

EMPLOYMENT LAW REFORMS IN INDIA: CHANGES AND COMPLIANCES¹

ABSTRACT

The recent employment law reforms in India, encapsulated in the four comprehensive labour codes—Code on Wages, Industrial Relations Code, Occupational Safety, Health and Working Conditions Code, and Code on Social Security—represent a significant overhaul of the country's labour regulatory framework. These reforms aim to simplify and unify the myriad of existing labour laws, enhancing both compliance and enforcement while promoting economic growth and safeguarding workers' rights. The consolidation of 29 central labour laws into these four codes addresses key issues such as wage standards, industrial relations, workplace safety, and social security, making the legal landscape more navigable for employers and beneficial for employees.

Keywords: labour codes, compliance, worker rights, economic growth, social security

I. INTRODUCTION

The employment law of India has been constituted by a plethora of acts for many years. In the governance of different aspects of labour relations, wages, social security, and workplace safety, many statutes have been promulgated that may contribute to confusion and complicate compliance for enterprises. All these imply that the regulatory environment in which Indian businesses have been forced to operate is one of the biggest bureaucratic hurdles. The very cluttered and complicated set of labour laws in India has, for the longest time, been said to be a barrier to ease of doing business. These would represent a radical change in the framework governing employment laws in the country as these 29 central labour related laws merge into one single code. This consolidation is expected to reduce duplication and eliminate conflicting guidelines in generalizing the efficiency of labour law administration. For instance, essential aspects like the universal minimum wage and timely payment of salary about all employment sectors have been provided in the Code on Wages. The Industrial Relations Code rationalizes the registration and recognition processes of trade unions. It also introduces simple mechanisms for dispute settlement with respect to industrial matters. Broadly, the Occupational Safety, Health, and Working Conditions Code lays down guidelines for ensuring safety and health at workplaces in a manner that provides protection for a broader range of workers, including those in the unorganized sector. The Social Security Code extends social security benefits to all workers, including gig and platform workers, thus rationalizing the needs of a rapidly changing labour market.

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II. CONSOLIDATION OF LABOR LAWS: THE FOUR CODES

The Labour Codes seek to increase the scope of application of labour laws, coverage, and protections afforded to employees, rationalize complicated definitions, and minimize paperwork and enhance the use of technology in registrations and compliance. Nevertheless, they mostly bring improvement to existing legislation and do not result in significant noveltions.

- **Code on Wages, 2019**

The Code on Wages, 2019² incorporates four existing labor laws namely “the Minimum Wages Act, Payment of Wages Act, Payment of Bonus Act, and Equal Remuneration Act” into one single code. This Act seeks to protect the rights of employees and provide that all employees must not be paid not less than the minimum fixed wages as set by Central Government which is also subject to review from time to time due to inflation. It covers all types of workers and is implemented federally, as well as on the state level, which means that compliance with prescribed standards is mandatory throughout the country.

- **Industrial Relations Code, 2020³**

This Code regulates the employment relations with employees and unions, including bargaining, disputes, and termination and working conditions. This has drawn criticism from workers and trade unions as they believe that this changes the laws in favour of employers at the expense of workers. Some criticisms are high requirements regarding certified standing order and firing permission and limitations on striking without notice. However, the vast majority of employee rights are preserved with the coverage being extended due to changes in the definitions used. The Code also provides some relief to employers from some of the legal obligations to foster industrial development.

- **Occupational Safety, Health and Working Conditions Code, 2020⁴**

This Code consolidates provisions related to factories, mines, plantations, contract workers, and construction establishments to provide coherent rules and requirements that are consistent in terms of definitions, recordkeeping, and protective measures. Adjustments in compliance relative thresholds can either reduce the number of establishments that require welfare coverage or increase the number of workers to whom welfare measures will be extended.

² Parliament of India. “THE CODE ON WAGES, 2019.” *THE CODE ON WAGES, 2019*, 2019, <http://www.indiacode.nic.in/bitstream/123456789/15793/1/A2019-29.pdf>.

³ Parliament and Ministry of Law and Justice. “THE INDUSTRIAL RELATIONS CODE, 2020.” *THE GAZETTE OF INDIA EXTRAORDINARY*, vol. PART II, no. Section 1, legislation, 29 Sept. 2020, labour.gov.in/sites/default/files/ir_gazette_of_india.pdf.

⁴ MINISTRY OF LAW AND JUSTICE. “THE OCCUPATIONAL SAFETY, HEALTH AND WORKING CONDITIONS CODE, 2020.” *THE GAZETTE OF INDIA EXTRAORDINARY*, vol. PART II–Section 1, no. No. 62, 29 Sept. 2020, <https://dglasli.gov.in/public/Admin/Cms/AllPdf/650059fbb8f1a9.98699174.pdf>

- **Code on Social Security, 2020⁵**

This Code aspires to establish a social security scheme that includes retirement, health, old-age, disability, unemployment, and maternity. It increases the availability of provident funds in more organization and embraces unorganized sectors, gig workers, and platform workers. It may be beneficial to many employees though it may result to more stress to employers in terms. of cost.

- **Impact of the Labour Code**

While the Labour Codes are mostly an accumulation of previous legislation, the changes serve to update the legislation and promote the cultures of cooperation between employers and employees. Nonetheless, based on some workers and unions' perceptions stating that their rights are diminished, the Codes provide significant protections and fairly expanded benefits. To the businesses, the new definitions are likely to make it easier for the business entities to set up or to operate business ventures due to the minimization of compliance overlays and rationalization of the application of labour laws.

- **Crisis and Future Trends of Labour-Friendly Initiatives**

Challenges exist when it comes to organizing work with worker-friendly measures, some of which are; the tripartite training and awareness in relation to the new codes. Small and medium-sized companies might be not ready to implement changes because of the challenges in relation to compliance with new rules. To ensure prospects of labour laws reforms and their proper functioning, authorities should constantly revise regulations, and be prepared to change the approach in case of certain emergencies. Accumulation of human resource specialization is essential, which is attained through training of the compliance officers, employers, and workers. Stressing on these systems can support the development of the labour law structure and enhance implementation, which is promoted by citizens.

III. CODE ON WAGES, 2019: KEY CHANGES AND COMPLIANCE

The Code on Wages, 2019⁶ has become a historical initiative to reform the labour laws in India which has been caused by the confluence of the four basic statutes in one place – “Minimum Wages Act, 1948; the Payment of Wages Act, 1936; the Payment of Bonus Act, 1965; and the Equal Remuneration Act, 1976” and the Chief Labour Commissioner, New Delhi. This wake stone Code is the simple and rational way to fix the points that are linked with wages and how they are distributed, it is the first basic right of a labour; that workers must not have to work any time he has been paid rightly and on time.

- **Definitions**

⁵ (June 9, 2021), <https://www.indiacode.nic.in/bitstream/123456789/16823/1/a2020-36.pdf>.

⁶ *Supra note 1*

The definition of 'wages' differed slightly across the Payment of Wages Act, Minimum Wages Act, and Payment of Bonus Act, leading to numerous legal disputes. The Wage Code aims to resolve this by establishing a single, uniform definition of 'wages' for the purposes of calculating and disbursing employee wages. According to the Code of Wages 2019, Section 2(y) 'wages'⁷ encompass all forms of remuneration, including salaries, allowances, or other payments in money. This includes basic pay, dearness allowance, and any retaining allowance.

- **Universal Minimum Wage**

The provision of a universal minimum wage is one of the most important provisions of the Code on Wages. Effectively, this measure is such designed that nobody in any industry should earn less than the level minimum wage. Through measures set by the state, the minimum wage is determined according to factors such as the worker's skill level, the geographical region, and the type of work the worker is doing. The Code ensures that the minimum wage is the same in all areas of a given sector, thus equalizes and normalizes the situations between groups such as workers. As a result, the code will be protecting those people with already low income and will reduce the wage gap among workers.

- **Timely Payment of Wages**

Obligatorily, off the first, the Code guarantees that paying wages to the employees gets done in the right amount and time, which is an issue of delay of wages of employees. According to the Code, wages shall be paid on a certain day of the following month after the expiry of the wage period, by the 7th day of the subsequent month for firms with less than 1,000 workers and on the 10th day for those with more than 1,000 employees.⁸ This provision ensures that workers receive their wages promptly, enhancing their financial stability.

- **Equal Remuneration**

It should be noted that the Code includes provisions for equal remuneration for the same work, regardless of the worker's gender. Nevertheless, the main intention of these regulations is to eliminate the underpayment of women and the unequal payment of men and women who have the same job tasks. The code advances gender balance in different work environments, as such alleviates the inequalities in remuneration.

- **Payment of Bonus**

The Code discusses the regulations that prescribe the remuneration of the bonus in the most transparent way possible and also easier for the employees and also the employer as it will comprehend and follow by it. According to Ch V of the Code, there is an explanation made by the legislation that firms with a workforce of 20 employees are liable to pay a bonus. No establishment is expected to avail itself of the exemptions provided under the law because it has failed to employ the required number of employees or because it did not get the registration renewed as required by the State or Union territory concerned. The bonus is obtained if the employee's wage is less than a certain limit set by either the state authority or the central authority according to which the bonus of 8.33% of the wage or up to Rs 100 is to

⁷ The code of wages ,2019, 29 § 2 (India Code 2019).

⁸ The code of wages ,2019, 29 § 17 (India Code 2019).

be given to the employee, his basic pay is none or more than 6 times. In this he also has the opportunity to deny the bonus if he have been dismissed due to fraud , violent misconduct on the premises, theft, misappropriation of property, or conviction for sexual harassment.⁹

- **Simplification and Harmonization**

Combining 4 wage laws into 1 code makes it easier for employers. By getting rid of clutter and standardizing the rules of different laws, the Code becomes more employer-friendly and easier to know and comply with wage laws. Simplification reduces administrative load and ensures uniform application of wage policies across industries.

- **Compliance Requirements**

To comply with provisions of the code on wages, employers must have a distinct wage policy which toes the line of the lowest wage estimation defined by the government. They must never default in paying the on time wages and keep a detailed track of them. The employers should also come up with the policies that ensure equal remuneration for each worker, and gender issues regarding the payment of bonuses should be dealt with by the appropriate regulations.

- **Record Maintenance**

The code requires the employers to keep complete records of wage payments together with the details of the deductions and bonuses. This information needs to be kept for the specific duration and opened for the inspection of authorised officers. Good record-keeping is a crucial tool not only for the demonstration of compliance but also for avoiding penalties due to violations.

- **Implications for Employers and Employees**

The introduction of the Code of Wages has various consequences for employers as well as employees. In order to keep up with the new minimum wage and payment regulations, businesses have to shake up their wage systems and perhaps even modify their payroll systems and policies. The Code for workers kind promises better insurance and benefits, for example a fair wage, on-time payments and women/ men equal in remuneration. The aforesaid alterations promote increased economic stability and job satisfaction among the workforce.

- **Future Directions and Recommendations**

The complete ticketing of the Code on Wages and its overall organizational health will only occur through a continual balancing act of the explanatory as well as the feedback. The government should be scheduling regular examinations of the Code; in the case, certain changes are demanded, the government will make the necessary adjustments. Sufficient training programs become necessary for their compliance and employers to understand and follow the new regulations. Digital monitoring and compliance management systems development by technology implementation in processes will contribute to efficiency and

⁹ [The code of wages ,2019, 29 C.H. IV \(India Code 2019\).](#)

accuracy. In addition to that, a person's engagement with stakeholders is a critical factor in this procedure since it ensures the workers' as well as employers' viewpoints are expressed.

The Code On Wages 2019's main purpose is to increase wage requirements by joining and simplifying wage-based laws in every sector of the business. Through proper implementation and continuous improvement, the Code has the potential to significantly enhance the economic well-being of workers and contribute to the overall growth and development of the country's economy.

IV. INDUSTRIAL RELATIONS CODE, 2020: STREAMLINING INDUSTRIAL RELATIONS

The Industrial Relations Code, 2020¹⁰ represents the attempts to comprehensively modernize and simplify the industrial relations regime in India. This Code will promote a more harmonious industrial environment, avoiding unnecessary disputes, and enhancing productivity by consolidating and amending three major statutes— “the Trade Unions Act, 1926; the Industrial Employment (Standing Orders) Act, 1946; and the Industrial Disputes Act, 1947.”

• Simplification of Trade Union Registration

The enhancing Industrial Relations Code re-define the process of formation of trade unions through simplification of the registration process. The Code provides straightforward criteria and steps for the registration and endorsement of the trade unions which will make it easier for unionizing and collective bargaining among the workers. This trimming of the process is aimed at cutting off the red tape and growing the number of unions, hence, the promotion of a united workforce. Section 7 and 8¹¹ of the code it states that: - :

1. In the case of a single union in an industrial company, the employer recognizes it as a bargaining unit, the workers.
2. If there are many unions, the employer picks the one that at least 51% of the employees in their model directory belong to and declares it as a bargaining union.
3. If there are various trade unions, but none of them satisfy the said 51% membership criterion, the employer will set up a negotiating council consisting of representatives of the registered trade unions, which are the body responsible for them, along with the rest of the workforce (1 representative for every 20 %).
4. The Industrial Relations Code 2020 also states that as long as the central / state government views that there is a need for a union or confederation to be acknowledged as a central / state union, they will be allowed to do so.

• Applicability of Standing Orders

The Industrial Relations Code 2020, allows the application of standing orders to establishments with 300 or more workers, a considerable increase from the previous threshold of 100 workers. Standing orders outlines the terms and conditions of employment,

¹⁰ *Supra note 2*

¹¹ The industrial relations code 2020, 35 § 7 (labor.gov.in 2020).

such as work hours, leave policies, and disciplinary procedures. The Industrial Relations Code 2020 the article V states that 300 or more employees are typical workers of an establishment which is subject to the standing orders on any one day. The employer is mandated to prepare a draft standing order to be based on the Central Government standard model order, therefore within a period of 6 months to the inception of the code. A model needs to be backed in conjunction with either the recognized bargaining units or their representatives, who shall be part of the negotiating council. The proposed standing orders, which have to be approved by the certifying officer, are the final production.¹²

- **Resolution of Industrial Disputes**

The Code lays emphasis on negotiation and conciliation as the primary means of dispute settlement and to settle the disputes amicably and avoid prolonged litigation. It provides for Works Committees and Grievance Redressed Committees in the establishments to settle the disputes at an early stage and to maintain industrial peace and harmony.

- **Re-skilling Fund**

Chapter XI of the Industrial Relations Code 2020 talks about worker reskilling fund. Employers are obliged to set aside an amount equivalent to fifteen days' worth of the retrenched worker's final salary for each retrenched worker.¹³ The Re-skilling Fund hereby sought to provide funds for the retraining and up skilling of the workers who have been affected since the time they were let go, thereby giving them a better chance for obtaining new employment. The establishment of the fund reiterates the government's determination to stand with the workers in the midst of the fast-changing economic landscapes.

- **Employment Terms and Conditions**

To comply with the Code, companies should precisely state the conditions of employment through regular orders, which must be acclaimed by the appropriate organs. This duty the employers put in place ensures that there is a transparent practice of employment over consistency in employment practices, hence reducing ambiguities that can lead to disputes. Employees too need to communicate with workers through these means, thus enhancing the employer-worker relationship.

- **Grievance Redressed Mechanisms**

As part of this workforce, ever failed to get promoted, or been unfairly fired due to your activities at the workplace would have been unbearable, fear and frustration whether such grievances were real or not notwithstanding. According to Section 4¹⁴ of the code, it is a requirement for all industrial establishments which have more than 20 employees to form one or more redressal committees with the purpose of settling issues that originate from individual complaints. The committees should be in a manner that they shall have the same number of employers as well as employees who are elected for the one and half year term. The chair should be chosen in turn from amongst the staff and the workers on a yearly basis.

¹² *Idbi 2*

¹³Industrial Relations Code, 2020, (Nov. 14, 2020),

<https://www.lawrbit.com/wp-content/uploads/2020/11/lawrbit-industrial-relations-code-2020.pdf>.

¹⁴ *Idbi 2*

There should not be more than 10 grievance redressal committees, and the presence of female workers in the committee should be sufficient. The female representation should correspond with the number of women employed in that industry and be a minimum of (equal to) the number of women at the industrial establishment.

- **Strikes and Lockouts**

The Code introduces the different pre-conditions and notification requirements for strikes and lockouts. A notice of at least 14 days is the mandatory requirement for workers who wish to go on a strike. On the very same note, employers must inform the employees who declare the lockout at least fourteen days before the day the lockout commences. This clause wants to find a little time for the two sides to negotiate and reconcile and thus the conflicts may be solved without implementing too much damage into the operation of different industries. According to the Industrial Relations Code 2020, a “strike” can be a coordinated casual leave of the workers for at least 50% of a business day. No employee, for instance, can go on a strike without first notifying the employer at least 14 days in advance. If the notification is not used within 60 days, it will become obsolete. And, certainly, the employer cannot lock out an employee without first providing him/her the notice to lockout 14 days in advance and these notices are also valid for a maximum of 60 days.¹⁵

Furthermore, the Industrial Relations Code 2020 prohibits strikes and lockdowns in the following situations:

1. during and up to seven days after arbitration;
2. during and up to sixty days after or before a trial in a court or before an arbitrator;
3. During any period in which a settlement or arbitration award is in effect.

The relevant government authority and arbitration officer must be informed by employers within the 5 days period (commencing on the day the workers were informed of the strike or lockout or the day of the announcement of the strike or lockout).

- **Implications for Employers and Workers**

The Industrial Relations Code has a significant impact with respect to the relations between the employers and the workers. On the one hand, employers are given additional tools to manage industrial relations effectively, hence preventing the risk of disputes and at the same time promoting productivity due to the clarity provided by the Code. However, besides that, they have to ensure to come up with new measures to resolve problems that arise along the process as the new procedural rules demand that.¹⁶ On the other hand, the Code makes collective bargaining much stronger, employee’s protection against unfair labour practices is improved. For workers, the Code strengthens their collective bargaining power and provides better protection against unfair labour practices.

- **Challenges and Recommendations**

On a positive note, the Industrial Relations Code comes with a number of improvements, but it becomes another matter that it is not easy to implement them. It is very important to be thorough with the information which the employers and the workers get as well as with their

¹⁵ *Idbi2*

¹⁶ Thengadi, Dattopant, et al. *The Industrial Relations Code 2020*. 2020, dtbnwed.cbwe.gov.in/images/upload/The-Industrial-Relations-Code-2020_GV7I.pdf.

understanding of all the new rules. In order to achieve this task, the training and the formulation of various awareness programs will be the principal requirements.

Changes may not be welcomed in all cases, especially those of the smaller establishments who are not the greatest in working in a very formal industrial relations process. Problems that arise should be dealt with by the establishment of continuous monitoring and feedbacks means. Making use of technology for better record-keeping and compliance management would help cut off some of the red tape and improve productivity. Finally, the constant communication between the government, employers, and workers is the key to updating or enhancing the Code to be most effective.

By means of simplifying the rules of industrial relations and making them adaptive, the Industrial Relations Code, 2020 is aimed at to the building of an uncompetitive and calm environment for the economic growth of the country.

V. OCCUPATIONAL SAFETY, HEALTH, AND WORKING CONDITIONS CODE, 2020: ENSURING WORKPLACE SAFETY

The Occupational Safety, Health and Working Conditions Code, 2020 (OSH Code)¹⁷ is a which deal with safety, health, and the work environment, are diverse and complicated. This is the starting point for the OSH Code, which aims to standardize health and safety workplace practices by merging 13 already existing labor laws, such as the Factories Act, 1948, and the Mines Act, 1952. Thus, by eliminating disparities and introducing new systems and procedures, the OSH Code is aimed at the achievement of a single, industrial peace through harmonizing and stabilizing the climate for the workers to operate in the global environment. With 100% proficiency in content, we converted most of the rare or even unique

- **Comprehensive Safety and Health Standards**

The OSH Act is a comprehensive code of safety and health conditions that are required by employers and workers to be met to provide a safe place to work. Audits for safety that are regular and risk evaluations that identify and contain workplace dangers are mandatory. Furthermore, the companies have to set up procedures such as safety measures, training, and the presence of personal protective equipment (PPE).¹⁸These provisions aim to minimize occupational accidents and illnesses, thereby protecting workers' health and safety.

- **Regulation of Working Hours and Conditions**

The Code is regulating working hours and rest breaks to provide better working conditions for the employees and their rest. In the case when the conditions are exhausting or in the worst case the foremen require the workers to work in unfavourable conditions. According to Section 25 of this law is very clear about time and attendance. It is 8 working hours fixed for all of the workers. Furthermore, the government is also responsible for the identification of various categories of businesses and workers along with the provisions specifically regarding the inclusion of female workers.

¹⁷ *Supra Note 3*

¹⁸ The occupational safety, health and working conditions code, 2020, 37 C.H. V. § 2324 (labor.gov.in 2020).

Employees must pay their workers for any overtime they work, but if they choose not to, employees can not dismiss them in return. It's necessary to inform employee in advance. Actually, signing a partial waiver of rights is non compliant to the Code. Each person working a continuous months work starting from his or her date of hire shall be given at least twenty (20) days paid leave in every twelve (12) month. In addition, no employee should work for more than six (6) consecutive days without getting one day off..¹⁹ It sets maximum working hours, mandates weekly holidays, and prescribes rest intervals for workers. For women and adolescent workers, the Code includes special provisions to ensure their safety and well-being, such as restrictions on night shifts and hazardous work. These measures are designed to promote a balanced work-life environment and prevent exploitation.

- **Welfare Facilities and Employee Rights**

OSH Code stipulates that employers should oversee the provision of important welfare facilities to employees, including the supply of clean drinking water, provision of meals, toilets, first aid, and kindergartens for children of workers.

These facilities serve to enhance employees' welfare and productivity and must also be kept in check by the employers. Additionally, the Code reflects the employee's rights for a safe working environment, and it compels the employer to keep a comprehensive record of the accidents and other health hazards, thus, ensuring that wide safety practices are in place.

- **Coverage and Applicability**

The OSH Act applies to a variety of workers such as those who work in factories, mines, plantations, and construction sites. This also includes domestic workers who are not organized. With this application, the safety and health measures are remodelled to be more effective for the labour forces. Migrant workers in other states are also taken into the OSH Code it will ensure them as other workers; this is a step in mobility and employment security.

- **Compliance and Enforcement**

The Code lays down strict measures on how the provisions of the Code should be complied with and measures in case of non-compliance. It requires the setting of safety officers in all organizations that meet a specified size and the creation of safety committee to supervise the compliance. Compliance checks are to be made by authorized officers by way of inspections and audits and non-compliance attracts penalties, including fines and imprisonments which has gone up to 2 years imprisonment and fine of Rs. 5lakhs.²⁰

National Occupational Safety and Health Advisory Board shall be established based on OSH Code, 2020 to offer advice to the government concerning standards and regulations, enforcement of compliance measures and policy development. Additionally, at the state level advisory boards are required for local OSH activities. Government inspectors that also serve as facilitators have authorities to probe accidents and impose safety requirements in high-risk areas such as industries, shipping points, mines or building locations. The idea is to create

¹⁹ The occupational safety, health and working conditions code, 2020, 37 C.H. V.I. § 25 (labor.gov.in 2020) <https://indiankanoon.org/doc/34308596/>.

²⁰The occupational safety, health and working conditions code, 2020, 37 C.H. X.I. § 94-114 (india code 2020), <https://dglasli.gov.in/public/Admin/Cms/AllPdf/650059fbb8f1a9.98699174.pdf>

workplace safety committees where employers can cooperatively work with their workers towards addressing occupational safety and health matters in order to foster a nationwide culture of safety consciousness and accountability.

- **Challenges and Recommendations**

The purpose of the OSH Code, 2020 is aimed at enhancing safety and health conditions in India workplaces, but implementation challenges due to employers' lack of knowledge and misunderstanding on one hand, and workers' ignorance, on the other hand. Such government initiatives must include enhanced training as well as public awareness campaigns. The perception of higher costs by small firms can make them non-compliant but this could be solved through financial incentives or grant support for occupational safety and health policies. Therefore, it is necessary to carry out regular audits and feedbacks in order to identify problems during implementation while digital tools enhance compliance management processes thereby improving overall organizational efficiency. If reviewed continuously and well applied, the Code can boost employee welfare, workplace security and productivity thereby enabling economic growth within the nation.

VI. THE CODE ON SOCIAL SECURITY, 2020

The Code on Social Security (Coss), 2020²¹ was enacted through the repeal of the previous Code of 2019 to provide for the alteration and coordination of laws touching on employees' social security. Its aim is to widen the coverage of social security benefits universally to all the employees and workers regardless of the degree of formality of employment in the formal sector. Social security is the measures that provide healthcare and income security during certain contingencies, for example, old age, childbirth, accidents, or misfortunes. CoSS includes robust provisions for social security benefits and integrates, simplifies, and rationalizes pertinent provisions from 9 central labour legislations: "The Employees Compensation Act, 1923; The Employees' State Insurance Act, 1948; The Employees Provident Funds and Miscellaneous Provisions Act 1952; The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959; The Maternity Benefit Act, 1961; The Payment of Gratuity Act, 1972; The Cine Workers Welfare Fund Act, 1981; The Building and Other."

- **Definitions**

The Code on Social Security (CoSS) has extended the meaning of the word employees to include migrant inter-state, construction, film, and platform workers. Key definitions under the CoSS are as follows:

- **Employee-** Any person (other than an apprentice employed under the Apprentices Act, 1961) who is engaged or employed for wages by an employer or by a contractor with the employer, in any capacity whether directly or through a third party to do any skilled, unskilled, manual, operational, clerical, technical, managerial or supervisory work. This definition also encompasses individuals deemed as employees by the

²¹ *Supra note 4*

relevant government and these are people other than members of the Armed Forces of the Union.

- **Employer-** A person who employs an individuals and explicitly includes certain categories: In the case of a factory the employer is the occupier who is in a final authority over everything. For a mine, it is the owner, the agent or any legally qualified manager appointed by the owner or agent. For all other categories of establishments the employer is the person or authority with the final decision making powers, or the manager/Managing director in the case of delegation. It also work for contractors and legal representatives of the employers who are dead.
- **Self-employed Workers:** Those who are self-employed and not affiliated to any employer but practicing any occupation in the unorganized sector up to the earning of the amount exceeding the monthly earnings or having cultivable land.
- **Gig Worker-** Persons that engage in work or work engagements to make money outside the conventional employer and employee relation like self-employed people
- **Unorganized Sector-** Any manufacturing or service sector undertaking, a proprietor who is involved in the selling of goods or services of any type and having less than 10 employees.²²

- **Voluntary Coverage of EPF and ESIC**

As of now, there are no provisions for any kind of directed arrangement for opting in or out with respect to EPF and ESIC. The Code also outlines the idea of voluntary joining and leaving of the schemes in social security. However, the Code retains the existing threshold of Rs. 1000/- per month for “ Employees’ Provident Fund & Employees’ State Insurance Corporation and Employee Social Security” ; but empowers the employers and the majority of the employees to mutually opt for the provisions or not. The application should be made to the Central Provident Fund Commissioner in case of EPF and to the Director General of the Corporation in case of ESIC. This new flexibility’s objective is to offer better adapted social security schemes.²³

- **Employee's State Insurance Corporation (ESIC)**

The Employees' State Insurance Act, 1948,²⁴ applies to all factories, including government ones, with at least 10 employees, excluding seasonal factories. It covers ESIC for establishments with 10 or more employees and hazardous occupations even if one employee. Code strengthens employer’s rights if employer doesn’t pay contributions or provide insurance. Employer has to register employee on Shram Suvidha Portal before employment to file contributions and get benefits.

- **Maternity Benefit**

The Code also puts forward the concept of common crèche facility so that the establishments can avail the facilities provided by different entities and enhance the childcare facility for the working mothers. At present, the Central Government has allowed up to INR 20,000 as medical bonus; however, the Code is silent on this issue and can be amended in the future.

²² *Unorganized Worker*, GoI|India (Jan. 11, 2023), <https://labour.gov.in/unorganized-workers>

²³ *Idbi 4*

²⁴ Ravi, *Microsoft Word - ESI_Act.doc*, (June 24, 2008), https://labour.gov.in/sites/default/files/theemployeesact1948_0.pdf.

- **Gratuity**

Under the prevailing system, employees working on fixed-term contracts had no access to pro-rata gratuity or terminal dues. The authority has established a 90-day limitation within which an employee, nominee or legal heir can submit a claim against gratuity. Currently, as per the Payment of Gratuity Act, 1972, the Central Government has placed limits on the amount of gratuities that employers may pay to their staff and this is INR 20 lakh. With this amendment the requirement of five years in service is no longer mandatory in order for a contract to be qualified for gratuity payment upon finishing or terminating fixed term contracts or occurrence of certain events. As a result, permanent employees are now entitled to not less than one year's wage multiplied by fifteen days for every completed year of employment including fraction exceeding six months served while under such contract. Presently, there is an accepted time schedule where claims regarding payment of statutory dues may be lodged with relevant authorities after ninety days and that period has since been increased to six months (180 days).

- **Employment Compensation**

The Employees Compensation Act, 1923²⁵, applies to person who has been disabled either completely (total) or in part (partial) by accident by doing an activity or undergoing some treatment. Employers and employees not covered by ESIC are now also entitled to get reimbursed for disablement (however, it is going to be either permanent partial, permanent total, and temporary disablements only). It distinguishes between disablement which is permanent partial, permanent total, temporary disablement. In this context, employer negligence is broadened to cover injuries occurred to the employee while commuting if it was proven that there is a direct connection between the employment and the accident.

- **Challenges and Recommendations**

Having a common wage meaning is aimed at having uniformity but it makes it hard for employers to compute the statutory benefits. Connection of Aadhaar with social security has implications on non-holders of Aadhaar that could result in penalties for non-compliance, but it also enhances Ease of Doing Business and Transformation through digitization. It helps reduce costs for employers. Adaptation of policies by Employers, national governments, trade unions etc., is essential in relation to these changes such as using PINs or even Biometrics as alternative authentication methods, disseminate regulatory updates and best practices to facilitate compliance.

VII. SIGNIFICANT CHANGE

- i. If no adverse order is made within the 30-day period following application for registration or licensure under the I.S.M.W. (RE&CS) Act, 1979, and the Motor Transport Workers Act, 1961.

²⁵ The employee's compensation act, 1923 § 4 (labor.gov.in 2017).

- ii. Nowadays, there are a number of labor laws as well as the Madhya Pradesh Labour Laws (Amendment) and Miscellaneous Provisions Act, 2015 which allows for compounding of offenses. For example we have Payment of Wages Act, 1936 and Minimum Wages Act, 1948 where an offense under any of these Acts is punishable by imprisonment for three months or fine, but now it is possible to compound the same outside the court.
- iii. Similarly, the Labour Laws (Gujarat Amendment) Act, 2015²⁶, for the first time inserted a graduated procedure for the compounding of offences for violation of several acts including the Industrial Disputes Act, 1947; the Motor Transport Act, 1961; the Payment of Bonus Act, 1965; the Beedi & Cigar Workers (Conditions of Employment) Act, 1966; the CLR (R This provision mainly applies to petty offenses that attract fines as the punishment
- iv. Many labour laws now let you settle offenses without going to court. The Madhya Pradesh Labour Laws (Amendment) and Miscellaneous Provisions Act, 2015 started this trend. It covers laws like the Payment of Wages Act, 1936, and the Minimum Wages Act, 1948. These laws usually punish with fines or jail time up to 3 months. But now, you can avoid court for first-time slip-ups or if you messed up more than 2 years after your last mistake. Of course, you gotta meet some rules first.
- v. The Industrial Relations Code introduced concepts such as 'fixed-term employment'²⁷, create a feeling of unity for workers and give bosses room to adapt. They bring in new ideas that help everyone. The 'Re-skilling Fund' trains people for new jobs. The 'Ban on outsiders in union roles' keeps things local. 'Recognizing bargaining unions' makes talks smoother. 'Streamlining and indexing' cuts red tape. 'Combining offenses' simplifies penalties. But some parts might cause issues. Now, 300 workers - not 100 - must agree on work rules. Also, bosses need government okay to fire people or shut down.
- vi. The Code on Social Security, 2020,²⁸ coverage now reaches all worker types. This includes people with fixed-term deals, gig workers, and platform employees. It offers safeguards for many risks and unexpected events.
- vii. The Occupational Safety, Health, and Working Conditions Code, 2020, ensures that workplaces are free from hazards. It also guarantees free annual health check-ups, mandates the issuance of appointment letters, and requires the reporting of serious workplace accidents. This code imposes responsibilities on employers in factories, mines, docks, plantations, and construction sites. Additionally, it requires manufacturers, importers, designers, and suppliers to ensure the safety of their products. It also addresses the interests of contract and migrant workers, with rationalized penalties aimed at improving compliance.

VIII. LEGISLATIVE EFFORTS BY STATE GOVERNMENTS

Beside the codification of central labor laws by Parliament, which has Decoded most of the central labor laws, several state Governments have brought imposing and significant revisions in the state Labor laws. All these aims at providing targeted solutions for the particular regions' requirements and improving the productivity of industries; at the same time, they are consistent with national reforms.

²⁶ <https://col.gujarat.gov.in/images/lc/Gujarat-Amendment-Act-2015.pdf>.

²⁷ *Ibdi 1*

²⁸ *Ibdi 4*

a. Some feasible state amendments to the industrial disputes act, 1947

- i. Most states like, Andhra Pradesh, Assam, Bihar, Goa, Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Uttar Pradesh have extended the Industrial Disputes Act 1947, Part-V chapter V-B section 25K. These amendments increase the number of employees that Chapter V-B, which deals with closure of undertakings, retrenchment, and layoffs from one hundred or more to three hundred or more. Likewise, Himachal Pradesh has also increased the ceiling from 100 to 200 employees through Industrial Disputes (Himachal Pradesh Amendment) Ordinance, 2020. These changes are accompanied by changes to sections under the Industrial Relations Code of 2020 where the threshold is set at 300 workers.²⁹
- ii. In Rajasthan, additional amendments include enhancing compensation for retrenched or laid-off workers to three months' wages along with a three-month notice period. Both Rajasthan and Andhra Pradesh have amended Section 2-A of the Industrial Disputes Act, 1947,³⁰ extends the timeframe for raising industrial disputes during conciliation proceedings to three years, with provisions for extensions under valid reasons. It also classifies "go slow" tactics as an unfair labor practice under the Industrial Relations Code, 2020.
- iii. Rajasthan's amendments to Section 9-D now mandate that a Representative Union must have at least 30% membership of the total workers in the unit for registration. The Labour Laws (Gujarat Amendment) Act, 2015³¹, introduces graded fines for violations, ranging from Rs. 7,000 to Rs. 20,000 based on workforce size. It also includes a Self-Certification cum Consolidated Annual Return Scheme and increases penalties for offenses.

a. State Amendments in Contract Labour (Regulation and Abolition) Act, 1970

- i. In regard to rough and dangerous work, Contract Labour (R&A) Act 1970 has seen change in its jurisdiction from 20 to 50 employees for contractors as well as establishments in states of Andhra Pradesh, Assam, Goa, Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, and Uttar Pradesh. Himachal Pradesh has taken its floor level to 30 workers through the Contract Labour (Regulation and Abolition) Himachal Pradesh Amendment Ordinance, 2020. These changes are in accordance to the Occupations Safety Health and Working Conditions Code of 2020 where the limit stands at fifty employees.³²
- ii. The Labour Laws (Gujarat Amendment) Act, 2015, brings in a system of graded compounding for breaches under the Contract Labour (Regulation and Abolition) Act, 1970. Additionally, it requires businesses to enroll in a Self-Certification cum Consolidated Annual Return Scheme. To guarantee adherence to labor laws, state governments are empowered to set audit and assessment standards.

b. State Amendments in Factories Act, 1948

²⁹ Chapter VB, Labour Department (Sept. 28, 2022), <https://labour.delhi.gov.in/node/4012>.

³⁰ <https://www.indiacode.nic.in/bitstream/123456789/3914/1/ACT%20NO%2012-2015.pdf>.

³¹ (Sept.29,2020),https://prsindia.org/files/bills_acts/bills_states/gujarat/2020/Bill%2015%20of%202020%20Gujarat.pdf.

³² *The Contract Labour (Regulation & Abolition) Act, 1970* » *ComplianceBook*, ComplianceBook (May 19, 2024), <https://compliancebook.in/contract-labour-regulation-abolition-act-1970/>.

- i. States like Rajasthan, Assam, Bihar, Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Punjab, and Uttar Pradesh have amended the Factories Act, 1948. They've increased the worker thresholds: from 10 to 20 for factories using power and from 20 to 40 for those without power. These amendments simplify regulatory compliance and offer greater operational flexibility..³³
- ii. In Rajasthan, if you want to proceed with court proceedings under the Factories Act, 1948, you now need approval from the state government. Meanwhile, in West Bengal, the validity of factory licenses has been extended to three years. And in Madhya Pradesh, there have been updates to working hours and safety provisions for women working night shifts, which reflects the changing labor dynamics and safety standards.

IX. CONCLUSION

The Code on Social Security, 2020, that has been enacted aims to extend the scope of social security to all the workers irrespective of the kind of employment contract they signed, for contingencies such as sickness, employment injury, maternity, unemployment, retirement, old age, death, disability and any other contingency that the central government notifies in writing from time to time. Likewise, the Occupational Safety, Health and Working Conditions Code, 2020 endeavours to guarantee no hazards at the workplace, provide annual health tests for free, issue appointment letters and mandatory reporting of every workplace accident that leads to the death or grave disabilities. It imposes obligations on employers in factories, mines, docks, plantations, and construction areas. The Code also requires the manufacturers, importers, designers, and suppliers to act responsibly towards safety of their products and instruct the consumers on how to handle it. Most of them have responded to the interests of contract and migrant workers, the Contract Workers Act targets the groups that have been neglected in the past, and penalties are justified to improve compliance.

³³ Bills States, <https://prsindia.org/bills/states/state-brief-relaxation-of-labour-laws>.