational guidance and counselling for selfemployment.  Private employers employing at least 25 employees are required to notify certain vacancies to employment exchanges under EE Act. Noncompliance with EE Act may lead to a monetary penalty of up to INR 1000, whereas under SS Code, failure to report vacancies (as may be notified by the labour authorities) to career centres may lead to a monetary penalty of up to INR 50,000.	Relevant to employers and job seekers  <b>Stakeholders:</b> HR & Compliance  Employers may be mandatorily required to notify certain vacancies to career centres.
<b>EMPLOYER OBLIGATIONS/ COMPLIANCES</b>				
6	<b>Social Security Schemes for gig and platform workers</b>  The Central Government has been empowered to notify social security schemes for gig workers, platform workers and members of their families. Amounts due under such social security schemes shall have priority over other debts of the employer.  The Code proposes to set up a National Social Security Board ( <b>NSSB</b> ) which shall perform the functions like, recommendation to the Central Government for framing suitable social security schemes for different sections of unorganised workers, gig workers and platform workers.  Given the State Government shall have representation on NSSB monitoring welfare schemes for gig workers, they can make recommendations regarding the scheme framed by the Central Government.	45 and 47	<b>New Provision</b>	Relevant to gig workers and platform workers  <b>Stakeholders:</b> Finance & HR  Aggregators may need to make social security contributions for engaging gig workers and platform workers.  We await more details on applicability of the scheme and obligation of employers which will be available as and when the schemes are notified.
7	<b>Electronic registration:</b>  Every establishment to which the SS Code applies needs to be registered, electronically or otherwise in a prescribed manner. If the establishment is already registered under any existing central labour law, it shall not be required to obtain registration again under the SS Code. Such existing registration shall be deemed to be registration for the purposes of the SS Code.	3	<b>Revision:</b> There are existing registration requirements under laws such as Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Employees' State Insurance Act, 1948 which were triggered when an employer exceeded a certain headcount.  An employer who is already registered under existing laws need not obtain fresh electronic registration under the SS Code. Otherwise, a new registration needs to be obtained.	Relevant to employers  <b>Stakeholders:</b> HR & Compliance  Important to ensure the employer's establishment is registered under SS Code once such requirement becomes applicable.
8	<b>Calculation of PF, gratuity, maternity benefit, compensation of workplace accidents:</b>  Calculation based on the new definition of wages, subject to applicable caps as may be prescribed by the appropriate government.	2(88)	<b>Revision:</b> Social security obligations may vary based on the revised definition of wages.  For example: gratuity is currently calculated only upon basic salary and DA, which will be now calculated upon 'wages' under SS Code.2	Relevant to all employers and employees. Impact will vary based on the nature of the benefit and employees entitled to receive such benefits.  <b>Stakeholders:</b> Finance, Payroll & HR  Employers will need to understand what will constitute 'wages' based on their salary structure and accordingly, the change in their obligations.

SL	Provision	Section	New Provision or Revision	Impacted Parties
<b>EMPLOYER OBLIGATIONS/ COMPLIANCES</b>				
9	<b>Voluntary PF and ESI coverage:</b>  PF and ESI authorities on receiving application from an employer (or otherwise by notification) can apply PF and ESI related chapters of SS Code to the employer's establishment, subject to there being agreement among majority of the employees.  Employer can apply to come out of such voluntary application, if there is an agreement in this respect with majority of employees, complying with applicable conditions imposed by relevant authorities.	1(5) and 1(7)	<b>New provision:</b> Currently there is no provision to come out of voluntary coverage.	Relevant to all employers and employees  <b>Stakeholders:</b> Finance, Legal & HR  Important for employers who would like to take voluntary PF and ESI coverage
10	<b>Recovery of ESI dues from employer:</b>  Where employer fails to pay ESI contribution for an employee as per legal requirement, the ESI authorities can provide the ESI related benefits to such employees directly, recovering the capitalised value of the benefits from the employer in a prescribed manner.	42	<b>New provision</b>	Relevant to employers and employees eligible to receive ESI benefits.  <b>Stakeholders:</b> Finance & Legal Important in case employer is not making ESI compliance for eligible employees
11	<b>Gratuity for fixed-term employees:</b>  Gratuity to be paid on pro-rata basis to fixed term employees irrespective of their length of service.	53	<b>New provision</b>	Relevant to employers and fixed term employees  <b>Stakeholders:</b> Finance, Payroll & HR  Important for assessing gratuity liability.
<b>DISPUTE RESOLUTION AND STATUTORY AUTHORITIES</b>				
12	<b>Limitation of 5 years for PF &amp; ESI proceedings:</b>  No proceeding can be initiated after 5 years from the date of cause of action <sup>14</sup> in respect of applicability of PF/ESI provisions or non-payment of PF/ESI dues. - Inquiries on such matters should be concluded within a period of 2 years. - Pending inquiries should be concluded within a period of 2 years from the date of commencement of the SS Code.	125	<b>New provision</b>	Relevant to employers and employees  <b>Stakeholders:</b> Legal  Important for determining limitation of claims
13	<b>Joint-liability of transferor transferee in case of transfer of establishment:</b>  Where an employer transfers his establishment in whole or in part, the employer and the transferee shall be jointly and severally liable to pay any due amount in respect of any liabilities under the SS Code. The liability referenced here shall be in respect of the period prior to the date of transfer.  The liability of the transferee shall be limited to the value of the assets obtained by him by such transfer. For example, A transfers a part of its business to B and A has unpaid dues under SS Code as on the date of transfer. In such case, both A and B shall be liable jointly and individually for such unpaid dues accrued until date of transfer. However, B's liability in respect of such pre-transfer dues shall be limited to the value of the assets transferred to B.	145	<b>Revision:</b> Currently, only the PF law contemplates joint liability of the parties in case of employee transfer. The SS Code extends such joint and several liability to other social security obligations under the SS Code. For example: payment of unpaid gratuity.	Relevant to employers transferring businesses.  <b>Stakeholders:</b> Legal  Important in case of transfer of employees and allocation of liabilities between the parties.
	<b>Increased penalties for noncompliance:</b>  Max. penalty for failure to pay contribution deducted from employee's wages: imprisonment of 3 years and/or fine of INR 1,00,000.  There are additional penalties for other non-compliances such as:	(s) 133 and 134	<b>Revision:</b> SS Code provides for higher monetary penalties for non-compliance with social security obligations.	Relevant to employers  <b>Stakeholders:</b> Legal, Finance & Compliance  Important for determining liabilities for noncompliance.

SL	Provision	Section	New Provision or Revision	Impacted Parties
EMPLOYER OBLIGATIONS/ COMPLIANCES				
14	<ul style="list-style-type: none"> <li>- non-payment of social security benefits (such as gratuity, maternity benefit, cess for building workers, compensation in case of a workplace related accident etc.)</li> <li>- Reduction of an employee's benefits in non-compliance with provisions of SS Code</li> <li>- Failure to file/ submit returns and other information as per requirement under SS Code</li> <li>- Filing false returns</li> <li>- Non-compliance with provisions of SS Code for which there is no specific penalty.</li> </ul> <p>Penalties for failure to pay social security benefits or obstructing labour authorities are typically in nature of imprisonment and/or monetary penalties of varying ranges. Second or subsequent offence for payment of contribution/ charges/ cess/ maternity benefit/ gratuity/ compensation may be penalised with</p>			
15	<p><b>Compounding of offences:</b></p> <p>The SS Code permits the compounding of certain offences (in case of first convictions) in following manner-</p> <ol style="list-style-type: none"> <li>for an offence punishable with fine only: with payment of 50% of the maximum fine provided for that offence;</li> <li>for an offence punishable with imprisonment for a term which is not more than 1 year and also with fine: with payment of 75% of the maximum fine provided for that offence.</li> </ol> <p>Once an offence is compounded, no prosecution will be instituted against the offender for that offence.</p>	138	New provision	<p>Relevant to employers</p> <p><b>Stakeholders:</b> Legal &amp; Compliance</p> <p>Important for determining employer's liability in case of noncompliance.</p>







# Occupational Safety, Health and Working Conditions Code, 2020



**DID YOU KNOW?**

## **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.

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.

## **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.

## **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.

## **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.

## **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.



# Occupational Safety, Health and Working Conditions Code, 2020

## 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.

## 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.

## 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.

## 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.

## 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.

## 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.

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



# Occupational Safety, Health and Working Conditions Code, 2020

## Laws Covered by the OSH Code:

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

S No.	Provision	Section	New Provision or Revision	Impacted Parties
DEFINITIONS				
1	<b>Establishment:</b>  Establishment for the purpose of OSH Code includes a place where any industry, trade, business, manufacturing, or occupation is carried on in which 10 or more workers are employed, thereby, including commercial establishments within the ambit of the term “establishment” under OSH Code.	2 (v)	<b>Revision:</b> Common definition for establishment covering commercial establishments with at least 10 or more workers.	Relevant to workers & Employers of Establishments  <b>Stakeholders:</b> Legal & HR  Important for understanding applicability of OSH Code provisions.
2	<b>Workers:</b>  Similar to ‘workman’ under Industrial Disputes Act, 1947, the OSH code defines workers as ‘person employed in any establishment to do any manual, unskilled, skilled, technical, operational, clerical, or supervisory work for hire or reward, whether the terms of employment be express or implied.  It also includes working journalists and sales promotion employees.  However, it excludes the following categories: (i) Persons from air force, army, navy, police service, prison officer or employee. (ii) Employed mainly in a managerial or administrative capacity; (iii) Employed in a supervisory capacity drawing wage exceeding INR 18000 per month or an amount as may be notified by the Central Government from time to time;’	2(zzl)	<b>Revision:</b> The definition of workers as per Industrial Disputes Act, 1947 respectively has been revised.  Supervisors earning monthly wages above INR 18000 will be included under ‘workers’.	Relevant to workers & employers  <b>Stakeholders:</b> Legal & HR  Important for understanding applicability of OSH Code provisions.

S No.	Provision	Section	New Provision or Revision	Impacted Parties
<b>DEFINITIONS</b>				
3	<p><b>Contract labour:</b>  “Contract labour” under OSH Code includes workers engaged through a contractor in connection with work of an establishment. It includes migrant workers and part-time employees of contractors but does not include workers:</p> <ul style="list-style-type: none"> <li>- who are regularly employed by a contractor for any activity of the contractor’s establishment and</li> <li>- whose employment (including permanent employment) is governed by mutually accepted conditions of employment and</li> <li>- who gets periodical increments, social security coverage and other welfare benefits as per applicable laws.</li> </ul> <p>In view of such exclusion, certain individuals who were earlier considered as contract labour under the Contract Labour (Regulation and Abolition) Act, 1970 (for example: permanent employees of a contractor receiving increment, social security coverage from contractor and providing on-site services to a client will not be considered as contract labour under the OSH Code.</p>	2(m)	<p><b>Revision:</b> The definition of contract labour has been made narrower, excluding certain employees of thirdparty vendors, reducing liability of principal employer towards such individuals.</p>	<p>Relevant to contract labour, contractors &amp; principal employers</p> <p><b>Stakeholders:</b> Legal &amp; HR</p> <p>Important for understanding applicability of OSH Code provisions</p>
4	<p><b>Core activity of an establishment:</b> The OSH Code has defined the core activity of an establishment as activities for which an establishment is set up, including any activity essential or necessary to such activity. The OSH Code specifically excludes certain activities from the ambit of core activities. Engagement of contract labour in core activities is specifically prohibited under the OSH Code, except where:</p> <ul style="list-style-type: none"> <li>i. the activity is ordinarily done through a contractor in course of normal functioning of the employer’s establishment,</li> <li>ii. 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,</li> <li>iii. there is a sudden increase in the volume of work in the core activity that needs to be accomplished in a specified time.</li> </ul>	2(p)	<b>New provision</b>	<p>Relevant to contract labourers, contractors &amp; principal employers</p> <p><b>Stakeholders:</b> Legal &amp; HR</p> <p>Important for understanding applicability of OSH Code provisions.</p>
5	<p><b>Inter-state migrant workers:</b></p> <p>The definition of ‘inter-state migrant worker’ includes workers who come on their own from their home state to obtain employment in an establishment located in another state (besides from those recruited by contractors for work in a state different from their home state), or subsequently changes establishment within the destination state.</p> <p>This can include such IT/ITeS employees earning wages less than INR 18000 per month, or such higher amount prescribed by the Central Government.</p> <p>The above definition is substantially different from the definition of interstate migrant workers under Interstate Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979.</p>	2(zf)	<p><b>Revision:</b> The ambit of coverage of inter-state migrant worker related provisions have been revised.</p> <p>A wage threshold of INR 18000 has been introduced for inter-state migrant workers.</p> <p>The existing exclusion for individuals in managerial, administrative, and supervisory capacity has been removed.</p>	<p>Relevant to interstate migrant workers &amp; employers engaging employees belonging to a different state.</p> <p><b>Stakeholders:</b> Legal &amp; HR</p> <p>Important for understanding the applicability of interstate migrant worker related provisions.</p>
<b>EMPLOYER OBLIGATIONS</b>				
6	<p><b>Application of contract labour related provisions:</b></p> <p>The provisions of the OSH Code pertaining to engagement of contract labours will be applicable to establishments which employ at least 50 contract labourers in the preceding 12 months. Additionally, manpower supply contractors who employ at least 50 contract labour in the preceding 12 months will also be covered under relevant provisions</p>	45	<p><b>Revision:</b> The applicability of contract labour-related provisions has been revised. In view of revised definition of ‘contract labour’ and the revised headcount (earlier it was 20 under the central law which has been revised to 50 under OSH Code) trigger, employers will need to re-assess whether contract labour related regulations apply to them.</p>	<p>Relevant to contract labour, contractors &amp; principal employers</p> <p><b>Stakeholders:</b> HR &amp; Compliance</p> <p>Important for understanding obligations towards contract labourers.</p>

S No.	Provision	Section	New Provision or Revision	Impacted Parties
<b>EMPLOYER OBLIGATIONS</b>				
7	<b>Daily working hours:</b>  No worker shall be required to work in any establishment for more than 8 hours in a day. Every establishment is required to display a notice of periods of work, during which workers may be required to work.	25	<b>Revision:</b> Provides uniform provisions on wages and working hours for factories and establishments (including IT/ITeS establishments) employing at least 10 workers.	Relevant to workers in establishments  <b>Stakeholders:</b> Finance, Payroll, HR & Compliance  Important for understanding payment and working hour related compliances.
8	<b>Overtime wages:</b>  Employer will have to pay for overtime work done by any worker at twice the rate of wages, which may be calculated on a weekly or daily basis, as may be favourable to the worker. Employer is required to take consent of the employee for performing overtime work.	27	<b>Revision:</b> Provides uniform provisions on wages and working hours for factories and establishments (including IT/ITeS establishments) employing at least 10 workers.	Relevant to workers in establishments  <b>Stakeholders:</b> Finance, Payroll, HR & Compliance  Important for understanding payment and working hour related compliances.
9	<b>Weekly and compensatory holidays:</b> Employer should not allow any worker to work in any establishment for more than 6 days in any one week. If the appropriate government exempts any class of workers from the aforesaid requirement, the worker deprived of weekly holidays shall be allowed compensatory holidays for deprived weekly holidays within the same month or within 2 months thereafter.	26		
10	<b>Prohibition on overlapping of shifts:</b> Employer should not carry out work in any establishment in a system of shifts, whereby more than one relay of workers is engaged in work of the same kind at the same time.	29		
11	<b>Annual leave:</b>  - Employer to provide workers working for at least 180 days in a calendar year, annual leave with wages @ 1 day for every 20 days of work. - Prefixed or suffixed holidays between a period of leave availed by a worker shall be excluded for purpose of calculation of leave availed by a worker. - Up to 30 days of accrued but un-availed leaves of a worker can be carried over to the succeeding calendar year. - Where a worker has applied for leave and refused, such workers shall be entitled to carry forward the refused leave without any limit.	32		
12	<b>Annual leave encashment:</b>  Separating workers, including those separating due to voluntary resignation, are entitled to leave encashment at the time of separation. In such case, leave encashment is payable within 2 days from the date of discharge/ resignation and 2 months where separation is due to death or superannuation.  Workers are entitled to on-demand leave encashment at the end of each calendar year if they have accrued leaves. They are also entitled to encashment of any leaves accrued in excess of 30 days.	32	<b>New provision</b>	Relevant to workers in establishments  <b>Stakeholders:</b> Finance, Payroll & HR  Additional legally mandated separation payment obligation
13	<b>Employment of women in night shift:</b>  Women shall be entitled to be employed in all establishments for all types of work, including for work done between 7 PM and 6 AM subject to their consent and compliance with such conditions relating to safety, holidays and working hours or any other conditions as may be prescribed for engagement of women workers during such hours.  In addition to the above, an employer needs to comply with conditions prescribed for employment of women in night shifts under respective State Shops and Commercial Establishment Acts.	43	<b>Revision:</b> Factories Act, 1948 prohibited engagement of women employees between 7 pm and 6 am which has been permitted for all establishments subject to applicable conditions.	Relevant to women workers  <b>Stakeholders:</b> HR & Compliance  Important for understanding obligations on engaging female employees in night shift.

S No.	Provision	Section	New Provision or Revision	Impacted Parties
<b>EMPLOYER OBLIGATIONS</b>				
14	<b>Obligations related to interstate migrant workers:</b>  If the employer employs 10 or more inter-state migrant workers in the preceding 12 months, the employer will need to provide a lump-sum journey allowance to inter-state migrant workers for to and fro journey to the worker's native place to the place of the workers' employment.  The minimum service for entitlement to such a journey allowance, periodicity, and class or travel, etc shall be as prescribed by the appropriate State Government under the OSH Code.	61	<b>Revision:</b> Employers may need to extend obligations related to inter-state migrant workers to a larger group of employees.	Relevant to interstate migrant workers, contractors, and principal employers  <b>Stakeholders:</b> Finance, HR & Compliance  Important for understanding obligations regarding inter-state migrant workers.
15	<b>New duties of employer introduced:</b>  The OSH Code provides for certain duties of an employer such as: 1. ensuring the workplace is free from hazards which are likely to cause any injuries or occupational disease to the employees. 2. complying with the occupational safety and health standards as prescribed under the OSH Code or rules and regulations, byelaws or orders thereunder. 3. providing free annual health examinations or such tests to employees of a specific age, or class of employees, or class of establishments as may be prescribed. 4. providing and maintaining a safe and reasonably practical working environment which does not pose a threat to the health of the employees. 5. ensuring safe disposal of hazardous and toxic waste including disposal of e-waste. 6. issuing a letter of appointment to every employee in the establishment with such information and in such form as prescribed. 7. ensuring no charges are levied on any employee in respect of anything done or provided for maintenance of health and safety at workplace	6	<b>Revision:</b> OSH Code extends certain obligations under Factories Act, 1948 to establishments employing at least 10 workers.	Relevant to employers  <b>Stakeholders:</b> HR & Compliance  Important for understanding health and safety obligations at the workplace.
16	<b>Certain rights of employees:</b>  Employees in an establishment will have the right to obtain from the employer information relating to an employee's health and safety at work. Employees can also make a representation to the employer in a prescribed manner regarding inadequate provision for protection of the employee's safety or health in connection with the activities at the employer's workplace, which can also be escalated to the Inspector cum facilitator	14	<b>Revision:</b> OSH Code extends certain obligations under Factories Act, 1948 to establishments employing at least 10 workers.	Relevant to employees & employers  <b>Stakeholders:</b> HR & Compliance  This may lead to queries on health and safety at the workplace.
17	<b>Notice of certain dangerous occurrences and diseases:</b>  In case of any dangerous occurrence in an establishment (whether or not causing bodily injury, or disability), the employer is required to send a notice to appropriate government in a prescribed manner. If a worker in any establishment contracts a notifiable disease (as specified under Third Schedule to the OSH Code), the employer will also need to send a notice to appropriate authorities as may be prescribed.	11 and 12	<b>Revision:</b> OSH Code extends certain obligations under Factories Act, 1948 to establishments (including IT/ITeS establishments) employing at least 10 workers.	Relevant to employers  <b>Stakeholders:</b> HR & Compliance  This may lead to additional compliances for employers.
18	<b>Welfare facilities in the establishment:</b>  Employer to be responsible for provision and maintenance of adequate welfare facilities in the establishment, as prescribed by the Central Government. This may include facilities such as provision of sitting arrangement for all employees, facilities of canteen etc. The obligations would be clear after the Central Government issues notification.	24	<b>Revision:</b> OSH Code extends certain obligations under Factories Act, 1948 to establishments employing at least 10 workers.	Relevant to employers  <b>Stakeholders:</b> HR & Compliance  This may lead to additional compliances for employers.

S No.	Provision	Section	New Provision or Revision	Impacted Parties
DISPUTE RESOLUTION AND STATUTORY AUTHORITIES				
19	<b>Increased penalties for noncompliance:</b>  Penalties for contravening provisions of OSH Code include: - Maximum fine: INR 5,00,000 - Max. fine for contravention of any order prohibiting, restricting, and regulating employment of women and contract labour: INR 1,00,000. Continuing contravention and subsequent offences may lead to higher penalties.	94, 95, 96, 97, 98, 99, 100, 101, 102 and 103.	<b>Revision:</b> OSH Code provides for monetary penalties for not complying with its provisions. Many provisions under OSH Code were earlier applicable in context of factories and have been extended to commercial establishments employing at least 10 workers.	Relevant to employers  <b>Stakeholders:</b> Legal, Finance & Compliance  Important for determining liabilities for noncompliance.
20	<b>Composition of offences:</b>  The OSH Code permits composition of offences (in case of first convictions) in following manner: - 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 1 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.	114	<b>New provision</b>	Relevant to employers  <b>Stakeholders:</b> Legal, & Compliance  Important for determining liabilities for noncompliance.







# Industrial Relations Code, 2020

*Rules 105 to 51  
Form 37 to 18  
Registers 3 to 0*



**DID YOU KNOW?**

## **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.

## **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.

## **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.

## **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.

## **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.

## **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.

## **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

## **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.

## **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.

## **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.

## **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.





# Industrial Relations Code, 2020

## Laws Covered by the IR Code:

1. Industrial Disputes Act, 1947
2. Industrial Employment (Standing Orders) Act, 1946
3. Trade Unions Act, 1926

S No.	Provision	Section	New Provision or Revision	Impacted Parties
EMPLOYER OBLIGATIONS				
1	<p><b>Grievance Redressal Committee (GRC):</b></p> <p>Employers in every industrial establishment with 20 or more workers<sup>23</sup> will need to set up one or more GRCs for resolution of disputes arising out of individual grievances.</p> <p>The GRC shall consist of an equal number of members representing the employer and the workers. The total number of members of GRC shall not exceed 10, with chairperson of the GRC being selected from the representatives of the employer and the workers alternatively, on a rotational basis every year.</p> <p>The IR Code also provides for adequate representation of women in the GRC which should not be less than proportion of women workers to total number of workers in the industrial establishment. For example, if the ratio of total number of women workers to total number of workers in an establishment is 2:3, at least the same ratio (2:3) of women representation to be maintained in the constitution of GRC.</p> <p>The provision under Industrial Disputes Act, 1947 ("IDA") in relation to GRC, whereby employers having alternative grievance redressal mechanisms were exempted from the requirement to constitute a GRC, has not been incorporated in the IR Code.</p> <p>Applications in respect of individual disputes may be filed before the GRC within 1 year of the date of cause of action leading to such</p>	4	<p><b>Revision:</b> The IR Code makes it mandatory for establishments with 20 workers to have a GRC, irrespective of any existing grievance redressal mechanism. Under IDA, establishments which had an established grievance redressal mechanism were not required to constitute a grievance redressal committee.</p>	<p>Relevant to Employers having at least workers.</p> <p><b>Stakeholders:</b> HR &amp; Compliance</p> <p>Important for understanding employer obligations at the workplace.</p>
2	<p><b>Negotiating Union:</b></p> <p>Employers<sup>27</sup> having registered trade union of workers will have a negotiating union or negotiating council for negotiating with the employer on certain matters which may be prescribed by the appropriate government.</p> <p>In case there is a single registered trade union, such trade union will be recognised as a negotiating union, subject to applicable qualifications.</p> <p>In case there are multiple trade unions in an industrial establishment, the trade union having support of at least 51 percent or more workers of the industrial establishment shall be recognised as the sole negotiating union of the workers.</p>	14	<p><b>New provision</b></p>	<p>Relevant to workers &amp; their employers</p> <p><b>Stakeholders:</b> HR &amp; Legal</p> <p>Important for understanding collective bargaining obligations at the workplace.</p>
3	<p><b>Negotiating Council:</b></p> <p>If there are more than one trade union of workers registered and functioning in an industrial establishment, and no such trade union has support of at least 51 percent of workers of the industrial establishment, the employer shall constitute a negotiating council, for negotiating with the employer on the matters which may be prescribed by the appropriate government.</p>	14	<p><b>New provision</b></p>	<p>Relevant to workers &amp; their employers</p> <p><b>Stakeholders:</b> HR &amp; Legal</p> <p>Important for understanding collective bargaining obligations at the workplace.</p>

S No.	Provision	Section	New Provision or Revision	Impacted Parties
<b>EMPLOYER OBLIGATIONS</b>				
	The negotiating council shall consist of the representatives of registered trade unions which have the support of at least 20 percent of the total workers of the industrial establishment.			Obligations at the workplace.
4	<b>Worker Reskilling Fund:</b>  The appropriate government may notify and set up a worker re-skilling fund. In case of any retrenchment of a worker <sup>28</sup> by an employer, the employer will need to contribute equivalent to 15 days' last drawn wages of the retrenched worker to the worker re-skilling fund within 45 days of retrenchment.	83	<b>New provision</b>	Relevant to employers  <b>Stakeholders:</b> Finance, Payroll & HR May add costs in case of employer driven terminations.
5	<b>Disciplinary inquiry timeline:</b>  Where any worker is suspended by the employer pending investigation or inquiry into complaints of misconduct against him, such investigation or inquiry shall be completed ordinarily within 90 days from the date of suspension. The employer will need to pay subsistence allowance to the suspended workers, as may be provided under the applicable standing orders.	38	<b>New provision</b>	Relevant to employers with at least 300 workers at its establishment.  <b>Stakeholders:</b> HR and Investigations  Disciplinary inquiries to be concluded within a certain timeline.
6	<b>Standing Orders:</b>  Industrial establishments employing <b>at least 300 workers</b> in the preceding 12 months will need to <b>draft standing orders</b> (based on the model standing orders (" <b>MSO</b> ") applicable to the employer as notified by the Central Government) or it can adopt the MSO as it is.  This needs to be completed within: i) 6 months from the date of commencement of IR Code or;  ii) 6 months from the date of application of standing order related provisions under Chapter IV of IR Code to the employer's establishment owing to employment of at least 300 workers, whichever is later.  <b>Option 1</b>  Industrial establishments <b>draft standing orders</b> (based on the MSO). Such standing orders will need to be forwarded by the employer electronically to the relevant certifying authority (appointed under IR Code) for certification.  The certifying authority will need to conclude the process of certification of standing orders (including consultation with trade union/ worker representative) within 60 days of submission by employer, failing which the standing orders may be deemed to be	30	<b>Revision:</b> The IR Code makes the standing order related provisions applicable to all industrial establishments with at least 300 workers. Industrial establishments will include commercial establishments.	Relevant to employers with at least 300 workers at its establishment.  <b>Stakeholders:</b> HR & Compliance  Employers with at least 300 workers at its establishment will need to comply with IR Code provisions related to adoption of standing orders and comply with MSO.
<b>DISPUTE RESOLUTION AND STATUTORY AUTHORITIES</b>				
7	<b>Limitation period:</b>  1. Conciliation officer shall not hold any proceeding related to any industrial dispute after 2 years from the date the dispute arose. 2. In cases of industrial dispute pertaining to discharge, dismissal, retrenchment or otherwise termination of services, a worker may directly refer the dispute to an Industrial Tribunal after expiry of 45 days from the date of filing an application for conciliation of such dispute, provided such reference is made before expiry of 2 years from the date of discharge/ retrenchment. 3. A worker can file an application before the GRC in respect of disputes arising out of individual grievances within 1 year of the date	53	<b>New provision</b>	Relevant to employers  <b>Stakeholders:</b> Legal  Important for determining whether a claim is time barred.
8	<b>Increased penalties for noncompliance:</b>  The penalties for non-compliance with certain legal requirements have been enhanced:  a. Max. penalty for contravening provisions of IR Code pertaining to lay off, retrenchment, payment of compensation to worker in case of transfer of establishment and closing of establishments: fine of INR 2,00,000.  b. Max. penalty in case of subsequent contravention: imprisonment for 6 months and/or fine of INR 5,00,000.	86	<b>Revision:</b> Penalties for contravention of laws covered under IR Code have been revised with substantial increase in monetary liability. For example: The highest monetary penalty under the Industrial Disputes Act, 1947 was INR 5,000, which has been increased substantially.	Relevant to employers  <b>Stakeholders:</b> Legal, Finance & Compliance  Important for determining liabilities for noncompliance and in case of disputes. 26

S No.	Provision	Section	New Provision or Revision	Impacted Parties
EMPLOYER OBLIGATIONS				
	c. Max. penalty for employers committing unfair labour practices (as			
9	<p><b>Composition of offences:</b></p> <p>The IR Code provides for compounding of certain offences (in case of first convictions) in following manner:</p> <p>a. for an offence punishable with fine only, with payment of 50% of the maximum fine provided for that offence;</p> <p>b. 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.</p> <p>Once an offence is compounded, no prosecution will be instituted against the offender for that offence.</p>	89	New provision	<p>Relevant to employers</p> <p><b>Stakeholders:</b> Legal &amp; Compliance</p> <p>Important for determining liabilities for noncompliance and in case of disputes.</p>



# Glossary of Relevant Definitions

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## 1. Wages:

“wages” means all remuneration whether by way of salaries, allowances or otherwise, expressed in terms of money or capable of being so expressed which would, if the terms of employment, express or implied, were fulfilled, be payable to a person employed in respect of his employment or of work done in such employment, and includes, —

- i. basic pay;
- ii. dearness allowance; and
- iii. retaining allowance, if any,

but does not include—

- a) any bonus payable under any law for the time being in force, which does not form part of the remuneration payable under the terms of employment;
- b) the value of any house-accommodation, or of the supply of light, water, medical attendance or other amenity or of any service excluded from the computation of wages by a general or special order of the appropriate Government;
- c) any contribution paid by the employer to any pension or provident fund, and the interest which may have accrued thereon;
- d) any conveyance allowance or the value of any travelling concession;
- e) any sum paid to the employed person to defray special expenses entailed on him by the nature of his employment;
- f) house rent allowance;
- g) remuneration payable under any award or settlement between the parties or order of a court or Tribunal;
- h) any overtime allowance;
- i) any commission payable to the employee;
- j) any gratuity payable on the termination of employment;
- k) any retrenchment compensation or other retirement benefit payable to the employee or any ex gratia payment made to him on the termination of employment

Provided that, for calculating the wages under this clause, if payments made by the employer to the employee under clauses (a) to (i) exceeds one-half, or such other per cent as may be notified by the Central Government, of the all remuneration calculated under this clause, the amount which exceeds such one-half, or the per cent so notified, shall be deemed as remuneration and shall be accordingly added in wages under this clause:



# Glossary of Relevant Definitions

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Provided further that for the purpose of equal wages to all genders and for the purpose of payment of wages, the emoluments specified in clauses (d), (f), (g) and (h) shall be taken for computation of wage.

Explanation. – Where an employee is given in lieu of the whole or part of the wages payable to him, any remuneration in kind by his employer, the value of such remuneration in kind which does not exceed fifteen per cent. of the total wages payable to him, shall be deemed to form part of the wages of such employee.

## 2. Aggregator:

“aggregator” as per SS Code means a digital intermediary or a market place for a buyer or user of a service to connect with the seller or the service provider.

## 3. Gig-Worker

“gig worker” as per SS Code means a person who performs work or participates in a work arrangement and earns from such activities outside of traditional employer-employee relationship.

## 4. Platform Worker

“platform work” as per SS Code means a work arrangement outside of a traditional employer employee relationship in which organisations or individuals use an online platform to access other organisations or individuals to solve specific problems or to provide specific services or any such other activities which may be notified by the Central Government, in exchange for payment.

“platform worker” means a person engaged in or undertaking platform work.

## 5. Fixed Term Employment

“fixed term employment” as per SS Code and IR Code means the engagement of a worker on the basis of a written contract of employment for a fixed period:

Provided that—

- a) his hours of work, wages, allowances and other benefits shall not be less than that of a permanent worker doing the same work or work of similar nature;



# Glossary of Relevant Definitions

- a) he shall be eligible for all statutory benefits available to a permanent worker proportionately according to the period of service rendered by him even if his period of employment does not extend to the qualifying period of employment required in the statute; and
- b) he shall be eligible for gratuity if he renders service under the contract for a period of one year.

## 6. Establishment as per OSH Code

“establishment” means (i) a place where any industry, trade, business, manufacturing or occupation is carried on in which ten or more workers are employed; or (ii) motor transport undertaking, newspaper establishment, audio-video production, building and other construction work or plantation, in which ten or more workers are employed; or (iii) factory, for the purpose of Chapter II, in which ten or more workers are employed, notwithstanding the threshold of workers provided in clause (w); or (iv) a mine or port or vicinity of port where dock work is carried out: Provided that in sub-clauses (i) and (ii), the threshold of worker specified therein shall not be applicable in case of such establishment or class of establishments, in which such hazardous or life threatening activity is being carried on, as may be notified by the Central Government : Provided further that notwithstanding any threshold provided in the definition of factory in clause (w), for the purposes of Chapter II, the establishment specified in sub-clause (i) or sub-clause (ii) or sub-clause (iii) shall be deemed to be the establishment within the meaning of this clause though the number of employees employed are ten or more.

## 7. Contract Labour

“contract labour” as per OSH Code and SS Code means a worker who shall be deemed to be employed in or in connection with the work of an establishment when he is hired in or in connection with such work by or through a contractor, with or without the knowledge of the principal employer and includes inter-State migrant worker but does not include a worker (other than part time employee) who is regularly employed by the contractor for any activity of his establishment and his employment is governed by mutually accepted standards of the conditions of employment (including engagement on permanent basis), and gets periodical increment in the pay, social security coverage and other welfare benefits in accordance with the law for the time being in force in such employment;



# Glossary of Relevant Definitions

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## 8. Core Activity of an Establishment

“core activity of an establishment” as per OSH Code means any activity for which the establishment is set up and includes any activity which is essential or necessary to such activity:

Provided that the following shall not be considered as essential or necessary activity, if the establishment is not set up for such activity, namely: —

- i. sanitation works, including sweeping, cleaning, dusting and collection and disposal of all kinds of waste;
- ii. watch and ward services including security services;
- iii. canteen and catering services;
- iv. loading and unloading operations;
- v. running of hospitals, educational and training Institutions, guest houses, clubs and the like where they are in the nature of support services of an establishment;
- vi. courier services which are in nature of support services of an establishment;
- vii. civil and other constructional works, including maintenance;
- viii. gardening and maintenance of lawns and other like activities;
- ix. housekeeping and laundry services, and other like activities, where these are in nature of support services of an establishment;
- x. transport services including, ambulance services;
- xi. any activity of intermittent nature even if that constitutes a core activity of an establishment.

## 9. Employer:

“employer” as per IR Code means a person who employs, whether directly or through any person, or on his behalf or on behalf of any person, one or more employee or worker in his establishment and where the establishment is carried on by any department of the Central Government or the State Government, the authority specified by the head of the department in this behalf or where no authority is so specified, the head of the department, and in relation to an establishment carried on by a local authority, the chief executive of that authority, and includes,—

- i. in relation to an establishment which is a factory, the occupier of the factory as defined in clause (n) of section 2 of the Factories Act, 1948 and, where a person has been named as a manager of the factory under clause (f) of sub-section (1) of section 7 of the said Act, the person so named;



# Glossary of Relevant Definitions

- i. in relation to any other establishment, the person who, or the authority which has ultimate control over the affairs of the establishment and where the said affairs are entrusted to a manager or managing director, such manager or managing director;
- ii. contractor; and
- iii. legal representative of a deceased employer.

## **10. Inter- state migrant workers:**

“inter-State migrant worker” as per OSH Code means a person who is employed in an establishment and who— (i) has been recruited directly by the employer or indirectly through contractor in one State for employment in such establishment situated in another State; or (ii) has come on his own from one State and obtained employment in an establishment of another State (hereinafter called destination State) or has subsequently changed the establishment within the destination State, under an agreement or other arrangement for such employment and draws wages not exceeding the amount of rupees eighteen thousand per month or such higher amount as may be notified by the Central Government from time to time.

## **11. Industrial establishment or undertaking:**

“industrial establishment or undertaking” as per IR Code means an establishment or undertaking in which any industry is carried on: Provided that where several activities are carried on in an establishment or undertaking and only one or some of such activities is or are an industry or industries, then,— (i) if any unit of such establishment or undertaking carrying on any activity, being an industry, is severable from the other unit or units of such establishment or undertaking which is not carrying on or aiding the carrying on of any such activity, such unit shall be deemed to be a separate industrial establishment or undertaking; (ii) if the predominant activity or each of the predominant activities carried on in such establishment or undertaking or any unit thereof is an industry and the other activity or each of the other activities carried on in such establishment or undertaking or unit thereof is not severable from and is, for the purpose of carrying on, or aiding the carrying on of, such predominant activity or activities, the entire establishment or undertaking or, as the case may be, unit thereof shall be deemed to be an industrial establishment or undertaking.





# Glossary of Relevant Definitions

## 12. Worker

“worker” as per IR Code means any person (except an apprentice as defined under clause (aa) of section 2 of the Apprentices Act, 1961) employed in any establishment to do any manual, unskilled, skilled, technical, operational, clerical or supervisory work for hire or reward, whether the terms of employment be express or implied, and includes working journalists as defined in clause (f) of section 2 of the Working Journalists and other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955 and sales promotion employees as defined in clause (d) of section 2 of the Sales Promotion Employees (Conditions of Service) Act, 1976, and for the purposes of any proceeding under this Code in relation to an industrial dispute, includes any such person who has been dismissed, discharged or retrenched or otherwise terminated in connection with, or as a consequence of, that dispute, or whose dismissal, discharge or retrenchment has led to that dispute, but does not include any such person— (i) who is subject to the Air Force Act, 1950, or the Army Act, 1950, or the Navy Act, 1957; or (ii) who is employed in the police service or as an officer or other employee of a prison; or (iii) who is employed mainly in a managerial or administrative capacity; or (iv) who is employed in a supervisory capacity drawing wages exceeding eighteen thousand rupees per month or an amount as may be notified by the Central Government from time to time: Provided that for the purposes of Chapter III (Trade Unions), “worker”— (a) means all persons employed in trade or industry; and (b) includes the worker as defined in clause (m) of section 2 of the Unorganised Workers’ Social Security Act, 2008.