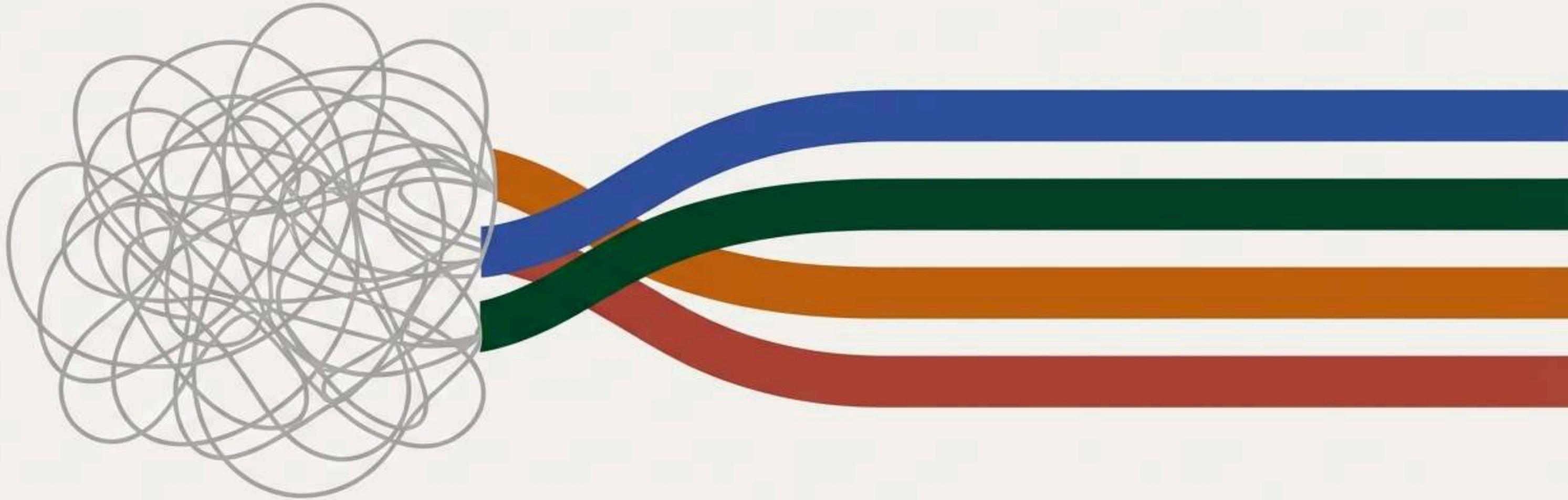


India's New Labour Codes: From a Labyrinth of Laws to a Landmark Framework



A Strategic Guide for HR Leaders and Businesses on Navigating the Shift to a Unified, Digital, and Facilitative Regime.

The Old Regime Was a Fragmented and Outdated System

For decades, India's labour law regime was a complex web of 29 separate statutes, creating significant administrative overlap, compliance burdens, and inconsistencies.



Fragmented Legislation

29 Central Labour Laws with over 1400 rules.



Burdensome Filings

31 different returns, often filed monthly and varying by state.



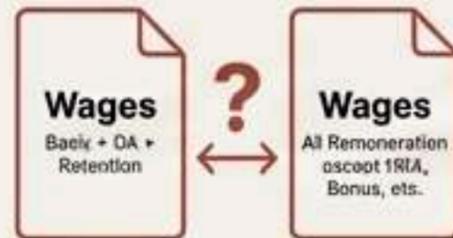
Multiple Registrations

Up to 8 separate registrations required for a single establishment.



Punitive Enforcement

A system dominated by on-site paper audits and a focus on penalisation.



Inconsistent Definitions

Key terms like 'wages' and 'worker' varied from Act to Act, causing confusion.

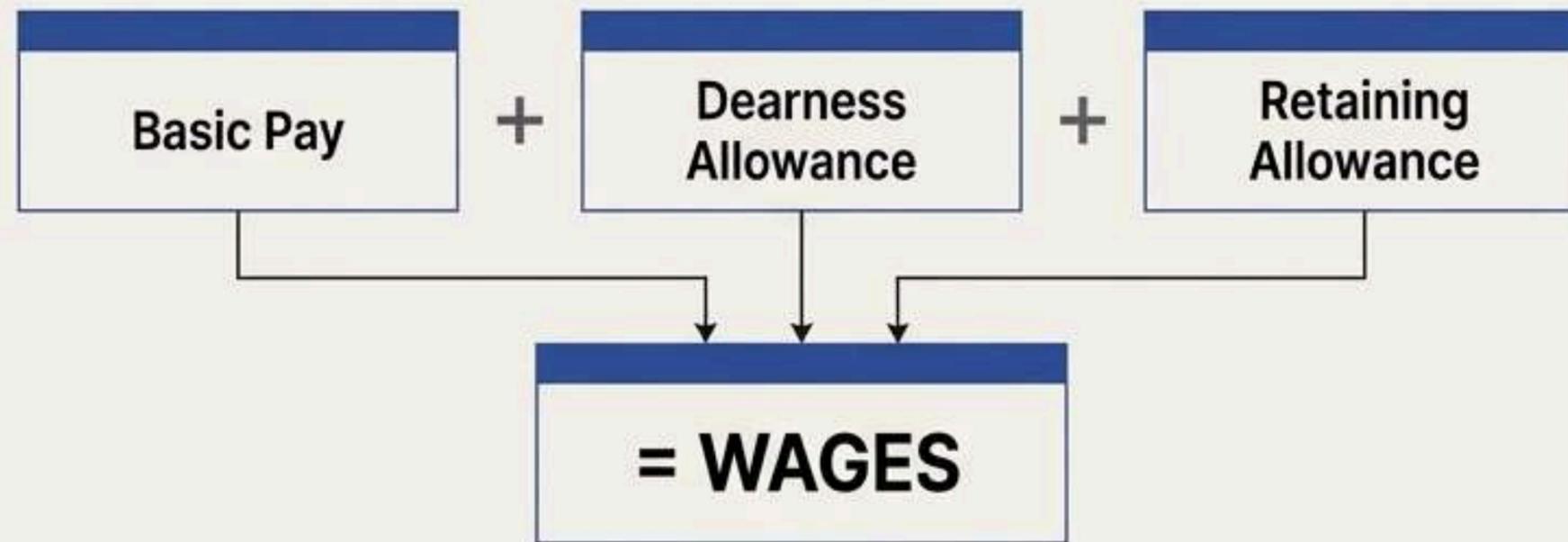
The Four Labour Codes: A Landmark Consolidation for a Modern Economy

	Before	After
	29 LAWS + 1436 RULES	 4 CODES + 351 RULES
	8 SEPARATE REGISTRATIONS	 1 SINGLE REGISTRATION
	4 SEPARATE LICENSES	 1 SINGLE LICENSE
	31 SEPARATE RETURNS	 1 CONSOLIDATED E-RETURN
	ONSITE PAPER AUDITS	 RISK-BASED DIGITAL INSPECTIONS

This reform balances worker welfare and business efficiency through standardisation, digitisation, and a unified compliance framework.

A New Foundation: Harmonised Definitions Across All Four Codes

The Unified Definition of "Wages"



WAGES (must be $\geq 50\%$)	EXCLUSIONS (capped at $\leq 50\%$)
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Exclusions (like HRA, bonus, commissions) cannot exceed 50% of total remuneration. If they do, the excess amount is added back to 'Wages' for statutory calculations.

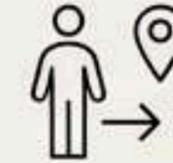
Impact: Ensures uniform computation of statutory dues like Gratuity, PF, and Retrenchment Compensation, curbing artificial cost structuring.

Other Key Expanded Definitions



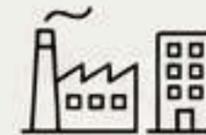
Worker

Widened to include sales promotion employees and supervisory staff earning up to ₹18,000/month.



Inter-State Migrant Worker

Now covers self-migrating individuals, not just those recruited by contractors.



Industry

Redefined to include any systematic activity, regardless of profit motive.



Working Journalists

Modernised to include digital media professionals, dubbing artists, and stunt performers.

The Four Pillars of India's New Labour Framework



The Code on Wages, 2019

Focus Area: Wages, equal pay, bonus, and timely payment.

Consolidates: 4 old Acts.



The Industrial Relations Code, 2020

Focus Area: Trade unions, employment terms, dispute resolution.

Consolidates: 3 old Acts.



The Code on Social Security, 2020

Focus Area: Provident fund, insurance, gratuity, maternity, and unorganised sector welfare.

Consolidates: 9 old Acts.



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

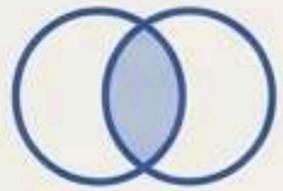
Focus Area: Safety, health, working conditions, contract and migrant labour.

Consolidates: 13 old Acts.



Code on Wages, 2019: Ensuring Fair and Timely Remuneration for All

Applicability: Universal coverage for all employees in organised and unorganised sectors, irrespective of wage level or nature of establishment.



Uniform Definition of 'Wages'

A single definition across all laws, with the 50% cap on exclusions.



Timely Payment Mandates

Strict timelines for wage payment (e.g., by the 7th of the next month for monthly pay; within 2 days on termination).



Universal Minimum Wages

Extends minimum wage protection to all employees, removing the old "scheduled employments" limitation.



Digital Compliance

Mandates electronic registers, single annual returns, and e-wage slips.



National Floor Wage

Central Government to set a statutory floor, below which no state can fix minimum wages.



Inspector-cum-Facilitator

Shifts from a punitive inspection regime to a guidance-based approach.



Equal Remuneration

Prohibits gender-based discrimination (including for transgender persons) in pay and recruitment.



Action Plan: Mandatory Compliances Under the Code on Wages

- ✓ **Reconfigure Salary Structures**
Audit and restructure compensation to ensure at least 50% of total remuneration qualifies as “wages.”
Recalculate PF, gratuity, and bonus liabilities on this revised base.
- ✓ **Track Floor & Minimum Wages**
Implement a system to monitor the National Floor Wage and ensure state-level minimum wages are always compliant. Review rates every five years as mandated.
- ✓ **Align Payroll Policies**
Update internal policies to reflect strict adherence to working hours (48/week), overtime pay (at 2x normal rate), and mandated wage disbursement timelines.
- ✓ **Digitise Wage Records**
Transition all wage registers and muster rolls to a digital format. Prepare for filing a single, consolidated electronic return annually.
- ✓ **Ensure Wage Slip Issuance**
Implement a process to provide wage slips (electronic or printed) to every employee in the prescribed format.
- ✓ **Engage with Facilitators**
Prepare for proactive engagement with the new Inspector-cum-Facilitator regime, focusing on self-certification and transparent reviews.



Industrial Relations Code, 2020: Modernising Employment Terms and Dispute Resolution

****Applicability****: All industrial establishments. Key thresholds include ≥ 20 workers for Grievance Redressal Committee and ≥ 300 for Standing Orders and prior government approval for retrenchment.



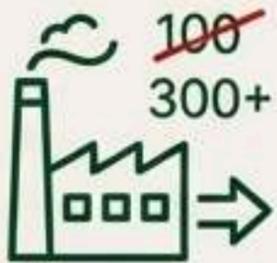
Higher Threshold for Standing Orders

Mandatory certification of service conditions now applies only to establishments with 300+ workers (up from 100).



Mandatory Strike Notice

A 14-day notice period is now required for strikes and lockouts in all establishments, promoting orderly relations.



Increased Flexibility for Separation

Prior government approval for lay-off, retrenchment, or closure is now required only for establishments with 300+ workers (up from 100).



Worker Reskilling Fund

Employers must contribute 15 days' wages per retrenched employee to a fund for their skill upgradation.



Sole Negotiating Union

Establishes a clear mechanism for recognising a single union (with 51%+ membership) or a negotiating council for streamlined collective bargaining.



Grievance Redressal Committee

Mandatory for establishments with 20+ workers, ensuring internal dispute resolution with equal worker representation.



Action Plan: Mandatory Compliances Under the Industrial Relations Code

- ✓ **Establish Grievance Redressal Committee**
If employing 20+ workers, constitute a GRC with equal, gender-balanced representation from employer and workers.
- ✓ **Update Standing Orders Policy**
For establishments with 300+ workers, adopt or modify Standing Orders in line with the government's Model Orders.
- ✓ **Integrate Reskilling Fund Contribution**
Revise retrenchment protocols to include the mandatory contribution of 15 days' wages per worker to the Reskilling Fund.
- ✓ **Document Union Recognition**
Maintain updated trade union membership records and formalise the recognition process for a sole negotiating union or council.
- ✓ **Standardise Notice Procedures**
Implement formal procedures for issuing and receiving 14-day notices for any potential strike or lockout.
- ✓ **Review HR Policies**
Update HR manuals to align with the new definitions, prohibition of unfair labour practices, and streamlined dispute resolution mechanisms.
- ✓ **Digitise Records**
Maintain all disciplinary proceedings, union correspondence, and returns electronically.



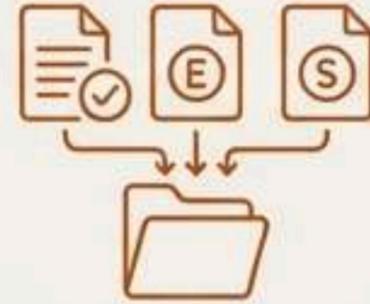
Code on Social Security, 2020: Extending the Safety Net to Every Worker

Applicability: A universal framework covering organised, unorganised, gig, and platform workers. Key thresholds: EPF (≥ 20 employees), ESI (≥ 10 employees).



Universalisation of Social Security

For the first time, extends social security benefits to gig, platform, and unorganised sector workers.



Single Electronic Registration

One registration on a central portal replaces multiple registrations for EPF, ESI, etc.



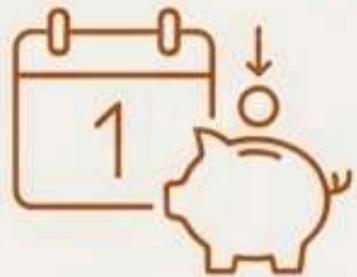
Social Security Fund for Gig Workers

Mandates aggregators (e.g., food delivery, transport platforms) to contribute 1-2% of their annual turnover to a dedicated fund.



Aadhaar-based Identification

Mandatory Aadhaar linking for all employees to ensure portability and prevent misuse of benefits.



Gratuity for Fixed-Term Employees

Entitlement to gratuity after just one year of service, promoting parity with permanent staff.



Strengthened Maternity Benefits

Mandates crèche facilities in establishments with 50+ employees and codifies 26 weeks' maternity leave.



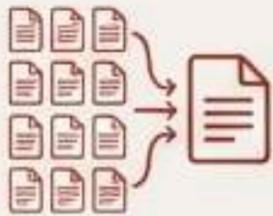
Action Plan: Mandatory Compliances Under the Code on Social Security

- ✓ **Confirm Coverage and Register:** Ensure registration under EPFO (if ≥ 20 employees) and ESIC (if ≥ 10 employees), including contractor staff in headcount.
- ✓ **Implement Aggregator Contributions:** If applicable, create accounting mechanisms to compute and remit 1-2% of annual turnover to the Social Security Fund.
- ✓ **Update Gratuity Policy:** Revise policies to ensure gratuity is paid to fixed-term employees after one year of continuous service.
- ✓ **Establish Crèche Facilities:** If employing 50+ workers, provide a crèche facility, either individually or jointly.
- ✓ **Integrate Aadhaar Verification:** Make Aadhaar/UAN verification a mandatory part of the onboarding process for all employees.
- ✓ **Register All Worker Types:** Ensure unorganised, gig, and platform workers are registered on the e-Shram portal to enable benefit portability.
- ✓ **File Unified Electronic Returns:** Prepare systems to file a single, consolidated annual e-return covering all social security schemes through the unified portal.



OSHWC Code, 2020: A Unified Framework for Workplace Safety and Health

Applicability: All establishments with ≥ 10 workers. Special thresholds for factories, mines, and contract labour (≥ 50).



Single Comprehensive Law

Consolidates 13 disparate laws into one code, establishing uniform safety standards nationwide.



Safety Committees & Officers

Mandates Safety Committees (for 250+ workers) and Safety Officers in high-risk establishments (e.g., factories with 500+ workers).



Mandatory Employer Duties

Legally binds employers to provide a safe environment, conduct risk assessments, and provide PPE.



Single License & Registration

Replaces multiple licences with a single electronic registration and a common licence valid for up to five years.



Employment of Women in All Shifts

Allows women to work night shifts (7 p.m. – 6 a.m.) with their consent and subject to mandatory safety measures (e.g., transport).



Annual Medical Check-ups

Mandates free annual health checks for employees over a certain age (e.g., 40).



Health & Safety Policy

Mandatory for establishments with 100+ employees to create a formal, written H&S policy.



Action Plan: Mandatory Compliances Under the OSHWC Code

- ✓ **Obtain Unified Registration:** Register all establishments with 10+ workers on the online portal and obtain a single licence for all applicable operations.
- ✓ **Issue Formal Appointment Letters:** Ensure every employee receives a written appointment letter in the prescribed format.
- ✓ **Implement H&S Policy and Committees:** Prepare a written Health & Safety Policy (if 100+ employees) and constitute a Safety Committee (if 250+ employees). Appoint Safety Officers where required.
- ✓ **Configure Work Hour Systems:** Ensure time-management systems enforce 8-hour daily/48-hour weekly limits and calculate overtime at double wages.
- ✓ **Provide Mandatory Welfare Facilities:** Audit and ensure provision of all required facilities: clean drinking water, canteens, first aid, crèches (if 50+ workers), and annual medical exams (for employees over 40).
- ✓ **Develop Night Shift Protocols for Women:** If employing women in night shifts, establish and document protocols for written consent, safe transport, and adequate supervision.
- ✓ **Digitise Safety Records:** Maintain all accident reports, inspection registers, and third-party safety audits electronically for easy access and reporting.

The New Labour Framework at a Glance: A Cross-Code Applicability Snapshot



Code on Wages, 2019

Threshold: Universal: applies to all employees and employers.

Highlights: Unified wage definition; national floor wage; applicable across all sectors.



Industrial Relations Code, 2020

Threshold: Establishments with ≥ 20 workers (Grievance Committee) or ≥ 300 (Standing Orders/Retrenchment approval).

Highlights: Regulates trade unions, layoffs, strikes; worker definition up to ₹18,000/month.



Code on Social Security, 2020

Threshold: EPF ≥ 20 employees; ESI ≥ 10 employees; others universal.

Highlights: Extends to gig, platform, and unorganised workers; mandates e-registration.



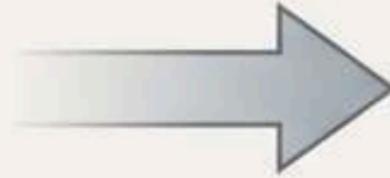
OSHWC Code, 2020

Threshold: Establishments with ≥ 10 workers; special thresholds for high-risk sectors.

Highlights: Comprehensive safety, health, welfare, and workplace provisions in a single code.

The New Paradigm: A Strategic Shift from Enforcement to Enablement

The Four Labour Codes represent more than just new rules; they signal a fundamental evolution in India's compliance philosophy.



From Punitive to Facilitative

The role of the Inspector-cum-Facilitator emphasizes guidance and advisory support over penalties.



From Paper to Platform

Digital-first compliance through a unified portal for registrations, returns, and record-keeping.



From Reactive to Proactive

Encouraging self-certification, third-party audits, and risk-based assessments.



From Fragmentation to Integration

A coherent, unified framework that promotes both ease of doing business and universal worker welfare.

Mastering this new landscape is not just about compliance; it is about building a more agile, transparent, and equitable organisation for the future.



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