AKM GLOBAL

TAX | CONSULTING | OUTSOURCING

DECODING THE NEW INDIAN LABOUR CODES 2025

Key Implications & Compliance Readiness

EFFECTIVE: 21ST NOVEMBER 2025















About AKM Global

Great Place To Work. Certified JUN 2025-JUN 2026 INDIA

Headquartered in **Gurgaon** with branches in **New Delhi**, **Mumbai**, **Pune**, **Bangalore**, **Hyderabad,** **Chennai,** and the **UAE**

Headcount ~ **700**

Over **44 years** of industry experience in managing tax and regulatory compliance for both domestic and international clients

Full-service Firm with multiple Country Desks

Strong Media Presence including views shared on several international and domestic tax and regulatory matters

Leading Tax Firm and **Transfer Pricing Firm in World Tax** and **World Transfer Pricing Guides (2017 - 2026)**

ITR Ranked consistently in International Tax Review's World Tax and World Transfer Pricing Guides (2017-2026)

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Tier 2 Ranked Firm by ITR

Transfer Pricing

Tier 1
Deloitte
Dhruva Advisors
EY
KPMG
PwC
Tier 2
AKM Global
BDO India
Gaiea Consulting
Grant Thornton India
Nexdigm
Steadfast Business Consulting
TransPrice Tax Advisors
Tier 3
Amicus Advocates & Solicitors
Economic Laws Practice
Khaitan & Co
KNAV Tax
Nangia Andersen
Trilegal
Vispi T Patel & Associates
Tier 4

Source: [AKM Global - India - Firm Profile | ITR World Tax]

General Corporate Tax

Tier 1
Deloitte
Dhruva Advisors
EY
KPMG
PwC
Tier 2
AKM Global
AZB & Partners
BDO India
CMS IndusLaw
Economic Laws Practice
Grant Thornton India
Khaitan & Co
Lakshmikumaran & Sridharan
Nexdigm
Shardul Amarchand Mangaldas & Co
Trilegal



Indirect Tax

Tier 1
Deloitte
Dhruva Advisors
Economic Laws Practice
EY
KPMG
Lakshmikumaran & Sridharan
PwC
Tier 2
AKM Global
BDO India
Grant Thornton India
Khaitan & Co
Tier 3
DMD Advocates
JSA
Nexdigm
S&A Law Offices
Trilegal
Tier 4
Amicus Advocates & Solicitors
AMRG & Associates
Ankit Kanodia & Co
JMP Advisors
Nangia Andersen
TLC Legal
TMSL
Other notable

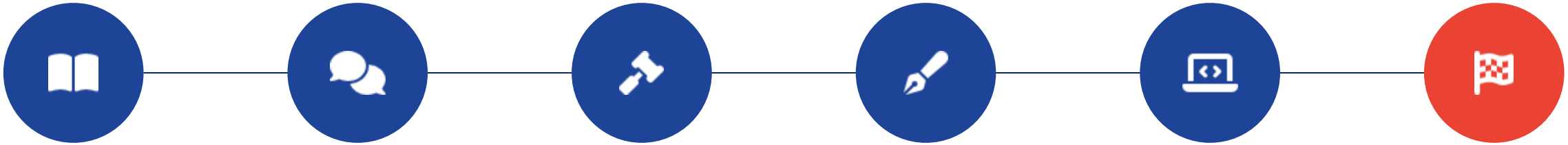
Asia Tax Award Nominations

ITR Asia Tax Awards

Nomination Categories	Years
Indirect Tax Advisory Firm of the Year	2025
Tax Advisory Firm of the Year	2025
Transfer Pricing Advisory Firm of the Year	2025
Tax Disputes Advisory Firm of the Year	2025, 2024, 2019, 2018
India Transfer Pricing Firm of the Year	2018-24, 2016
Global Executive Mobility Tax Firm of the Year	2022, 2021, 2018
Asia Global Executive Mobility Tax Firm of the Year	2020
Tax Compliance and Reporting Firm of the Year	2022, 2021, 2018
FATCA/Withholding Tax Team of the Year in Asia	2021, 2018
India Tax Firm of the Year	2019, 2018
India Tax Disputes & Litigation Firm of the Year	2018
Asia Tax Transactions Firm of the Year	2019, 2018
Asia Tax Compliance & Reporting Firm of the Year	2018
Amit Maheshwari (Tax Partner) nominated for the ‘Asia Transfer Pricing Practice Leader of the Year’	2017
Best Newcomer Asia	2016

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Journey of the New Labour Codes in India



2015

Consolidation Begins

Merger of 29 central labour laws into four comprehensive codes initiated.

2015–2020

Stakeholder Consultations

Extensive consultations with industry, unions, and experts to refine drafts.

2019–2020

Codes Passed by Parliament

Parliament passes all four Codes; Presidential assent marks unification.

2020–2024

States Draft & Frame Rules

States publish draft rules; staggered progress due to pandemic delays.

2025

Digital Readiness

Unified Shram Suvidha Portal upgraded for digital compliance & portability.

21 Nov 2025

Full Notification

All four Labour Codes become fully operational.

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Background and Need for Reform

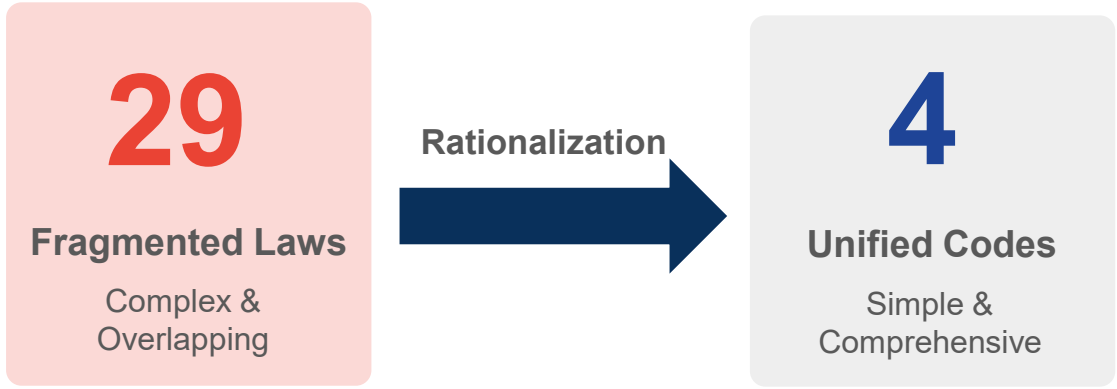
India's historical labour framework consisted of a complex web of laws that hindered growth and limited worker protection.

Overlapping Regulations
Multiple laws with contradictory definitions created a high compliance burden.

Business Cost
Complexity increased operational friction and discouraged formal employment.

Limited Protection
The vast unorganized sector remained largely outside the safety net.

The Solution
Comprehensive consolidation to create clarity, reduce friction, and promote inclusive growth.



Workforce Context (2025)

643M	~ 90%	52.4%
Total Workforce in India	Unorganized Sector Workers	Employment Rate (Sept '25)

Source: Ministry of Statistics and Programme Implementation (MoSPI) & Periodic Labour Force Survey (PLFS) 2024-25

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Objectives of Labour Codes

The 2025 reforms aim to transform India's labour landscape by balancing business flexibility with robust social security for every worker.

One Nation, One Labour Law

Unified framework standardized across all states, reducing regional disparities while allowing necessary state-specific flexibility.

Simplified Compliance

Replacement of multiple registers and returns with single consolidated filings, significantly reducing administrative burden.

Enhanced Worker Protection

Universal minimum wages and social security coverage extended to unorganized, gig and platform workers for the first time.

Ease of Doing Business

Transparent, web-based inspection system and digitization of records to eliminate harassment and improve operational efficiency.

Consolidation | Modernization | Universal Coverage

Strategic Focus

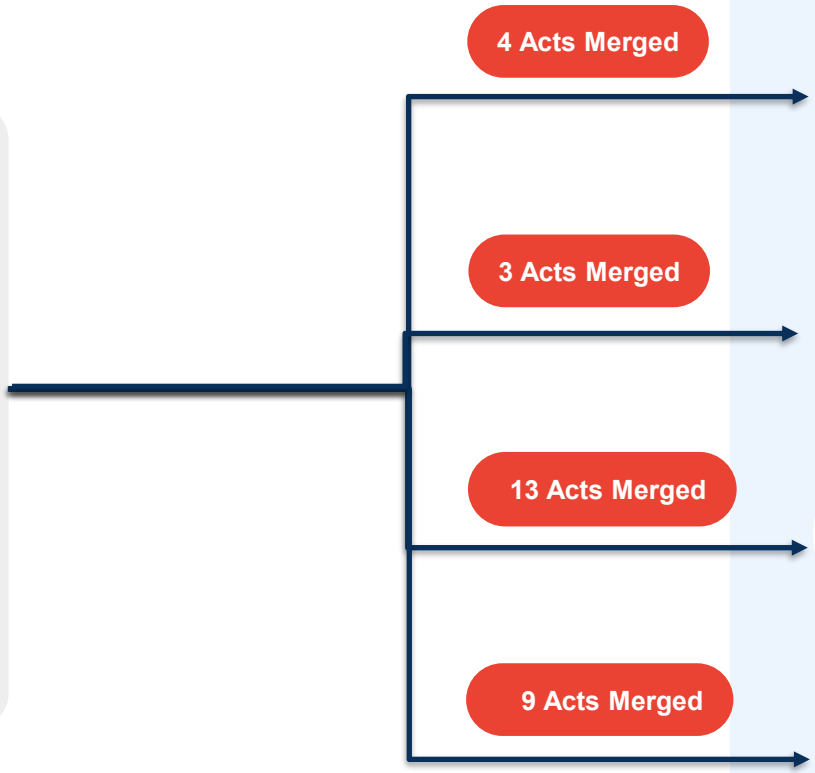
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New Labour Codes

29

Central Labour Laws

- Multiple Definitions
- Complex Compliance
- Overlapping Scope



Code on Wages, 2019

Regulates wage and bonus payments in all employments; unifies definitions.

Industrial Relations Code, 2020

Consolidates laws relating to trade unions, conditions of employment & disputes.

OSH Code, 2020

Regulates health, safety and working conditions across sectors.

Social Security Code, 2020

Extends social security to all employees and workers including unorganized sector.

Acts Not Repealed

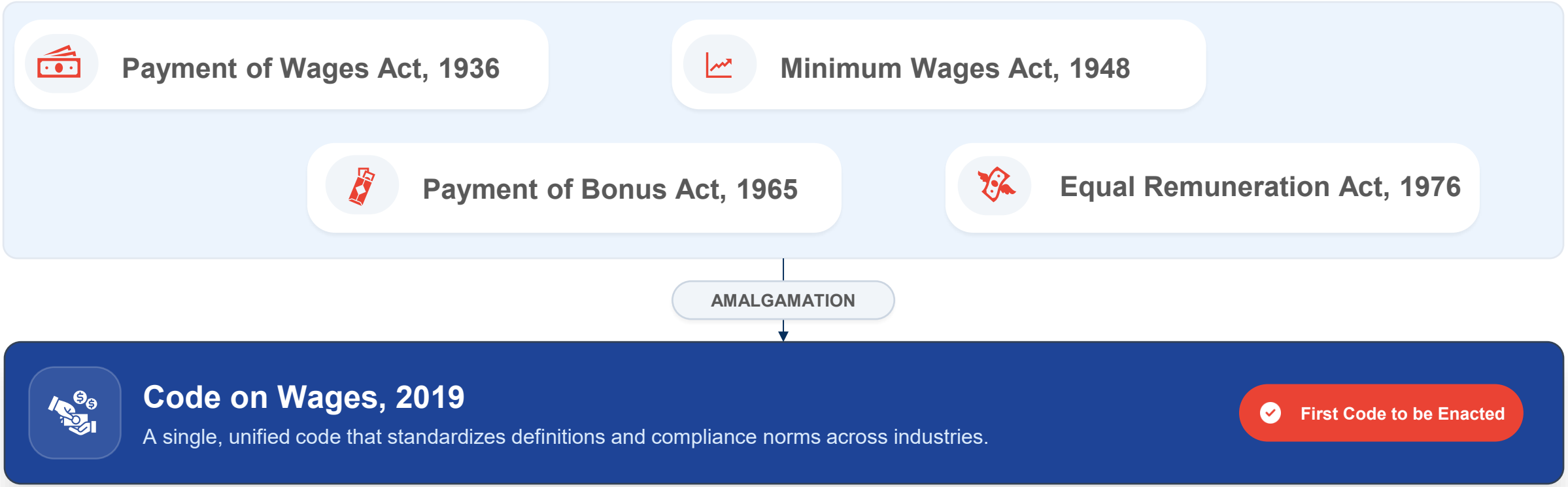
- Shops and Establishments Act
- Labour Welfare Fund Act
- Professional Tax Act
- The Sexual Harassment of Women at Workplace Act, 2013
- The Transgender Persons (Protection of Rights) Act, 2019
- The Rights of Persons with Disabilities Act, 2016
- The Boilers Act, 1923
- The Dock Workers (Safety, Health and Welfare) Act, 1986

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Code on Wages, 2019 — Overview

Modernizing Wage Regulation

The Code on Wages creates a unified framework for regulating wages and bonuses across all sectors. It aims to universalize minimum wages, ensure timely payment, and remove gender discrimination in remuneration.



Objective: To simplify definitions and ensure universal wage protection

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Wage Code: Key Provisions (1/2)

Minimum Wages

Universal Coverage:

- Applies to all employees in organised and unorganised sectors.
- Removes exclusion of non-scheduled employments.
- Provides universal wage protection.

National Floor Wage:

- Central Government sets the national floor wage.
- States cannot set wages below this level.
- States below must revise upward.

Periodic Revision:

- Mandatory revision every 5 years.
- Not fixed earlier delays (8–10 years).
- Aligns wages with inflation.

Ensures piece-rate workers earn at least the minimum time-rate wage.

Payment Timeline of Wages

Mandatory Payment Deadlines:

- Daily: end of shift
- Weekly: last working day
- Monthly: by 7th of next month
- Ensures timely wage credit.

Exit Payment Rule:

- F&F Settlement must be paid within 2 working days.
- Applies to resignations and terminations.
- Requires faster internal processing.

Uniform Wage Protection:

- Applies to all employees.
- Ensures standardised timelines.

Internal restructuring required.

Working Hours

Weekly Working Limit:

- 48 hours per week nationally.
- States may distribute over 4/5/6 days.

Daily Working Limit:

- Max 12 hours including intervals.
- Enables 4-day workweek possibility.

Overtime Compensation:

- Overtime must be paid at 2x normal wages.
- No exceptions allowed.

Single national standard for working hours

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Wage Code: Key Provisions (2/2)

Gender Equality

Non-Discrimination Rules:

- No discrimination in hiring, wages or conditions.
- Applies to all employees.

Recognition of Transgender Identity:

- Explicitly recognised.
- Ensures equal access and rights.

Advisory Board Representation:

- At least one-third women members.
- Strengthens decision diversity.

Equal pay & opportunity are legal duties

Claims Period

Extended Claim Window:

- Employees get 3 years for wage claims.
- Earlier window was 6–24 months.

Appeal Timeline:

- 90 days for appeals (vs 30 earlier).
- Increases flexibility.

Documentation Requirements:

- Employers must maintain records longer.

Compliance memory extends to 3 years

Bonus

Bonus Range:

- 8.33% to 20% remains unchanged.
- Eligibility based on state wage ceiling.

Disqualification Rules:

- Only for fraud, violence, sexual harassment.
- Minor misconduct not disqualifying.

Bonus now cleaner & harmonised

Compliance Focus

Decriminalisation:

- First-time procedural issues not criminal.
- Encourages voluntary compliance.

Compoundability:

- Many offences compoundable at 50% fine.
- Reduces Litigation

Guided Compliance, Not Punishment

ITR Ranked consistently in International Tax Review's World Tax and World Transfer Pricing Guides (2017-2026)

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Definition of Wages – (Code on Wages, 2019)

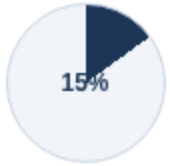
Wages = All remuneration (salary, allowances, money-equivalent) payable to an employee.

Included Components

- Basic Pay
- DA
- Retaining

"Always Included in Wages"

15% In-Kind Rule



In-kind benefits upto 15% of total wages are treated as wages.

Source: Code on Wages, 2019 – Section 2(y)

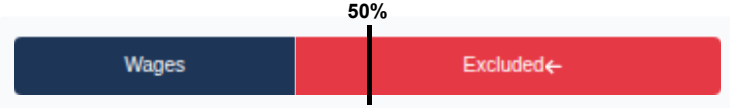
EXCLUDED COMPONENTS

- Bonus
- HRA
- Conveyance Allowance
- Employer PF / Pension
- Overtime Allowance
- Commission
- Special Reimbursements
- Accommodation / Utilities
- Gratuity & Retirement

"Explicitly Not Included in Wages"

Mandatory 50% Rule

IF Excluded > 50% Total, Excess is added back.



Prevents structuring salary to artificially reduce wages.

Practical Implications

- Higher wage base for PF, gratuity, & overtime
- Reduced salary structuring flexibility
- Uniformity across labour codes
- Compliance risk if structuring violates 50% rule

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Impact On ESIC Applicability & Contribution

Salary Component	Before	After
Basic	₹11,000	₹11,000
HRA	₹5,500	₹5,500
Conveyance Allowance	₹5,500	₹5,500
Gross Salary	₹22,000	₹22,000
Wages for ESIC	₹21,000	₹11,000
ESIC Applicability(INR 21000 or less)	No	Yes
Employer Contribution (ER)	₹715	**₹357**

COVERAGE IMPACT

Coverage increases as wages defination changes. More employees covered under ESIC.

EMPLOYER COST IMPACT

Employer ESIC Contribution reduces from ₹715 to ₹357 due to revised defination.

ESIC applicability expands as wage structure changes; employer contribution may reduce depending on revised wages. **Strategic Pivot**

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Impact On Statutory Bonus

Salary Component	Before	After
Basic	₹15,000	₹15,000
HRA	₹7,500	₹7,500
Conveyance Allowance	₹5,000	₹5,000
Gross Salary	₹27,500	₹27,500
Wages for Bonus Eligibility	₹27,500	₹15,000
Bonus Applicability(INR 21000 or less)	**No**	**Yes**

BONUS COVERAGE EXPANDS

More employees fall within the statutory bonus eligibility due to revised wage calculations.

ELIGIBILITY TRIGGERED IN CASE 2

Employee becomes bonus-eligible when "wages for bonus" drop within threshold (₹15,000).

Statutory Bonus applicability widens as redefined wages alter eligibility thresholds for employees.

Strategic Pivot

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Impact On PF & Employee Take - Home Salary

Salary Component	Before	After
Basic	₹40,000.00	₹50,000.00
HRA	₹20,000.00	₹25,000.00
Conveyance Allowance	₹40,000.00	₹25,000.00
Gross Salary	₹1,00,000.00	₹1,00,000.00
Employer PF	₹4,800.00	₹6,000.00
CTC for Employer	₹1,04,800.00	₹1,06,000.00
Deductions		
Employer PF	₹4,800.00	₹6,000.00
Employee Take-Home (Pre-Tax)	₹95,200.00	₹94,000.00
Total PF (ER + EE)	₹9,600.00	₹12,000.00

EXTRA COST FOR EMPLOYER

↑ ₹1,200

INCREASE IN EMP PF CONTRIB.

↑ ₹1,200

REDUCTION IN TAKE-HOME

↓ ₹1,200

INCREASE IN TOTAL PF SAVINGS

↑ ₹2,400

Under the 50% wage definition rule, PF contribution rises while employee take-home may reduce depending on salary restructuring but adds on to the future retirement corpus.

Strategic Pivot

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Impact on Gratuity (10 Years of Service)

Salary Component	Before	After
Basic Salary	₹40,000	₹50,000
HRA	₹20,000	₹25,000
Conveyance Allowance	₹40,000	₹25,000
Gross Salary	₹1,00,000	₹1,00,000
Years of Service	10 Years	10 Years
Gratuity (Calculated on Wages)	**₹2,30,769**	**₹2,88,462**



INCREASE IN GRATUITY PAY-OUT

↑ **₹57,693**

Gratuity rises sharply when wages include a larger share of fixed components under the new definition.

Strategic Pivot

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Industrial Relations Code, 2020 — Overview

Harmonizing Industrial Relations

The Industrial Relations Code, 2020 consolidates and streamlines the laws governing trade unions, conditions of employment, and the resolution of industrial disputes. It aims to promote industrial peace while providing flexibility to employers and safeguards to workers.



Objective: To minimize friction and promote dispute resolution

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Industrial Relations Code: Key Provisions (1/4)

Trade Union Recognition

Sole Negotiating Union:

– Union with ≥51% membership becomes sole negotiator.
– Prevents multiple unions claiming rights.
– Ensures transparent & stable negotiations.

Negotiating Council:

– Formed if no union crosses 51%.
– Includes unions with ≥20% support.
– Provides structured group representation.

Statutory Process:

– Clear verification procedure for recognition.
– Removes ambiguity & reduces disputes.

Key Threshold – 51% Memberships

Re-skilling Fund

Employer Contribution:

– Employer must contribute 15 days' wages per retrenched worker.
– This is over and above normal severance.

Direct Benefit:

– Amount deposited directly into worker's bank account.
– Must be processed within 45 days.

Purpose:

– Supports skill development & re-employment.
– Provides transition support after retrenchment.

Contribution – 15 Days Wages

Fixed Term Employment

Benefit Parity:

– Same benefits as permanent workers.
– Equal access to allowances, leave, hours.

Gratuity Eligibility:

– Eligible after 1 year (not 5 years).
– Protects short-tenure employees.

Employment Flexibility:

– Useful for project/seasonal hiring.
– Helps manage variable workloads.

Ensures equality and supports efficient workload management

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Industrial Relations Code: Key Provisions (2/4)

Strike & Lockout Rules

Mass Casual Leave = Strike:

– If ≥50% staff take leave together, treated as strike.
– Prevents indirect work stoppage.

14-Day Notice:

– Mandatory in ALL industries.
– Allows time for mediation.

Uniform Application:

– Applies to public + private sectors.
– Ensures nationwide consistency.
– Earlier,only applicable to Public Utilities.

Lay-off & Retrenchment

Approval Threshold:

– Govt approval required only for units with ≥300 workers.
– Reduces delays for mid-sized employers.

Compensation Rule:

– 15 days' wages per completed year.
– Ensures fair severance.

Operational Ease:

– Improves ability to adjust workforce.
– Encourages growth & adaptability.

Dispute Resolution

Stronger Conciliation:

– Improved conciliation process.
– Promotes early settlement.

Efficient Tribunals:

– Stronger tribunal system.
– Better quality adjudication.

Time-Bound Hearings:

– Faster dispute disposal.
– Reduces backlog & uncertainty.

Notice Period – Mandatory 14 Days

New Limit – From 100 to 300 Workers

Goal – Time Bound Proceedings

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Industrial Relations Code: Key Provisions (3/4)

Decriminalisation

Fines Instead of Jail:

– Minor offences attract monetary fines only.

– Encourages a compliance culture.

Compounding Option:

– First-time procedural offences compoundable at 50–75%.

– Reduces litigation burden.

Modern Enforcement Approach:

– Focus shifts from punishment to correction.

– Strengthens employer–government cooperation.

Modernisation & Digital Compliance

Electronic Filings:

– Mandatory digital record-keeping.

– Enhances accuracy & accessibility.

Randomised Inspections:

– Web-based, unbiased inspection system.

– Minimises discretion & corruption.

Transparent Compliance:

– Digital systems ensure traceability.

– Builds trust & accountability.

Unified Licensing

Single License System:

– One unified license for contract + migrant labour.

– Simplifies HR compliance.

PAN-India Applicability:

– Valid across all states.

– Reduces multi-state approval needs.

Operational Ease:

– Easier expansion & workforce management.

– Supports nationwide scaling.

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Industrial Relations Code: Key Provisions (4/4)

Worker Definition Expansion

Sales Staff Included:

– Sales promotion staff now covered.

– Extends labour protections to them.

Journalists Covered:

– Included in “worker” category.

– Gain wage & safety protections.

Supervisors up to ₹18,000:

– Treated as workers for protection.

– Gain access to dispute mechanisms.

Women-centric Provisions

Representation Mandates:

– Women must be part of the Grievance Committee.

– Ensures fairness in decisions.

WFH Recognition:

– Remote work formally recognised.

– Supports women balancing care roles.

Grievance Redressal

Mandatory GRC:

– Required for establishments ≥20 employees.

– Ensures accessible grievance handling.

Equal Representation:

– Employer & employee sides must be balanced.

– Ensures fair outcomes.

Structured Process:

– Clear procedures for dispute handling.

– Minimises delays & internal conflict.

Supports flexibility, especially for women balancing care roles.

Strategic Pivot

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Occupational Safety, Health and Working Conditions Code, 2020

Unified Safety Framework

The Occupational Safety, Health and Working Conditions Code, 2020 consolidates and streamlines 13 disparate central labour laws. It is intended to simplify compliance, reduce complexity, and promote 'ease of doing business' while ensuring robust safety standards.

- Factories Act, 1948
- Mines Act, 1952
- Plantations Labour Act, 1951
- Contract Labour Act, 1970
- BOCW Act, 1996
- Dock Workers Act, 1986
- Motor Transport Workers, 1961
- Beedi & Cigar Workers, 1966
- Inter-State Migrant, 1979
- Working Journalists Act, 1955
- Cine-Workers Act, 1981
- Sales Promotion Act, 1976
- And other related Acts

CONSOLIDATION

OSH Code, 2020

A comprehensive code regulating safety, health, and working conditions for all establishments with 10 or more employees.

13 Acts in 1 Code

Includes Factories, Mines, Plantations, Construction, and Service Sector Acts

ITR Ranked consistently in International Tax Review's World Tax and World Transfer Pricing Guides (2017-2026)

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OSH Code: Key Provisions (1/2)

Compliance, Licensing & Digital Systems

One Nation, One License

- A single 5-year pan-India OSH license
- 30-day deemed approval
- Uniform 10-employee threshold
- Factory licensing limits increased from 10 to 20 (for with power and 20 to 40 without power)

Digital Compliance

- Registers reduced from 84 to 8
- 21 returns merged into one
- Digital filing

Appointment Letters

- Mandatory written letter
- Includes designation & wages
- Includes social security details

Worker Safety & Regulatory Oversight

Universal OSH Standards

- Covers all sectors
- Uniform protection nationwide
- National OSH board sets standards

National Advisory Board

- Tripartite board
- Sets mandatory standards
- National-level uniformity

Mandatory Safety Committees

- Factories: 500+ employees
- Construction: 250+ ; Mines: 100+
- Strengthens worker involvement

National Worker Database

- Central digital database
- Portability of benefits
- Job matching & skill mapping

Working Hours, Leave & Wellbeing

Working Hours & Leave Flexibility

- Defines maximum working hours, protects employee consent for overtime, and lowers leave eligibility threshold
- Max 48 hours/week
- Overtime with consent
- Leave eligibility at 180 days (earlier 240 days)

Leave Encashment

- Offers flexible leave management, carry-forward, and encashment options, especially if leave is denied.
- Up to 30 days carry-forward
- Encashment yearly/on exit
- Unlimited carry-forward if leave refused

Free Annual Health Check-Ups

- Ensures annual health screening for early detection of medical issues.
- Employees aged 40+
- Free annual exams
- Preventive care

Source: Ministry of Labour & Employment

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OSH Code: Key Provisions (2/2)

Women in All Jobs

Women in All Jobs

Earlier laws limited women to work in a handful of sectors, but under the new code women:

- Women can be employed in **every occupation**, including roles previously restricted.
- Employers cannot deny job opportunities solely on the basis of gender.
- Ensures **equal access** to all sectors (manufacturing, mines, factories, IT, logistics, etc.).

Permission for Night Shifts (6 PM–6 AM) with Protections

Women can now work in night shifts , provided the employer ensues the safety of the women employee and written consent from the women employee

Source: Ministry of Labour & Employment

Migrant, Unorganised & Special Workers

Expanded ISMW Definition

Moves from one state to another for employment, on their own or through a contractor, andEarns wages up to ₹18,000 per month (or notified amount).

- Self-migrating workers
- Directly hired migrant workers
- To-and-fro journey allowance
- Displacement allowance (50% wages)
- Full portability of benefits

AV Workers Recognised

- Actors
- Stunt performers
- Digital journalists

Contract Labour

- Higher Threshold: Contract labour rules apply only when 50+ workers are engaged.
- Core vs Non-Core: Contract labour banned in core activities, except for temporary/sudden workload.
- Employer Liability: Principal Employer must ensure welfare & wage payment if contractor fails.

Penalties, Compensation & Enforcement

Victim Compensation

- Court may direct offender for compensation to the worker or legal heirs in case of injury or fatality.
- Up to 50% of fine
- Covers serious injury or death

Web-Based Inspections

- Randomised inspections
- Web-based monitoring
- Inspectors act as facilitators

Decriminalisation

- First-time offences compoundable
- 50–75% of fines
- Monetary penalties replace criminal action

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Social Security Code, 2020 — Overview

Comprehensive Social Protection

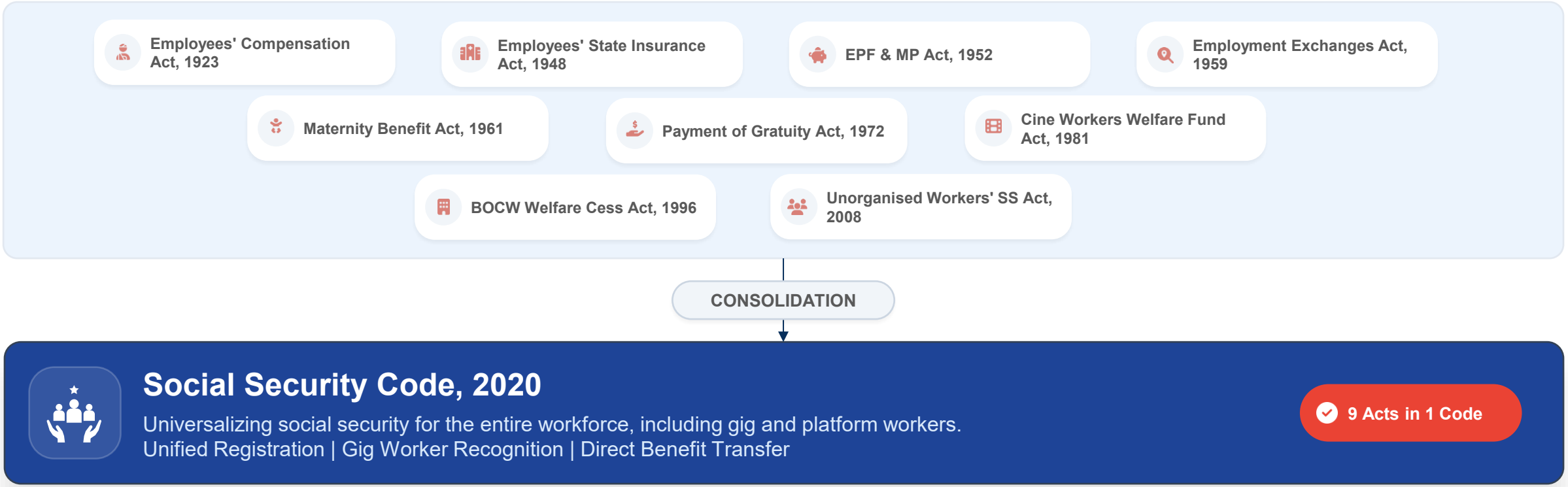
The Code aims to extend social security to all employees and workers either in the organized or unorganized or any other sectors. It streamlines EPF, ESI, gratuity, maternity, and welfare schemes into a single integrated framework.

2x Coverage

Social Protection Doubled (ILO)

+20.9 Million

New ESIC Registrations ('24-'25)



Objective: To extend safety net to 500M+ workers in organized & unorganized sectors

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Inclusion of Gig and Platform Workers

Legal Definitions (Code on SS, 2020)

Gig Worker

A person who performs work or participates in a work arrangement and earns from such activities outside of traditional employer-employee relationships.

Platform Worker

A worker engaged in or undertaking a platform work arrangement using an online platform to access other organizations or individuals to solve specific problems.

Aggregator

A digital intermediary or a marketplace for a buyer or user of a service to connect with the seller or the service provider (e.g., Uber, Zomato).

Growth & Ecosystem

12 Mn
Gig Workers (FY '24-25) — Current Base

90 Mn
Projected by 2030-35 — Future Growth

$2.1 Tn
Market Value by 2033 — Economic Impact

Digital Workforce Ecosystem



New Obligation: Aggregators must contribute 1-2% of annual turnover to the Social Security Fund.

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Social Security Code: Key Provisions (1/2)

Unorganised , Gig and Platform Workers

→ **Gig Workers:**

Earns from activities outside traditional employment relationship.

→ **Unorganized Workers:**

A home-based, self-employed or or a wage worker in an unorganised sector.

→ **Platform Workers:**

A work arrangement outside the traditional employer employee relationship in which organisation or individuals use online platforms to access other organisations or individuals to solve specific services in exchange for payment.

Welfare Scheme Framework

→ **Scheme Formation:**

The Central Government shall formulate schemes for unorganized, gig and platform workers' welfare and State Government for only unorganized workers.

→ **Coverage:**

Schemes may cover life/disability insurance , health benefits, Social security benefits, etc.

→ **Social Security Fund:**

The scheme can be funded by center, state government , funds like CSR , compounding fees , contribution from Aggregator 1-2% of total annual turnover; capped upto 5% of payable to gig/ platform worker).

Fixed Term Employment

→ **Fixed Term Employment:**

A work arrangement where an employee is hired under a written contract for a specific, fixed period, instead of being appointed permanently.

→ **Benefits:**

Receive same benefits as permanent employees on pro-rata basis

→ **Gratuity:**

Gratuity is payable on completion of contract, regardless of 5-year limit.
FTE - 1 yrs
Journalist – 3 yrs
Rest – 5 yrs

Expanding the safety net while simplifying administration **Strategic Pivot**

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Social Security Code: Key Provisions (2/2)

Employee Provident Fund

- **Universal EPFO:**
  PF coverage extended to all establishments with 20+ employees, removing industry-type restrictions.
- **Limit:**
  Inquiries must be initiated within 5 years; no indefinite delays. Must complete within 2 years (max 1 year extension in rare cases).
- **Reopening:**
  No Suo-moto reopening of closed cases to ensure legal certainty.
- **Appeal Deposit:**
  Pre-deposit reduced to 25% (earlier 75%) for filing an appeal.

ESIC Coverage Expansion

- **Pan-India:**
  Applicability extended to all districts, removing "notified area" limits and apply registration on voluntary basis even in less than 10 employees.
- **Hazardous Jobs:**
  Mandatory coverage regardless of employee count.
- **Expanded Family:**
  Dependent parents (including father-in-law and mother-in-law of a woman employee) and other siblings.
- **Commuting Accidents:**
  Travel accidents to/from work deemed “in the course of employment” for ESIC and compensation eligibility.

Ease of Doing

- **National Database:**
  Aadhaar-linked registration for unorganised and platform workers enabling benefit portability nationwide.
- **Career Centers:**
  Modern employment exchanges for job matching; employers must report vacancies.
- **Construction Cess:**
  Self-assessment of 1–2% const. cess enables faster collection for BOCW worker welfare.
- **Digitalization:**
  All records/returns maintained electronically; e-filings reduce paperwork and compliance burden.

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Pro-Women Provisions: Enhancing Participation

Maternity Benefit

- **Entitlement:** 26 weeks paid leave for first two children.
- **Special Cases:** 12 weeks for adoption (child <3 months) or commissioning mothers.
- **Eligibility:** Worked ≥80 days in preceding 12 months.

Crèche Facility

- **Mandate:** Establishments with ≥50 employees (gender neutral).
- **Access:** 4 visits allowed per day including rest intervals.
- **Alternative:** If no facility, pay allowance.

Nursing Break

- **Frequency:** Two nursing breaks permitted per day.
- **Duration:** Available until the child attains 15 months of age.
- **Purpose:** Support breastfeeding and child health post-return.

Medical Bonus

- **Amount:** ₹3,500 payable as medical bonus.
- **Condition:** Payable if employer does not provide free pre-natal and post-natal care.
- **Goal:** Compensate out-of-pocket medical expenses.

Women in All Jobs

- Women can be employed in **every occupation**, including roles previously restricted.
- Ensures **equal access** to all sectors (manufacturing, mines, factories, IT, logistics,etc.).
- Women can now **work in night shifts**, provided employer ensures their safety and consent.

Impact: Comprehensive social security framework promoting gender equality and work-life balance

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Implementation Roadmap

Readiness Assessment

- Wage structure impact analysis (50% rule)
- PF & Gratuity liability estimation
- Policy gap identification (Leave, OD, Safety)

Policy & Contract Updates

- Update appointment letters & employment contracts
- Revise Standing Orders for new categories
- Review Safety & Health policies

Payroll & HRIS Configuration

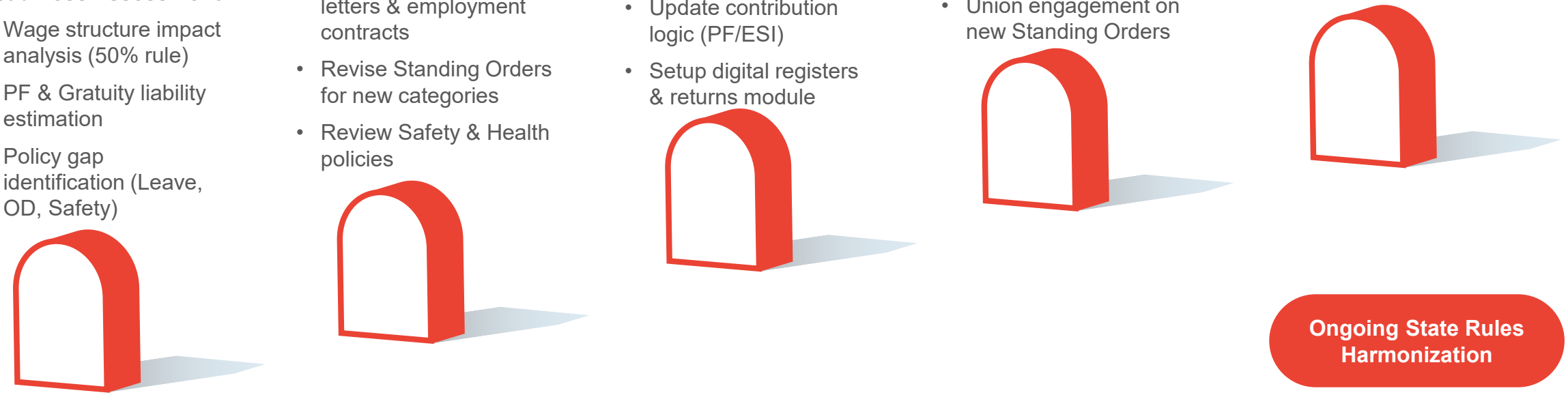
- Reconfigure payroll for wage definition changes
- Update contribution logic (PF/ESI)
- Setup digital registers & returns module

Training & Change Management

- Train HR BPs and Line Managers
- Ensure timely filing and remittance to statutory authorities
- Union engagement on new Standing Orders

Go-Live & Monitoring

- Rollout new salary structures
- First compliant payroll run & filing
- Post-implementation audit & review



Ongoing State Rules Harmonization

Action Plan: Structured approach to ensure 100% compliance by effective date

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Impact on Employers & Employees Under The New Labour Codes



Employer Impact

Shift in Cost Structures
Higher PF, gratuity, ESIC outflows due to unified wage definition and broader applicability affect payroll budgets.

Expanded Coverage Responsibilities
More categories now under EPFO, ESIC, OSH & IR: FTEs, ISMWs, gig workers, and supervisors up to wage limits.

Policy & Contract Overhauls
Standing Orders, HR policies, contracts, and shift rules must be revised for FTE, WFH, and gender-neutral benefits.

Digital Compliance Expectations
Single registration, e-filings, digital registers, and web-based inspections increase transparency but require upgrades.

Increased Accountability
Mandatory Safety Committees, Grievance Committees, and worker representation add structured oversight obligations.

Re-skilling & Retrenchment
Re-skilling fund requirements and updated retrenchment thresholds impact exit costs and workforce planning.

Contract Labour Scrutiny
Core vs non-core distinctions increase compliance pressure on contractor deployment and vendor management.



Employee Impact

Higher Social Security Benefits
Due to higher "wages," employees may receive increased PF, gratuity, bonus, and long-term retirement benefits.

Enhanced Access to ESIC & EPF
Lower thresholds and wider definition of "employee" bring more workers under social security safety nets.

Stronger Safety & Welfare
Uniform OSH standards, mandatory health checks, safety committees, and hazard-reporting rights improve safety.

Greater Flexibility & Choice
Flexible working hours, WFH options (post-maternity), and consent-based night shifts improve schedule control.

Rights for Non-Traditional Workers
Mandatory Safety Committees, Grievance Committees, and worker representation add structured oversight obligations.

Improved Grievance Protections
Stronger POSH, anti-discrimination, and grievance redressal rules increase transparency and dignity.

Clarity of Take-Home Trade-Off
Employees must understand how higher PF/gratuity affects monthly take-home vs long-term financial security.

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