

# FORMULATION OF 4 LABOUR CODES

## BACKGROUND & OBJECTIVES

- Simplify registration & licensing (Single Registration, Single License, Single Return)
- Reduce compliance burden to spur employment
- 2nd National Commission on Labour recommended grouping laws functionally
- Ministry of Labour & Employment rationalized, simplified, amalgamated provisions
- Tripartite meetings (Government, Employers, Trade Unions) 2015-2019
- Code on Wages notified Aug 8, 2019; Other three Codes notified Sept 29, 2020

Source: Ministry of Labour & Employment

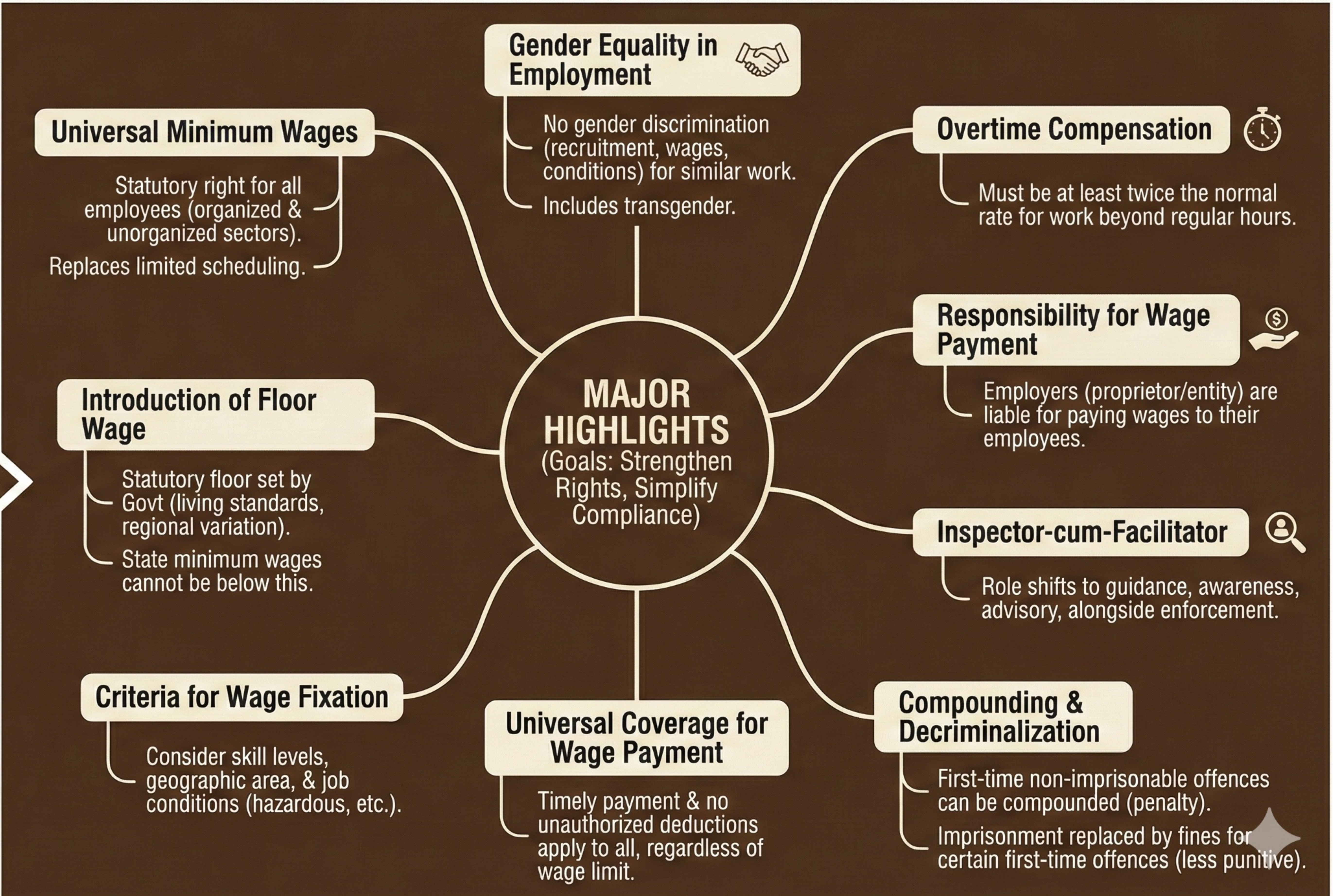
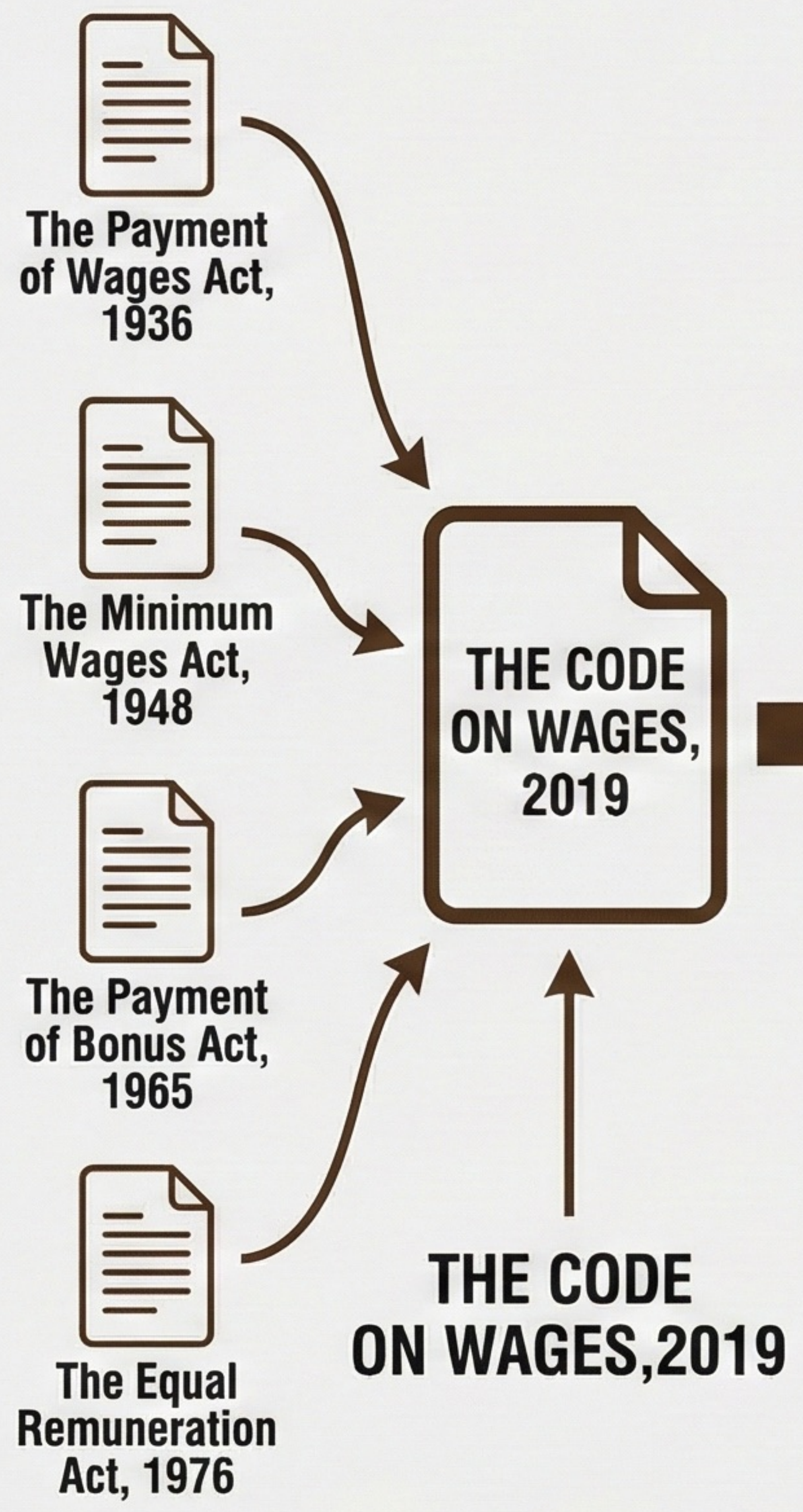
Result of Rationalizing Labour Laws			
29 LAWS		VS	4 CODES
Rules	1436	VS	351
Returns	31		Single (Electronic)
Forms	181		73
Registers	84		8
Registration	8*		Single
License	4		Single
Compounding	-		Introduced first time
Improvement Notice	-		Introduced first time

\*Factories, BoCW, Contract Labour, Plantation, Motor Transport, ISMW, ESI & EPF



# CODE 1: THE CODE OF WAGES, 2019

CONSOLIDATES & RATIONALIZES  
4 EXISTING LAWS





# CODE 2: THE INDUSTRIAL RELATIONS CODE, 2020

## CONSOLIDATES & RATIONALIZES 3 EXISTING LAWS



Trade Unions Act, 1926



Industrial Disputes Act, 1947



THE INDUSTRIAL RELATIONS CODE, 2020



Industrial Employment (Standing Orders) Act, 1946

### Fixed Term Employment (FTE)

Direct, time-bound contracts with full parity (wages/benefits).  
Gratuity eligibility after 1 yr.



### Expanded Definitions

**Worker:** Covers sales, journalists, supervisors up to ₹18k.  
**Industry:** All systematic activities.



### Workplace Flexibility & Representation



Work-from-Home permitted in service sectors.  
Proportional women's representation in grievance committees.

### Industrial Tribunals & Access



Two-member tribunals (judicial & administrative).  
Direct access after 90 days of failed conciliation.

### Strikes, Lockouts & Notice



Mandatory 14-day notice for all establishments.  
Strike includes "mass casual leave".

### Decriminalization & Digital Processes



Minor offences compoundable.  
Enables electronic records, registration, & communication.

## MAJOR HIGHLIGHTS

(Goals: Simplify Laws, Strengthen Collective Bargaining, Improve Dispute Resolution)

### Re-skilling Fund

Fund for retrenched employees (15 days' wages contribution).  
Credited within 45 days of retrenchment.



### Trade Union Recognition

51% membership for Negotiating Union.  
Council formed from unions with not less than 20%.



### Higher Thresholds for Approvals

Lay-off/Retrenchment/Closure & Standing Orders limit raised to 300 workers.





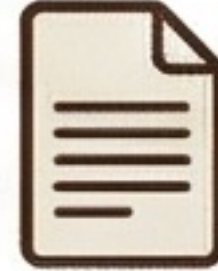
# CODE 3: THE CODE ON SOCIAL SECURITY, 2020

CONSOLIDATES & RATIONALIZES  
9 EXISTING LAWS

The Employee's  
Compensation Act,  
1923



The Employees'  
State Insurance Act,  
1948



The Employees'  
Provident Funds  
& MP Act, 1952



The Employment  
Exchanges (CNV)  
Act, 1959



The Maternity  
Benefit Act, 1961



The Payment of  
Gratuity Act, 1972



The Cine-Workers  
Welfare Fund Act,  
1981



The BOCW Welfare  
Cess Act, 1996



The Unorganised Workers'  
Social Security Act, 2008



**THE CODE  
ON  
SOCIAL  
SECURITY,  
2020**

## Expanded ESIC Coverage

Pan-India application, eliminates "notified areas". Establishments <10 can opt-in. Mandated for hazardous/plantations.



## Time-bound EPF Inquiries

5-yr limit for initiating, to be completed within 2 years (extendable by 1). Suo-moto reopening abolished.



## Reduced EPF Appeal Deposit

Employers appeal with only 25% of assessed amount (down from 40-70%).



## Self-assessment for Construction Cess

Employers can self-assess cess liabilities. Reduces delays.



## Inclusion of Gig and Platform Workers

New definitions (aggregator, gig, platform worker) for social security. Aggregators contribute 1-2% turnover.



## Social Security Fund

Dedicated fund for unorganised/gig/platform workers (life, disability, health, old-age). Funded by compounding fees.



## Digitization & Vacancy Reporting

Mandates electronic records/returns. Report vacancies to career centres before recruitment.



## Expanded Definition of Dependents

Includes maternal grandparents and female employee's dependent parents-in-law.



## Uniform Definition of Wages

Includes basic, DA, retaining allowance. 50% of total remuneration added back for computation.



## Commuting Accidents Covered

Accidents during travel between home and workplace deemed employment-related for compensation.



## Gratuity for Fixed-Term Employees

Eligible after one year of continuous service (earlier five years).



## Inspector-cum-Facilitator System

Web-based, algorithm-driven inspections. Inspectors act as facilitators to support adherence.



## Decriminalization & Monetary Fines

Imprisonment replaced by monetary fines for certain offences. Mandatory 30 days' notice for compliance.



## Compounding of Offences

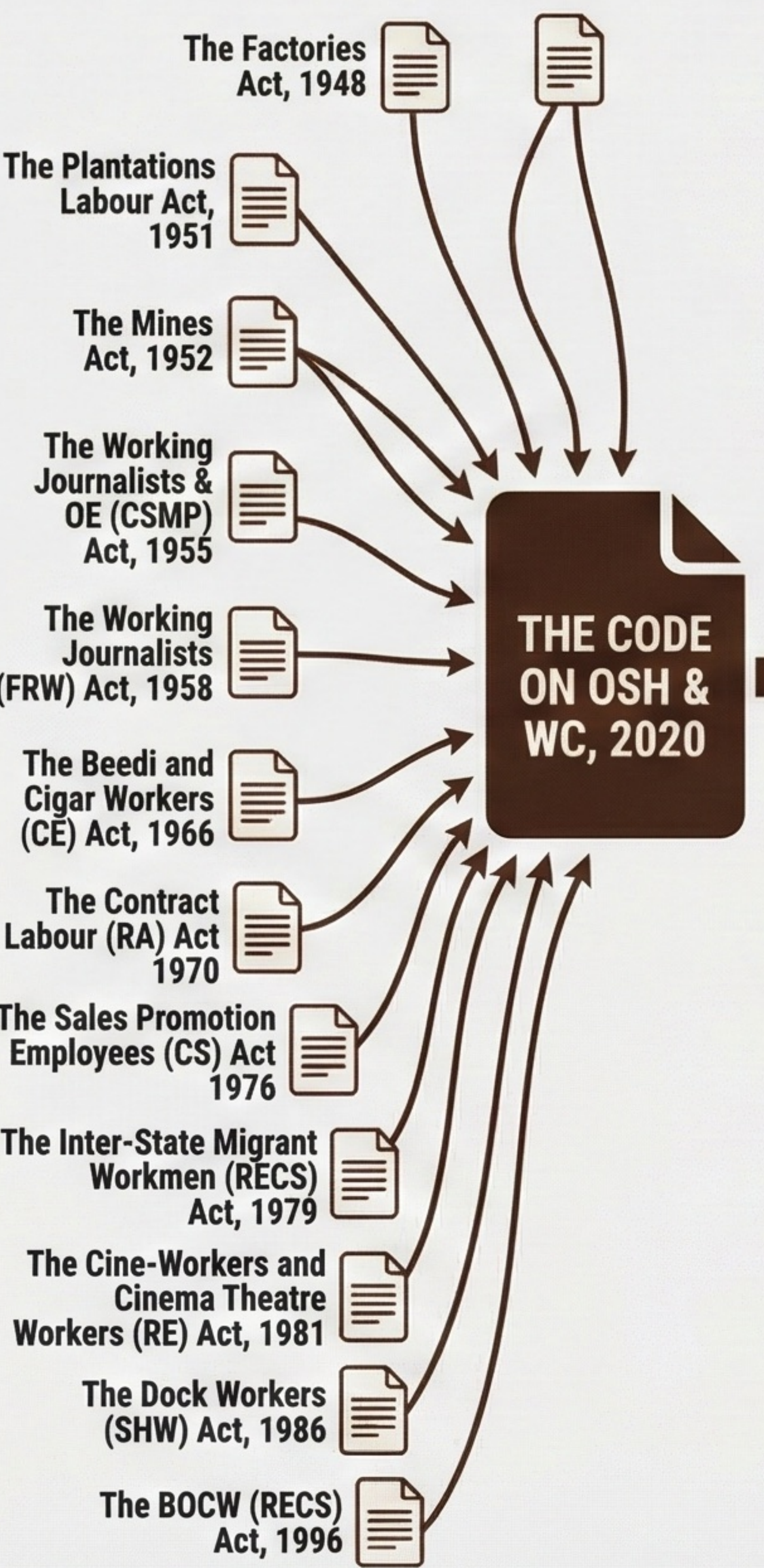
First-time offences compoundable (50% of max fine for fine-only, 75% for fine/imprisonment).





# CODE 4: THE OCCUPATIONAL SAFETY, HEALTH AND WORKING CONDITIONS CODE 2020

## CONSOLIDATES & RATIONALIZES 13 EXISTING LAWS



### Unified Registration & Compliance

One registration (10+ employees), one license, one return. Centralized database.



### Extension to Hazardous Work

Applies to establishments with even 1 employee in hazardous occupations.



### Wider Definition of Migrant Workers

Includes direct, contractor, or self-migrating. Benefits: Annual travel allowance, portability of benefits.



### National Database for Unorganised Workers

For unorganized/migrant workers to map skills and provide social security.



### Health, Formalization & Women

Free annual check-ups. Appointment letters for formalization. Women can work night hours with consent & safety.



### Expanded Media Worker Definition

Includes employees in electronic media and all forms of audio-visual production.



### Contract Labour- Welfare & Wages

Principal employer to provide welfare facilities. Liable for unpaid wages if contractor fails.



## MAJOR HIGHLIGHTS

(Goals: Safeguard rights, ensure safety, create business-friendly environment)

### Victim Compensation

Courts can direct at least 50% of fines to be paid to victims or legal heirs.



### Contract Labour Reform

Threshold 50+, 5-year all-India license, common/deemed license. Principal employer liable for wages.



### Safety Committees & Board

Committees for 500+ workers. Single National OSH Advisory Board replaces six.



### Decriminalisation & Compounding

Fines replace imprisonment for many offences. Compounding allowed for fine-only/fine+imprisonment.



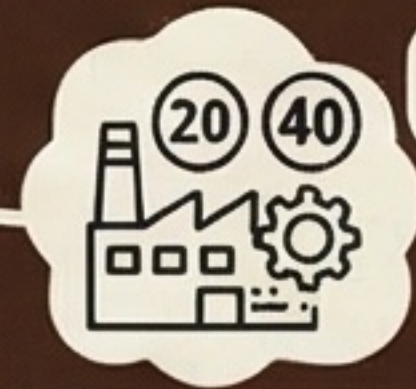
### Inspector-cum-Facilitator System

Inspectors act as facilitators to help employers comply, rather than just policing.



### Revised Factory Thresholds

Increased to 20 (with power) and 40 (without power) workers.



### Social Security Fund

Fund for unorganised workers, financed through penalties and compounding fees.



### Working Hours & Overtime

8 hrs/day, 48 hrs/week. Overtime with consent, paid at twice the regular rate.

