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# FROM FRAGMENTATION TO FRAMEWORK:

How the Labour Codes Reshape Employer Compliance



## LABOUR LAW 2.0

India's labour law landscape has undergone a paradigm shift with the consolidation of 29 Central labour enactments into four comprehensive codes: (i) the Code on Wages, 2019; (ii) the Industrial Relations Code, 2020; (iii) the Occupational Safety, Health and Working Conditions Code, 2020; and (iv) the Code on Social Security, 2020 (collectively, the "**Labour Codes**"). This reform is regarded as the most consequential employment law overhauls in independent India, affecting an estimated workforce of over 500 million workers, including organised, unorganised, gig and platform sectors.

## OPERATIONAL IMPACT OF THE LABOUR CODES ON INDUSTRY

The Labour Codes do not merely consolidate 29 central labour laws, but they redesign the compliance architecture governing Indian industry. By harmonising definitions, digitising registration systems, rationalising regulatory thresholds and expanding social security coverage, these Labour Codes alter how businesses structure compensation, manage workforce size and implement governance controls.

**The operational consequences of this legislative restructuring become most evident in the following core areas:**

S. No	Core Area	Particulars
1.	<b>Uniform Wage Definition: Payroll Realignment</b>	<ul style="list-style-type: none"> <li>Section 2(y) of the Code on Wages, 2019 introduces a uniform wage definition across all four Codes, including a fifty per cent cap on exclusions that mandates reclassification of excessive allowances.</li> <li>Allowance-heavy salary models may increase statutory exposure across provident fund, gratuity, bonus and retrenchment compensation, necessitating structural payroll recalibration.</li> </ul>
2.	<b>Digital Compliance and First Integrated Registration</b>	<ul style="list-style-type: none"> <li>The Labour Codes shift compliance toward single electronic registration, consolidated returns and web-based inspection systems, replacing fragmented filings with technology-driven oversight.</li> <li>Employers must ensure digitally aligned payroll and reporting systems, as regulatory scrutiny becomes data-centric and audit-oriented.</li> </ul>
3.	<b>Workforce Structuring under the IR Code</b>	<ul style="list-style-type: none"> <li>The Industrial Relations Code, 2020 introduces threshold-based regulation requiring prior governmental approval for layoff, retrenchment and closure in establishments employing three hundred or more workers, subject to State-level variations.</li> <li>Standardisation of standing orders and union recognition frameworks integrates workforce planning with defined regulatory consequences.</li> </ul>
4.	<b>Social Security Expansion to Gig and Platform Workers</b>	<ul style="list-style-type: none"> <li>The Code on Social Security, 2020 formally recognises gig and platform workers and enables contributory schemes involving aggregators.</li> <li>Digital enterprises may face evolving contribution obligations, requiring reassessment of classification models and contractual structures.</li> </ul>
5.	<b>Consolidated Occupational Safety Framework</b>	<ul style="list-style-type: none"> <li>The Occupational Safety, Health and Working Conditions Code, 2020 unifies sector-specific safety and welfare laws into a single statutory regime governing licensing, compliance and workplace standards and centralises accountability within a structured and potentially technology-enabled enforcement model.</li> </ul>

## COMPLIANCE UNDER LABOUR CODES

Against this backdrop, a clear understanding of the compliance architecture under the four Labour Codes is essential for employers, HR leaders and legal advisors. The Codes replace fragmented statute-specific obligations with an integrated framework that is increasingly digital, threshold-based and documentation-driven.

On **February 18, 2026**, the **Ministry of Labour & Employment** released the “**Compliance Handbook under the Four Labour Codes**” to provide simplified and practical guidance on the

restructured regime. The Handbook offers a chapter-wise summary of statutory obligations under each Code with the objective of making compliance more streamlined and transparent.

Drawing from this framework, the table below presents a consolidated compliance matrix outlining key employer obligations, applicability triggers and procedural requirements. It is intended to serve as a structured reference tool for navigating India’s evolving labour compliance landscape.

CONSOLIDATED COMPLIANCE MATRIX UNDER THE FOUR LABOUR CODES				
	Section	Compliance Obligation of Employer	Precedent Condition / Trigger	Form / Mode / Record Requirement
The Code on Wages, 2019	Sec 3	No discrimination on gender in wages or recruitment	When employing employees	—
	Sec 5	Pay minimum wages as notified	Employee covered under Code	Wage Register
	Sec 6	Fix wage period and ensure timely payment <ul style="list-style-type: none"> <li>Daily basis - at the end of the day</li> <li>Weekly basis - on the last working day of the week</li> <li>Fortnightly basis - before the end of the second day after the end of the fortnight</li> </ul>	Employment exists	Wage Register
	Sec 14	Pay overtime at twice normal wage rate for each extra hour	Work beyond prescribed hours	Overtime Register
	Sec 17	Pay all dues within 2 working days of exit	Resignation/termination/d dismissal	Final Settlement Record
	Sec 18	Make only authorised deductions (≤50% of wages)	Deduction from wages	Register of Fines & Deductions
	Sec 19	Maintain attendance, wage, overtime registers (5 years)	All establishments	Prescribed format (electronic/physical)
	Sec 21	Issue wage slip before payment	Each wage cycle	Prescribed Wage Slip
	Sec 26	Pay annual bonus (8.33%–20%)	≥30 days worked in an accounting year & wage within limit	Bonus Record
	Sec 50	Display minimum wages, working hours, inspector details	All establishments	Notice Board Display

	Section	Compliance Obligation of Employer	Precedent Condition / Trigger	Form / Mode / Record Requirement
The Industrial Relations Code, 2020	Sec 3	Constitute Works Committee	100+ workers (if Govt. directs)	As prescribed
	Sec 4	Constitute Grievance Redressal Committee Maximum 10 members	20+ workers	Grievance record
	Sec 14	Recognise Negotiating Union	Single union or 51% support	Muster Roll Verification
	Sec 14	Constitute Negotiating Council	No union has 51%, but $\geq 20\%$ support	Valid 3 years
	Sec 28–30	Adopt/Certify Standing Orders	300+ workers	Submission to Certifying Officer
	Sec 40	Give 21 days' notice for change in service conditions	Change in Third Schedule matters	Prescribed Notice
	Ch. IX	Prior notice before lay-off/retrenchment/closure	50–299 workers	Govt. Notice
	Ch. X	Prior Govt. permission for lay-off/retrenchment/closure	300+ workers	Govt. Application
	Ch. IX/X	Pay 50% lay-off compensation	Lay-off declared	Wage Record
	Ch. IX/X	Pay retrenchment compensation (15 days per year)	Retrenchment	Payment Record
	Ch. IX/X	Contribute to Workers' Re-Skilling Fund	Retrenchment	Deposit 15 days wages for each retrenchment
	Sec 62	Report strike/lockout notice within 5 days	Notice received/issued	Notify Govt & Conciliation Officer
	Sec 60	Inform authority of existing strike/lockout	Strike/lockout declared	Same day intimation

	Section	Compliance Obligation of Employer	Precedent Condition / Trigger	Form / Mode / Record Requirement
The Occupational Safety, Health & Working Conditions Code, 2020	Sec 3	Register establishment within 60 days	10+ employees	Electronic Registration
	Sec 3	Intimate changes in particulars within 30 days	Change occurs	Electronic
	Sec 5	Notify commencement/cessation	Factory/mine/contract labour etc.	Electronic Notice
	Sec 6	Ensure safe and healthy workplace	All establishments	Compliance with standards
	Sec 7-12	Issue appointment letter; provide annual health check-up	Employment exists	As prescribed
	Sec 10	Notify accident causing death/serious injury	Accident occurs	Prescribed Authority
	Sec 11	Notify dangerous occurrence	Occurrence happens	Prescribed Form
	Sec 12	Notify notifiable disease	Worker contracts scheduled disease	Prescribed Form
	Sec 22	Constitute Safety Committee	As notified by Govt	As prescribed
	Sec 22	Appoint Safety Officers	250+ BoCW / 100+ mines	Prescribed qualification
	Sec 23	Provide hygiene, ventilation, water, toilets	All establishments	As prescribed
	Sec 24	Provide canteen	100+ workers	As prescribed
	Sec 24	Provide crèche	50+ workers	Own/shared facility
	Sec 24	Provide ambulance room	500+ BoCW / mines	As prescribed
	Sec 45	Contract labour provisions apply	50+ contract workers	—
	Sec 47	Contractor must obtain licence	50+ contract workers	Electronic Licence
	Sec 53	Principal employer provide welfare facilities	Contract labour engaged	As prescribed
	Sec 55	Principal employer liable if contractor defaults on wages	Contractor fails to pay	Payment Record
	Sec 59	Inter-State Migrant Worker provisions apply	10+ ISMW	—
	Sec 61	Pay annual journey allowance	ISMW employed	Lump sum payment
Sec 67	Appoint qualified sole manager in mine	Mine exists	Prescribed qualification	
Sec 78	Do not employ medically unfit person in hazardous BoCW work	Hazardous construction	Medical Fitness Check	
Sec 119	Apply for common licence	Factory/Beedi/Contract labour	Electronic	

	Section	Compliance Obligation of Employer	Precedent Condition / Trigger	Form / Mode / Record Requirement
THE CODE ON SOCIAL SECURITY, 2020	Sec 15	Apply EPF provisions	20+ employees	Registration
	Sec 16	Employer contribution (10% of wages)	EPF applicable	Deposit contribution
	First Schedule	ESI applicability	10+ employees or hazardous activity	Registration
	Sec 31	Pay ESI employer & employee contribution	ESI applicable	Deposit contribution
	Sec 53	Pay gratuity (15 days per year of service)	5 years' service / 1 year fixed-term	Payment within 30 days
	Sec 55	Obtain employee nomination	1 year service	Prescribed Form
	Chapter VI	Grant 26 weeks maternity benefit	80 days service in preceding 12 months	Leave record
	Chapter VI	Pay ₹3,500 (Approx. \$40) medical bonus	Eligible woman employee	Payment record
	Sec 74	Pay compensation for employment injury/death	Accident arising out of employment	Compensation calculation
	Sec 81	Deposit compensation with authority	Death/minor dependent	Deposit with authority
	Sec 114	Aggregator contribution (1–2% turnover; max 5% payout)	Gig/platform workers engaged	Prescribed contribution
	Sec 100	Pay 1–2% BOCW cess	Construction work	Self-assessment
	Sec 103	Pay cess within 60 days of completion	Construction completed	Prescribed manner
	Sec 106	Ensure construction workers registered	BOCW workers employed	Welfare Board Registration
	Sec 139	Notify vacancies to career centre	If Govt. notification requires	Prescribed manner

## B&P VIEW

The four labour codes represent a major legislative reform aimed at consolidating India's fragmented labour law framework, improving regulatory clarity, and promoting ease of doing business, while partially aligning with principles advanced by the International Labour Organization ("ILO").

In several respects, the codes reflect convergence with international labour standards:

- **Code on Wages, 2019:** Introduces a uniform definition of wages and a national floor wage, enhancing transparency and consistency in wage regulation in line with the objectives of the *Minimum Wage Fixing Convention*.
- **Code on Social Security, 2020:** Extends social protection to gig and platform workers and provides benefits such as provident fund, maternity benefits, and employment injury compensation, reflecting the goals of the *Social Security (Minimum Standards) Convention*.
- **Industrial Relations Code, 2020:** Provides for recognition of negotiating unions and councils, institutionalising collective bargaining consistent with the *Right to Organise and Collective Bargaining Convention*.
- **Occupational Safety, Health and Working Conditions Code, 2020:** Consolidates workplace safety and welfare provisions and imposes employer obligations to ensure safe and healthy working conditions, broadly aligned with the *Occupational Safety and Health Convention*.

However, certain provisions diverge from established ILO standards:

- **Industrial Relations Code, 2020:** Procedural restrictions on strikes, including mandatory notice requirements and limits during conciliation, may constrain collective labour action recognised under the *Freedom of Association Convention*.
- Higher thresholds requiring prior government approval for layoffs and retrenchments may affect employment security and weaken workers' bargaining power.
- **Code on Social Security, 2020:** Absence of uniform minimum standards across states may result in inconsistent social protection.
- Enforcement challenges, particularly in occupational safety compliance and social security delivery—may limit effective implementation.
- While the **Code on Wages, 2019** introduces a national floor wage, the absence of a clear mechanism for periodic revision may affect its long-term adequacy.

Overall, the labour codes mark a significant step toward legislative consolidation and partial alignment with international labour standards. Their effectiveness, however, will depend on robust enforcement, institutional capacity, and continued engagement with ILO principles.