

# LABOR LAW:

## 4 LABOUR CODES

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# INTRODUCTION



India's labour system was earlier governed by **29 separate laws**, many dating back to pre- and early post-independence. These laws were fragmented, overlapping, and often inconsistent, which made compliance complex for employers and left gaps in protection for workers. Modern forms of employment, such as **gig and platform work**, were largely unrecognized, creating a need for comprehensive reform.

To address these challenges, the Government implemented **four consolidated Labour Codes** on 21 November 2025:

1. **Code on Wages, 2019**
2. **Industrial Relations Code, 2020**
3. **Social Security Code, 2020**
4. **Occupational Safety, Health & Working Conditions (OSHC) Code, 2020**



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# CODE ON WAGES, 2019



<b>Chapters I–II</b>	Definitions, non-discrimination, minimum wages.
<b>Chapter III</b>	Wage payment rules and deductions.
<b>Chapter IV</b>	Bonus computation and payment.
<b>Chapter V</b>	Advisory boards.
<b>Chapter VI</b>	Dues, claims, audits.
<b>Chapter VII</b>	Inspectors.
<b>Chapter VIII</b>	Offences & penalties.
<b>Chapter IX</b>	Miscellaneous legal and administrative provisions.

## Ch. I – Preliminary:

- Short title, definitions, prohibition of gender discrimination, dispute resolution for same/similar work.

## Chapter II – Minimum Wages (Clauses 5–14)

- Payment of minimum wages mandatory; Central Govt sets **floor wage** (fix minimum wages)
- Components: Basic pay + DA; excludes bonus, HRA, PF, etc.
- Wages for: part-time, piece work, multiple classes, normal hours, and overtime.

## Chapter III – Payment of Wages (15–25)

- Payment mode: Cash, bank transfer, cheque.
- Wage period:  $\leq 1$  month (Employees must be paid at least monthly); dues on termination within 2 days.
- Deductions allowed: fines, absence, damage, advances, loans (max 50%).

## **Chapter IV – Payment of Bonus (26–41)**

- Eligibility: Employees earning below threshold, worked  $\geq 30$  days.
- Minimum bonus: 8.33% of wages; Maximum: 20% of annual wages.
- Computation: Allocable surplus from profits; deductions/adjustments allowed.
- Time limit: Bonus to be paid within 8 months of accounting year.

## **Chapter V – Advisory Board (42)**

- Central & State Advisory Boards to advise on wages & bonus.

## **Chapter VI – Dues, Claims & Audit (43–50)**

- Employer liable for all dues; claims procedure, audit, appeals, record maintenance.

## **Chapter VII – Inspector-cum-Facilitator (51)**

- Inspectors enforce compliance & advise employers.

## **Chapter VIII – Offences & Penalties (52–56)**

- Penalties for violations; offences by companies; composition of offences.

## **Chapter IX – Miscellaneous (57–69)**

- Bar of suits, good faith protection, burden of proof, exemptions, rule-making, repeal of prior laws.

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# Industrial Relations Code, 2020





<b>Chapters I–II</b>	Definitions; bi-partite forums (mechanism for employer-worker dialogue).
<b>Chapter III</b>	Trade Unions
<b>Chapter IV</b>	Standing Orders
<b>Chapter V</b>	Notice of Change
<b>Chapter VI</b>	Voluntary Reference to Arbitration
<b>Chapter VII</b>	Dispute Resolution Mechanism
<b>Chapter VIII</b>	Strikes & Lockouts
<b>Chapter IX</b>	Lay-off, Retrenchment & Closure
<b>Chapter X</b>	Special Provisions (Lay-off / Retrenchment)
<b>Chapter XI</b>	Worker Re-Skilling Fund
<b>Chapter XII</b>	Unfair Labour Practices
<b>Chapter XIII &amp; Chapter XIV</b>	Offences & Penalties

## Chapters I–II: Definitions & Forums

- Definitions of worker, industry, fixed-term employment
- Bi-partite forums for employer-worker dialogue

## Chapter III: Trade Unions

- Registration & rights
- Recognition if union has  $\geq 51\%$  membership
- Negotiating council if no union reaches 51%

## Chapter IV: Standing Orders

- Model terms of employment for workers

## Chapter V: Notice of Change

- Employers must notify any workplace condition changes

## Chapter VI: Voluntary Arbitration

- Parties may refer disputes to arbitration voluntarily

## Chapter VII: Dispute Resolution

- Conciliation before adjudication
- Industrial tribunals to resolve disputes

## Chapter VIII: Strikes & Lockouts

- Strike includes mass casual leave
- 14-day notice required
- Prohibited during conciliation & tribunal processes

## Chapter IX: Lay-off, Retrenchment & Closure

- Threshold for govt approval raised to 300 workers (Earlier 100 workers)
- Compensation and notice requirements

## Chapter X: Special Provisions

- Higher threshold for permissions in retrenchment/closure

## Chapter XI: Worker Re-Skilling Fund

- Employers fund** retraining for retrenched workers

## Chapter XII: Unfair Labour Practices

- Defines unfair actions by employers/unions

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# Code on Social Security, 2020



<b>Chapters I</b>	Preliminary
<b>Chapter II</b>	Social Security for Gig/Platform Workers
<b>Chapter III</b>	Registration & Contributions
<b>Chapter IV</b>	Social Security Benefits
<b>Chapter V</b>	Governance
<b>Chapter VI</b>	Inspector-cum-Facilitator
<b>Chapter VII</b>	Offences & Penalties



## Chapter I – Preliminary

- Definitions:** Key terms like “employee,” “establishment,” “unorganized sector,” “gig workers,” etc.
- Applicability:** Covers organized/unorganized sectors, gig/platform workers, and self-employed workers.

## Chapter II – Social Security for Gig/Platform Workers

- Provisions for Gig Workers:** Social security schemes for gig and platform workers (e.g., Uber drivers, delivery personnel).
- Social Security Fund:** Creates funds to support these workers’ welfare.

## Chapter III – Registration & Contributions

- Employer Responsibilities:** Employers must register workers for social security benefits and contribute to the relevant schemes.
- Contribution Mechanism:** Establishment and workers contribute to schemes like Provident Fund, Gratuity, etc.

## Chapter IV – Social Security Benefits

- Benefits:** Provides benefits like Provident Fund (PF), Maternity Benefits, Unemployment Benefits, Pension, and Disability/Death benefits.
- Coverage for Workers:** Extends social security benefits to both organized and unorganized sector workers.

## Chapter V – Governance

- **Social Security Authorities:** Creation of National Social Security Board and State Social Security Boards to oversee scheme implementation.
- **Grievance Redressal:** Mechanism for workers to file claims/disputes.

## Chapter VI – Inspector-cum-Facilitator

- **Role:** Appointing Inspectors to ensure compliance, and facilitate the registration and contribution processes for both workers and employers.

## Chapter VII – Offences & Penalties

- **Penalties for Non-compliance:** Penalties for employers not contributing to social security funds or failing to register workers.



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



<b>Chapters I</b>	Preliminary
<b>Chapter II</b>	Registration & Licensing
<b>Chapter III</b>	Occupational Safety & Health
<b>Chapter IV</b>	Working Conditions
<b>Chapter V</b>	Welfare Provisions
<b>Chapter VI</b>	Employment of Women and Children
<b>Chapter VII</b>	Inspections, Records & Returns
<b>Chapter VIII</b>	Offences & Penalties
<b>Chapter IX</b>	Miscellaneous





## Chapter I – Preliminary

- **Definitions:** Key terms such as “establishment,” “worker,” “hazardous employment,” etc.
- **Scope:** Covers all establishments, including factories, mines, plantations, and shops, and certain non-industrial sectors.

## Chapter II – Registration & Licensing

- **Employer Obligations:** Employers must register and obtain licenses for establishments under this Code.
- **Sector-Specific Rules:** Defines sector-specific regulations (e.g., for mines, factories).

## Chapter III – Occupational Safety & Health

- **Safety Standards:** Employers must adhere to safety regulations, provide adequate machinery, fire prevention, and environmental safety measures.
- **Health Protection:** Ensures safe working conditions, including protection against chemical hazards, dust, and extreme conditions.
- **Safety Officers:** Designated safety officers must oversee and enforce health and safety protocols.

## Chapter IV – Working Conditions

- **Working Hours & Rest Periods:** Defines working hours, maximum overtime, weekly rest, holidays, etc.
- **Sanitation, Welfare & Housing:** Employers must provide sanitation facilities, drinking water, restrooms, and housing for workers (in cases of large scale/remote operations).

## Chapter V – Welfare Provisions

- Welfare Benefits:** Provisions for welfare activities including creches, canteens, first-aid facilities, and recreational facilities.
- Employer Contributions:** Employers are required to contribute towards workers' welfare in certain cases.

## Chapter VI – Employment of Women and Children

- Prohibitions:** Prohibits the employment of women and children in hazardous work environments.
- Special Provisions for Women:** Special protections are provided for women working in hazardous conditions or night shifts.

## Chapter VII – Inspections, Records & Returns

- Inspections:** Inspector-cum-Facilitators monitor compliance, conduct inspections, and help employers meet safety standards.
- Records:** Employers must maintain records of workers' health, safety, working hours, and accidents.

## Chapter VIII – Offences & Penalties

- Penalties for Non-compliance:** Employers can face fines or imprisonment for non-compliance with safety, health, and welfare standards.

## Chapter IX – Miscellaneous

- Exemptions:** Certain establishments (e.g., small-scale industries) may be exempt from certain provisions.
- Rule Making:** Powers to make further regulations as required under the Code.
- Transitional Provisions:** Applicability to pre-existing establishments and continued compliance with previous rules.



# Implications of the Codes

- **Workers:** Better wages, social security, formal employment, and safety.
- **Employers:** Simplified compliance, fewer registrations, streamlined HR practices.
- **Economy:** Greater formalization of labour, improved ease of doing business, higher investment confidence.



# **CONCLUSION**

The enactment of the four Labour Codes represents a **historic reform in India's labour laws**. By modernizing, unifying, and simplifying regulations, the Codes ensure a **protected, inclusive, and future-ready workforce** while supporting economic growth. Transitional challenges exist, but the long-term benefits for workers, employers, and the nation are substantial, establishing a robust framework for India's labour ecosystem in the 21st century.



**THANK YOU!**

