

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 sweeping reform represents one of the most significant overhauls of employment law in independent India, aimed at rationalising and modernising the regulatory landscape while enhancing ease of compliance. The Labour Codes are designed to streamline statutory obligations, introduce uniform definitions, and extend coverage to a broader workforce, including those engaged in the unorganised, gig and platform economy, collectively impacting an estimated workforce of over 500 million individuals.

Against this backdrop, we have previously published an [Employer Compliance Handbook](#) under the Labour Codes, which provides a structured and practical overview of key employer obligations, compliance requirements and actionable guidance to navigate the evolving regulatory regime.

FAQs UNDER THE LABOUR CODE

Further clarity on the practical implementation of the Labour Codes has been provided through a series of **Frequently Asked Questions (FAQs)** issued by the **Ministry of Labour and Employment ("MoLE")**. These clarifications are intended to address interpretational issues and assist stakeholders in understanding the application of key provisions under the Labour Codes.

In **December 2025**, the MoLE issued FAQs across all four **Labour Codes**, covering wage definition, gratuity, and transitional provisions. This was supplemented by FAQs dated **January 09, 2026**, focusing on procedural and operational aspects under the Code on Social Security, including registration, benefit claims, and compliance mechanisms. Further, on **March 13, 2026**, the MoLE issued a set of FAQs primarily focusing on the **OSH Code, 2020**, addressing issues relating to safety standards, welfare measures, and regulatory responsibilities of employers. This was followed by additional FAQs dated **March 16, 2026**, which provided clarifications across **the Code on Wages, Code on Social Security, Industrial Relations Code, and the OSH Code**, covering areas such as wage computation, gratuity, overtime, and employee benefits.

Drawing from these clarifications, the summary below distils and organises the key regulatory positions emerging from the FAQs into a structured format, highlighting their practical implications for employers. It is intended to serve as a ready reference tool to aid in interpretation, identify compliance touchpoints, and support organisations in aligning their internal policies and processes with the evolving requirements under the Labour Codes.

FAQs ON LABOUR CODES AS ON 19.12.2025

	SR. NO	QUERY	CLARIFICATION
OSH & WC CODE 2020	1.	Whether raising the threshold for definition of “factory” (from 10 workers with power / 20 without power to 20 workers with power / 40 without power) will exclude workers from safety and welfare protections?	No. The rights of workers regarding health, safety and welfare would be protected as these provisions are applicable for the establishments having 10 or more employees.
	2.	Does increased licensing threshold for contract labour from 20 to 50 will deprive contract workers of protections?	No. All establishments having 10 or more employees must comply with safety and welfare measures. The increases licensing threshold is for administrative ease and does not affect workers’ entitlements/protections
	3.	Will allowing flexibility in working hours up to 12 hours per day will exploit workers?	No. The Code prescribes 8 hours per day and 48 hours per week as standard, with some flexibility to extend daily hours with the consent of workers on payment of overtime, at twice the rate wages.
	4.	Whether it is not unsafe to allow women to work at night?	No. The Code gives women’s right to work in any establishment and night shift with the safeguard of adequate safety, transport, and security arrangements— thus promoting gender equality with safeguards. Moreover, consent of women worker is mandatory to work in night.
	5.	Will replacing inspectors with inspector-cum-facilitators not weaken the enforcement?	No. The new system of inspection promotes transparent, technology-based inspections while maintaining accountability and facilitating employer ensuring better compliance. Code promotes compliance. Better compliance will ensure better protection to workers.
	6.	Is it true that health and welfare facilities are limited to large establishments only?	No. The Code mandates health and safety provisions for all workers employed in establishments employing 10 or more employees.
	7.	Will rationalization of 13 labour laws into one Code, dilute workers’ rights?	No. The Code simplifies and harmonizes provisions with protection of worker rights. Simplification and harmonization remove ambiguities and brings consistence in protection of workers.
	8.	Whether portability of migrant worker benefits is ineffective and would not reach to beneficiary?	No. The Code requires setting up of Toll free helpline number for Inter State Migrant Worker (ISMW). ISMW can reach to govt through toll free number in case of difficulty faced by them.
	9.	Will state rule-making powers cause dilution of worker protections?	Labour is in concurrent list of the Constitution. Accordingly, State are allowed to make rules for certain allocated sphere keeping in view of the local conditions and responsiveness to regional needs.
	10.	Is it true that duties of employers are towards regular workers only and do not cover contract workers and inter-state migrant worker (ISMW)?	No. The Code does not distinguish regular and contract workers or ISMW. The Code extends benefits to all workers, including contract and inter-state migrant workers.
	11.	Is it true that allowing women to work in hazardous occupations is unsafe?	No. The Code ensures women’s right to work in any occupation with adequate safety and with sufficient safeguards to promote gender equality.

12.	Is it true that no protection provided to fixed-term employment workers in the code?	The Code covers all employees, including fixed-term employment workers and they will get all benefits like appointment letters, annual health check-ups etc.
13.	Whether OSH & WC Code favours employers by reducing penalties for violations?	No. Rather, penalties have been rationalized and only minor offences are compoundable, while serious safety breaches attract severe penalties including imprisonment.
14.	Does OSH Code provide any specific welfare facilities for transgender workers?	Yes. The Code recognizes first time the transgender workers and mandates separate bathing, toilet, restroom etc. facilities for them ensuring dignity, privacy and equal access at the workplace.
15.	Is there any specific provision for drivers under the OSH Code?	Yes. The Motor Transport Workers including drivers are covered under the Code. The provisions on safety, health and welfare under the Code apply to them, including working hours, rest intervals etc.
16.	Are contract workers covered for welfare facilities?	Yes. The Contract workers are covered for welfare facilities which will now be provided by the principal employer.
17.	Is it true that stuntmen and dubbing artists are not provided any benefits under the OSH Code?	No. Under the definition of “audio-visual worker” in the Code, stuntmen and dubbing artists are also covered and will get the safety, health and welfare benefits provided to audio-visual workers.
18.	What is the minimum criterion in terms of number of days for a worker to be eligible for annual leave with wages as per the provisions of OSH&WC Code, 2020?	A worker should have worked for 180 or more days in a calendar year to be eligible for annual leave with wages.
19.	Whether contract labour worker be issued an experience certificate?	Yes, a contract worker can demand from concerned contractor to issue experience certificate.

FAQs ON LABOUR CODES AS ON 23.12.2025

	SR. NO	QUERY	CLARIFICATION
INDUSTRIAL RELATION CODE, 2020	1.	Whether the Industrial Relation Code in any way takes back workers’ right relating to form trade unions?	No. The apprehension is totally incorrect. Provisions related to registration of trade union have been retained under Chapter-III of IR Code 2020.
	2.	Whether IR Code bans all strikes?	No. The Industrial Relations (IR) Code, 2020 does not ban strikes. Right to strike remains intact under IR Code with mandatory 14 days notice period before going on strike.
	3.	Whether the worker will need government permission to go on strike in IR Code?	No permission is required from the Government under the IR Code. However, 14-Days prior strike notice will be required which will facilitate both employer and union for immediate resolution of their dispute through timely conciliation leading to reduced their conflict.
	4.	Whether IR Code allows employers to retrench workers freely?	No. The provisions for mandatory one month notice and retrenchment compensation continue to exist. Prior permission will be required for retrenchment by establishments having 300 or more workers.
	5.	Is it true that trade unions lose their grievance redressal role?	No. It is not true. Instead Trade Unions get statutory backing in the form of negotiating union/negotiating council under the code thereby strengthening their collective bargaining. The code also provides for bipartite

		forums like Works Committee and Grievance Redressal Committee, having equal representation will facilitate time bound redressal of grievances of workers.
6.	Whether, the Code ends job security for permanent workers and promotes hire and fire?	No. The workers rights and job security remain protected in the IR Code with provisions for mandatory one month notice and retrenchment compensation. Prior permission will be required for retrenchment by establishments having 300 or more workers.
7.	Is it true that Fixed-Term Employment (FTE) is exploitative?	No. Fixed Term Employees will be eligible for all benefits (EPF, ESI, flexible working hours, timely and minimum wages) equal to permanent employees. They will also be eligible for Gratuity on completion of one year of service. This will reduce contractualisation. Fixed Term Employee will get appointment letter directly from the employer enhancing their pride. This will also increase their employability as freshers can gain experience in a short span of time and enhance specialized skills.
8.	Whether the new provisions under IR Code will allow employers with less than 300 workers to fire without restriction?	No. The requirement for mandatory one month notice and retrenchment compensation for every completed year of service continue. Prior permission will be required for retrenchment by establishments having 300 or more workers. Also, additional provision of re-skilling fund for retrenched workers to enhance their skills to get better job perspective has been introduced for the welfare of the worker.
9.	Whether the conciliation mechanism is abolished under IR Code?	No. Rather, the conciliation mechanism have been streamlined and conciliation is now made compulsory in all strike notice and conciliation proceeding shall be commenced on the 1st meeting of conciliation. Fixed time-line, digital process and clear jurisdiction will now facilitate for faster settlement of disputes.
10.	Is it true that Labour Courts are being abolished?	The Labour Courts and Industrial Tribunals will be replaced with a simplified two-tier tribunal system reducing delays and multiplicity of forums. Instead of one member the IR Code has introduced two member Tribunals for speedy delivery of justice.
11.	Is it true that workers cannot collectively bargain or protest?	No. Mandatory recognition of a sole negotiating union/council strengthens structured bargaining by the workers with their employer.
12.	Is it true that Industry closure no longer needs approval?	Lay-off/Retrenchment/Closure have been well regulated under IR Code. Industries having 300 workers on any day of previous year will need prior permission from the Government. All benefits such as retrenchment compensation, priority in re-employment, etc. have been kept under IR Code.
13.	Is it true that workers' participation in management is removed?	Workers' participation have been ensured through Bipartite forums such as Works Committees and Grievance Redressal Committees under the IR Code.
14.	Whether penalty provision for employer violations in IR Code are removed?	No. Penal provisions are not compromised instead penalties have been substantially increased and made commensurate with the offences.
15.	Is it correct that IR Code centralizes all labour powers?	No. "Labour" is a concurrent subject under the Constitution of India and its jurisdiction is clearly defined in the codes. The State governments are appropriate

		government under all the four Labour Codes and they have to exercise their power as appropriate government.
16.	Whether abolition of Labour Courts will delay the workers justice?	No. With the provision of 2 member Industrial Tribunal, the justice will be speedily delivered.
17.	Whether the Code favours employers only?	No. The code protects the interest of workers through the provisions of negotiating unions/councils, works committee, Grievance redressal committee, requisite safeguards before retrenchment/lay-off and closure and effective dispute resolution mechanism.
18.	Whether sales promotion employees are not treated as “employees” and therefore not entitled to labour protections?	No. The sales promotion employees are legally recognized under the definition of ‘worker’ under the IR code.
19.	Is it true that the “Journalists” are freelancers and therefore not “employees”?	“Working Journalist” employed in a newspaper/agency have now been included under the definition of worker under the IR Code.

FAQs ON LABOUR CODES AS ON 24.12.2025

	SR. NO	QUERY	CLARIFICATION
CODE ON WAGES 2019	1.	Whether Data Entry Operators and employees in similar categories are included under the minimum wage provisions of the Code on Wages, 2019?	Yes. The concept of scheduled employment has been done away under the Code on Wages. The Code is now universally applicable to all employees, irrespective of their sector or category.
	2.	Is a daily wage worker not eligible for bonus?	Bonus is payable to every employee who has worked for at least thirty days in an accounting year as per the wage ceiling prescribed by the appropriate government.
	3.	Will the new concept of floor wage reduce the minimum wages fixed by the State?	No, Floor Wage is a baseline. Where the minimum rates of wages fixed by the State Government earlier is more than the floor wage, the State Government shall not reduce such minimum rates of wages fixed by it earlier.
	4.	Will the revised definition of wages under the Code, 2019 reduce employee wages?	No. The definition brings transparency and uniformity. Allowances exceeding a fixed percentage as notified by central government are added back to wages, increasing the base for PF, gratuity, and bonus, benefiting workers. It will strengthen social security of employees.
	5.	Does the Code on Wages allow employers to make too many deductions from workers’ wages?	No. The Code caps all deductions at 50% of wages—uniform and protective compared to earlier 75% for cooperative deductions. The deduction are restricted to 50% of wages.
	6.	Will the fixation of minimum wages become arbitrary under Central Government control?	No. The Central as well as the State Governments will fix minimum wages within their respective jurisdictions. They must set these wages above the floor wage and after consulting workers and employers representatives. So, the process is fair, balanced, and not arbitrary.
	7.	Will the inspector under the Code facilitate only the employers?	No. The duties and powers of the inspector are retained, and he will enforce the provisions, simultaneously raising awareness among workers about their rights and guiding employers in compliance.
	8.	Is it true that working hours been extended in a way that deprives workers of overtime?	No. Flexibility in working hours will not curtail the minimum wage, and employees working beyond normal hours are entitled to the overtime rate which shall not be less than twice the normal rate of wages.

9.	Are transgender persons not provided benefits under the Code on Wages, 2019?	The Employers shall not discriminate on ground of gender including transgender in matter relating to wages, recruitment of an employee for the same work or work of a similar nature and in the conditions of employment.
10.	Does compounding of offences allow employers to escape punishment?	No. Deterrent and enhanced penalties are provided under the Code on Wages. Employers are given the opportunity to rectify irregularities; however, compounding is limited to the first offence and a repeat of offence within a period of 5 years is punishable with imprisonment that may extend up to 3 months or fine or with both. This system reduces unnecessary litigation while ensuring that employers cannot evade their responsibilities.
11.	Is only permanent employee covered under the Code?	No. The Code covers all employees, including full-time, part-time, temporary, casual and contractual workers.
12.	Does the Code on Wages benefit only organized sector workers?	No. The Code on Wages applies to all employees, employed in the organized or unorganized sector. It ensures minimum wages and timely payment. The Code universalizes minimum wages for all categories of employees.

FAQs ON LABOUR CODES AS ON 30.12.2025

	SR. NO	QUERY	REPLY
THE CODE ON WAGES, 2019	1.	Which rules will be applicable during the transition period?	As per the provisions of Section 6 of General Clauses Act, 1897, old rules will remain in force till final notification of new rules under the Code, to the extent these are in line with Codes.
	2.	What does the term “wages” mean?	The definition of “Wages” covers: <ul style="list-style-type: none"> • All remuneration whether by way of salaries, allowances or otherwise payable to a person employed. This includes: Basic pay, Dearness allowance, Retaining allowance, if any • If the payments/allowances other than Basic pay, Dearness allowance and Retaining allowance exceed 50% or such percentage as notified of all remuneration, then amount exceeding 50% or such percentage as notified shall be added in the “Wages”.
	3.	Definition of wages and the components it would cover.	The definition of “Wages” covers: <ul style="list-style-type: none"> • All remuneration whether by way of salary, allowances or otherwise. These include Basic pay, Dearness allowance and Retaining allowance, if any. • If the allowances (except gratuity and retrenchment compensation) exceeds 50% of all remuneration, the excess amount shall be added back to wages. • Performance based incentives, Employee Stock Option Plans (ESOPs), variable part of the component or reimbursement-based payments to the employee shall not be part of the wages.
	4.	What is the 50% rule for allowances?	If the allowances and benefits together (except gratuity and retrenchment compensation) exceed 50% of all

		remuneration, the excess amount shall be added back to wages. Such added amount shall be treated as wages for statutory purposes.	
5.	Whether Leave Encashment be part of allowances?	As mentioned in Section 2(y) of Code on Wages, 2019, leave encashment is not a part of allowances.	
6.	Does this definition of wages apply to all labour laws?	This single definition of wages applies across all four Labour Codes. The same definition applies uniformly for statutory calculations.	
7.	Explain the allowance rule with a clear illustration?	Illustration: <ul style="list-style-type: none"> • Total remuneration: ₹76,000 per month • Basic Pay + Dearness Allowance: ₹20,000 • Allowances: ₹40,000 • Other components (Gratuity and retrenchment compensation): ₹16,000 • Total allowance paid: ₹56,000 • Max. allowance allowed for calculation of wages (50% of total remuneration): ₹38,000 • Excess allowance over 50% limit: ₹2000 • ₹2000 shall be added back to wages (Basic Pay + DA) for statutory compliances • Statutory calculations shall be made on revised wages: ₹22,000. 	
	SR.NO	QUERY	
CODE ON SOCIAL SECURITY 2020	8.	Whether Gratuity calculation will be applicable prospectively or retrospectively.	Gratuity will be applicable w.e.f. 21st Nov, 2025 i.e. date of enforcement of the Code.
	9.	Clarification on gratuity calculation in view of many companies considering December month as year end.	Gratuity will be applicable w.e.f. 21st Nov, 2025 i.e. date of enforcement of the Code. Establishments may make provision as per accounting norms.
	10.	When gratuity is payable to an employee?	Gratuity shall be payable on following events: <ul style="list-style-type: none"> • On termination • On superannuation (retirement due to age) • On resignation • On death or disablement due to accident or disease • On expiration of a fixed-term employment contract • On any other event notified by the Central Government
	11.	Are there any special provisions related to gratuity in certain cases?	Completion of five years of continuous service is not necessary in case of: <ul style="list-style-type: none"> • Death (paid to nominee or legal heirs) • Disablement • Expiration of fixed-term employment • Other events notified by the Central Government <p>If the nominee or heir is a minor, the share shall be deposited with a competent authority and invested in bank/financial institution for the benefit of such minor until majority.</p>

	12.	How is gratuity calculated?	<p>For every completed year of service or part thereof in excess of six months:</p> <ul style="list-style-type: none"> • 15 days' wages per year (or such number as notified by Central Government) based on the rate of wages last drawn. <p>Special cases:</p> <ul style="list-style-type: none"> • Piece-rated employees: Daily wages calculated as average of total wages for the three months preceding termination (excluding overtime) • Seasonal employees: 7 days' wages per season • Fixed-term employment or deceased employees: Gratuity paid on pro-rata basis 4 • The maximum gratuity is as notified by the Central Government which is currently ₹ 20 lakhs. <p>For employees re-employed after disablement:</p> <ul style="list-style-type: none"> • Wages for the period preceding his disablement shall be taken to be the wage received by him during that period. • Wages for the period subsequent to his disablement shall be taken to be the wages as so reduced.
	13.	Does gratuity affect other agreements or awards?	<p>Nothing shall affect the right of an employee to receive better gratuity terms under any:</p> <ul style="list-style-type: none"> • Award • Agreement • Contract with employer
	14.	How will the ESI coverage be governed until the finalisation of Rules?	The definition of wage has come into force with notification of the Code w.e.f. 21st Nov, 2025.
	SR. NO	QUERY	REPLY
OSH & WC CODE 2020	15.	Whether the person drawing wages ₹18,000/- or more will be covered under the definition of worker as per OSH & WC Code.	Any person, who is employed in a supervisory capacity drawing wages exceeding ₹18,000/- (or an amount as may be notified by the Central Government from time to time) is not included in the definition of worker.
	16.	Clarity on Core and Non-core activities.	Core and non-core activities are clearly defined under the OSH & WC Code, 2020 [Section 57]. Principal employer may engage contract labour for core activities which are ordinarily carried out through contractor, or of intermittent nature or involve sudden increase in volume of work requiring time-bound completion.
	17.	Whether Journey Allowance for ISMW within the State for the long distance workers may be allowed.	As per OSH & WC Code, 2020, the employer shall pay to and fro journey allowance to ISMW once in a year from his native place to place of employment.

	SR. NO	QUERY	REPLY
GENERAL PROVISIONS	18.	Which rules will be applicable during the transition period?	As per the provisions of Section 6 of General Clauses Act, 1897, old rules will remain in force till final notification of new rules under the Code, to the extent these are in line with Codes.

FAQs ON LABOUR CODES AS ON 09.01.2026			
	SR. NO	QUERY	REPLY
CODE ON SOCIAL SECURITY 2020	1.	Are all procedures under the Social Security Rules mandatory in digital mode?	No. While the Rules prioritise digital processes to ensure transparency and ease of access, physical submission is also permitted in specified cases. For instance, claims relating to gratuity and maternity benefits may be submitted physically in addition to electronic modes.
	2.	Does registration under the Rules guarantee automatic payment of benefits?	No. Registration is only an entry point that enables workers to access various social security schemes. Benefits are payable only under schemes that are onboarded on the relevant portal (such as the e-Shram portal) and subject to fulfilment of scheme-specific eligibility conditions.
	3.	Can the Social Security Rules be amended only through Parliament?	No. The Rules constitute subordinate legislation. Accordingly, they can be modified, revised, or updated through government notifications, without requiring Parliamentary approval.
	4.	Can Social Security Funds be merged with general government accounts?	No. The Rules mandate that Social Security Funds be maintained as separate accounts. They also provide for periodic reporting, audit by the Comptroller and Auditor General of India (CAG), and restricted utilisation exclusively for worker welfare.
	5.	Can maternity benefit claims be rejected for not using prescribed forms?	No. The Rules clearly state that procedural lapses do not defeat substantive rights. Applications may be submitted physically on plain paper or electronically, and claims cannot be rejected solely due to non-use of prescribed formats.
	6.	Is certification by a registered medical practitioner mandatory for maternity benefits?	No. The Rules broaden acceptable proof and allow certificates from ASHAs, Auxiliary Nurse Midwives (ANMs), local authorities, and other prescribed village or municipal officials, in addition to registered medical practitioners.
	7.	Are nursing breaks strictly limited to two fixed intervals?	No. While the Rules prescribe minimum nursing breaks, they also allow additional time, including travel time, depending on the distance to the crèche or childcare facility.
	8.	Must crèche facilities always be located within the employer's premises?	No. The Rules permit common crèches, shared or pooled arrangements, and negotiated facilities, particularly to assist smaller establishments. Where crèche facilities are not provided, payment of a crèche allowance is mandated.
	9.	Can gratuity be claimed only after employment ends?	No. The Rules permit advance submission of gratuity applications where the date of retirement or cessation of employment is known in advance.

10.	Does delay in filing gratuity applications lead to forfeiture of claims?	No. The Rules explicitly provide that delay alone cannot invalidate a gratuity claim.
11.	How is gratuity payable to minor nominees protected?	The Rules require gratuity amounts payable to minor nominees to be invested in term deposits with specified nationalised banks, ensuring safety and future benefit to the nominee.
12.	Do employers have unfettered discretion to reject gratuity claims?	No. The Rules prescribe mandatory notices, reasoned orders, defined timelines, and appeal mechanisms, ensuring transparency and preventing arbitrary decisions.
13.	Is BOCW Welfare Cess payable only after completion of construction?	No. The Rules permit advance payment of cess based on self-assessment, with final adjustment upon completion and assessment.
14.	Can BOCW Cess be paid in instalments without disclosures?	No. Instalment payments are allowed only with disclosure of work progress and cost assessment, and are subject to verification and scrutiny.
15.	Is refund of excess BOCW Cess allowed?	Yes. The Rules provide a time-bound refund mechanism for excess cess deposited, following assessment or appellate orders.
16.	Who is responsible for payment of BOCW Cess?	Responsibility is clearly allocated among employers, contractors, government departments, and public sector undertakings, depending on the nature and execution of the construction work.
17.	Do construction workers lose welfare benefits when they move across States?	No. The Rules enable inter-State portability of registration and benefits, subject to updation of migrant worker data on the destination State portal.
18.	Are only direct engagements by aggregators covered?	No. The Rules cover gig and platform workers engaged through subsidiaries, associate companies, holding companies, LLPs, and third-party arrangements.
19.	Does failure to update gig worker data permanently disqualify workers?	No. Non-updation leads to temporary ineligibility. Eligibility can be restored upon updating required information on the designated portal.
20.	Are inspections under the Rules routine and random?	No. The Rules emphasise risk-based inspections, corrective directions, and compliance notices with defined timelines before initiating penal action.
21.	Are penalties imposed automatically for every non-compliance?	No. The Rules provide for notice, opportunity to comply, hearing, reasoned orders, and compounding of offences before prosecution.
22.	Are appeals under the Rules time-bound?	Yes. The Rules prescribe clear limitation periods, standard appeal formats, and timelines for disposal.
23.	Are exempted establishments free from regulatory oversight?	No. Exempted establishments must meet eligibility conditions, audit and reporting requirements, and exemptions may be cancelled upon structural changes.
24.	Are trusts managing exempted funds unregulated?	No. The Rules mandate Boards of Trustees, equal employer-employee representation, periodic meetings, and arm's-length governance norms.
25.	Must all records be maintained only at the workplace?	No. The Rules allow electronic maintenance of records or storage at a notified nearby location, provided they are accessible during inspection.

	26. Are the Social Security Rules rigid and inflexible?	No. The Rules explicitly allow revision of limits, forms, contribution rates, and procedures through government notifications, enabling adaptability to emerging needs.
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FAQs ON LABOUR CODES AS ON 13.03.2026

	SR. NO	QUERY	CLARIFICATION
OSH & WC CODE 2020	1.	<p>Applicability of OSH&WC Code provisions for dock workers (other than major ports).</p> <p>As the State Govt. is the appropriate authority for ports other than major ports as defined in clause-8 of Indian Ports Act, 1908; whether the draft central rule for dock workers shall be applicable to the ports under the jurisdiction of State Govt. or the State has to frame separate rules?</p>	<p>The Central Government will prescribe the Rules under Section-23 & 24, of OSH and WC Code which will be applicable to all ports / docks across India. Further, OSH standards under Section-18 for dock work will also be prescribed by the Central Government. The code enables the state government to amend these standards with the prior approval of Central Government.</p> <p>As per Section-2(1) (d)(i) & (ii), the state government is the appropriate government in case of minor ports. Hence, the State Government is empowered to frame rules under Section 133, wherever applicable.</p>
	2.	<p>Annual health examination of employees.</p> <p>The draft Occupational Safety, Health & Working Conditions (Central Rules) 2020 framed under Clause (c) of sub Section-1 of Section- 6 prescribes annual health check-up of employees, who has completed 40 years of age. Whether the workers below the age of 40 shall be exempted from annual health examination engaged in hazardous processes notified in first schedule under Section 2(za) and dangerous operations under Section 82 of the OSH & WC Code, 2020?</p>	<p>Free of cost pre-employment and periodic health examinations, irrespective of the age of the worker, would be arranged by the employer for workers employed in factories carrying out hazardous processes and dangerous operations.</p> <p>Under Section 82, the State government will frame rules to prescribe periodicity of periodical medical examination of employees in this regard. Further, under Section-85(c), the state government will prescribe rules to specify such intervals not exceeding 12 months for carrying out medical examination.</p>
	3.	<p>Measures or standards prescribed by the State Government.</p> <p>Whereas Section 18 of the OSH & WC Code, 2020 prescribes that the Central Govt. shall declare standards on occupational safety and health for workplaces relating to factory, whether the State Govt. has to prescribe measures or standards for health and safety under Section 86(1) of the OSH & WC Code, 2020?</p>	<p>OSH Standards will be prescribed by the Central Government as per Section 18 applicable to factories. Further, the code enables the state government to amend these standards with the prior approval of Central Government. [Section 18(4)]</p>
	4.	<p>Will replacing inspectors with inspector-cum-facilitators not weaken the enforcement?</p>	<p>No. Inspector cum Facilitator will make aware about provisions of laws for compliance by employers and making aware workers of their rights in Codes. The new system of randomized web-based inspections ensures better compliance and protection to workers. Inspection can also be undertaken on complaint with the approval of competent authorities.</p>

5.	Whether OSH & WC Code favours employers by reducing penalties for violations?	No. The penalties have been rationalized as well as increased. Only minor offences are compoundable, while serious safety violations attract severe penalties including imprisonment.
6.	Are contract workers covered for welfare facilities?	Yes, the Contract workers are covered for welfare facilities. It is the responsibility of the principal employer under Section-53 to provide the welfare facilities prescribed under Section-23 & 24 to the contract labours.
7.	Whether contract labour worker be issued an experience certificate?	Yes. As per Section-56 of OSH&WC Code, it is mandatory that the contractor will issue on demand, experience certificate to contract labours.

ADDITIONAL FAQs ON LABOUR CODES AS ON 16.03.2026

	SR. NO	QUERY	REPLY
THE CODE ON WAGES, 2019	1.	<p>a. Does overtime payment form part of the 50 percent wage calculation rule? What constitutes “total remuneration” for applying the 50% wage floor?</p> <p>1. Is actual gratuity paid included? 2. Is gratuity included where shown as part of CTC? 3. Are employer contributions to PF and other social security benefits included?</p> <p>b. With reference to FAQ Question No. 7 of the MoLE FAQs under the Code on Wages, 2019, clarification is sought on: whether statutory components such as employer/employee PF contribution, statutory bonus, ESI, or other retirement benefits are included within “Other Allowances” or whether the illustration is based only on gross monthly salary excluding statutory contributions.</p>	<p>Overtime allowance payment forms a part of the 50 percent wage calculation.</p> <p>Please refer to FAQ No-3 dated 30.12.2025 available on MoLE website.</p> <p>Only statutory components such as employer PF and pension contributions and statutory bonus are included for arriving at 50% of wages to form part of remuneration. Gratuity, ESI and other retirement benefits are not included.</p> <p>No. Statutory components such as employer share of PF/Pension contribution, are prescribed under Section 2(y)(c) of the Code on Wages and difference amount of total of (a) to (i) of Section 2(y) of the Code will be added back to the wages/remuneration in case it exceeds 50% of remuneration/wages (First proviso to the Section 2(y) of the Code on Wages).</p>
	2.	Are there any specific legal provisions in place for the wage protection of white-collar employees?	The Code on Wages, 2019 has provisions for timely payment of wages. These provisions are applicable to all employees.
	3.	Can wages and minimum wages be treated as the same?	No, minimum wages are the statutory wages fixed by the appropriate government. An employer is legally prohibited from paying an employee less than the prescribed minimum wage. The Wages are defined in Section 2(y) of the Code on Wages, 2019 and can also be referred to in FAQ No- 2, 3 and 4 dated 30.12.2026 available on MoLE website.
	4.	Do annual performance-based incentives form a part of “wages” for computation under the Labour Codes?	No. Annual performance-based incentives do not form a part of “wages” for computation under the Labour Codes.

		Pl. refer to Sl. No. 3 of FAQs dated 30.12.2025 available on the MoLE website.	
5.	Who is eligible for overtime wages—only workers or it is applicable for Employees also? If so does the entitlement also extend to supervisory and managerial staff?	Yes. Employee, including worker, whose minimum rate of wages is fixed under the Code on Wages, 2019 is eligible for overtime.	
6.	Is the revised definition of “wages” under the Code on Wages, 2019 applicable for gratuity calculation from the date of enforcement of the Code, i.e., 21.11. 2025?	Yes. Gratuity, based on revised definition of wages will be applicable w.e.f. 21.11.2025 i.e. date of implementation of the Codes.	
7.	From which date does the definition of “wages” under the Labour Codes come into effect?	The definition of “wages” has come into effect from 21.11.2025.	
8.	Whether variable components of wages such as overtime (OT) allowance are included while calculating the “wages” under the Codes?	Yes. Overtime allowance payment forms a part of components Section 2(a) to 2(i). If such allowance, exceed 50 percent of remuneration then excess over 50 percent is added to the wage calculation.	
9.	What is the distinction between “minimum wages” and “wages” under the Labour Codes?	Minimum wages are fixed by the Appropriate Government for the employees, whereas wages are fixed as per Terms of Employment between employee and employer, employed in any establishment as per the definition of Wages as mentioned in Section 2(y) on the Code of Wages, 2019.	
	SR. NO	QUERY	
		REPLY	
CODE ON SOCIAL SECURITY 2020	10.	Does fixed-term employment cover contract labour engaged through contractors, or only direct employees of the principal employer?	Fixed Term Employment covers employees directly engaged by the employer.
	11.	Whether Gratuity calculation will be applicable prospectively or retrospectively?	Gratuity calculation will be applicable w.e.f. 21.11.2025 i.e. date of implementation of the Codes. Please refer to Sl. No. 8 of FAQ dated 30.12.2025 available on MoLE website.
	12.	How will the ESI coverage be governed until the finalization of Rules?	With effect from 21.11.2025, the definition of wages under the CoSS, 2020 shall apply. At present, Rs 21,000 per month wages notified for ESI coverage will be applicable.
	13.	For the calculation of gratuity, will wage components other than those specified under clauses (a) to (c) of included part and (a) to (k) of excluded part of Section 2(88) of the Code on Social Security, 2020, be included?	Any payment made to employee which is not part of components mentioned under section 2(88) of the Code on Social Security, 2020 shall not be considered for calculation of gratuity.

	14.	For Fixed Term Employees (FTE), is gratuity payable on completion of exactly one year of service or more than one year of service is required for calculation of gratuity under the Labour Codes?	Fixed Term Employee (FTE) will be eligible for gratuity if he/she renders service under the contract for a period of one year (from start of contract).
	15.	Whether States can levy cess on gig and platform workers, and if so, this will result in a dual financial burden on aggregators?	As per section 114(4) of the Code on Social Security, 2020, the contribution to be paid by the aggregators for the funding Schemes for gig workers and platform workers will be notified by the Central Government. The said contribution will be credited to Social Security Fund set up by the Central Government for social security and welfare of the gig workers and platform workers.
	16.	In case of contract labour, whether gratuity liability is to be borne by the Principal Employer or the Contractor?	As per the section 53 of the Code on Social Security, 2020, the employer (i.e. Contractor) will pay gratuity on rendering of five years continuous service at the rate of 15 days wages for each completed year of service based on the last drawn wages.
	17.	Whether gratuity for service rendered prior to 21 November 2025 will be calculated under the Payment of Gratuity Act, 1972, and service on or after that date under the Labour Codes?	The employee will be paid gratuity based on the rate of wages last drawn by the employee at the time of superannuation or retirement or resignation or death etc, on and after 21.11.2025 as per the provisions of Code on Social Security, 2020.
	18.	What types of benefits or facilities will be considered as “remuneration in kind” under the definition of wages? Please provide illustrative examples.	Benefits under the terms of employment such as food coupons, ration items, mobile recharge etc. would constitute remuneration in kind.
	SR. NO	QUERY	REPLY
INDUSTRIAL RELATIONS CODE 2020	19.	Is a fixed-term employee engaged for 11 months eligible for gratuity upon contract expiry? Is gratuity payable where a fixed-term employee exits before completion of the contracted tenure?	Fixed Term Employee (FTE) will be eligible for gratuity if he/she renders service under the contract for a period of one year (from start of contract).

	SR. NO	QUERY	REPLY
OSH & WC CODE 2020	20.	Are leave encashment provisions under the OSH & WC Code applicable only to workers, sales promotion employees, and working journalists, or to all employees? Leave-related provisions apply to managerial, supervisory, and corporate office staff?	Leave provisions apply to workers as per the OSH & WC Code, 2020 and only to those supervisors having wage not exceeding Rs. 18,000/- per month. The definition of worker includes sales promotion employees and working journalists.
	21.	What is the maximum number of days of leave that can be carried forward to the succeeding year under the applicable Labour Codes and Rules? If Employer agrees to carry forward 120 days of Leave to next calendar year, whether he is allowed to do so?	A worker can carry forward up to 30 days of leave to the succeeding calendar year. Further, a worker who has applied for leave with wages and has not been granted, can carry forward the leave refused without any limit.
	22.	Under the Labour Codes, who is eligible for leave encashment only workers or employee? Whether the Relationship Manager and Salesperson working independently (doesn't supervises anyone) and drawing wage of more than ₹18,000 are entitled for Leave Encashment?	Worker is entitled for leave encashment. The sales promotion employees are included in the definition of Worker under Section-2(1)(zzl) of OSH&WC Code, 2020.
	23.	Is the provision of crèche facility dependent on any specific gender composition of the workforce?	The creche facility is available to employees, irrespective of gender.
	24.	At what stage does overtime become payable under the OSH&WC Code, when it exceeds 8 hrs of daily working hours or 48 hrs of weekly limit? If maximum working hours limit is prescribed as 12 Hours by the appropriate government, whether Overtime is applicable for Hours exceeding 8 Hours on a particular day?	The Code prescribes working hours as 8 hours per day. If, a worker works for more than eight hours in any day as daily wager, or for more than forty-eight hours in any week, as the case may be, a worker shall in respect of such overtime work be entitled to wages at the rate of twice the normal rate of wages and shall be paid at the end of each wage period.
	25.	Where the OSH&WC Code permits accumulation of leave up to 30 days, but a State law (e.g., Andhra Pradesh) allows 60 days, which provision will prevail?	The provision of the OSH&WC, 2020 Code will prevail over the State Law for provisions which are inconsistent with the Code. However, an employee is entitled to benefits under State Law if more favourable to him than those under the Code.
	26.	What is the maximum number of leave days that can be encashed under the applicable Labour Code(s)?	There is no prescribed maximum limit for leave encashment under the OSH&WC Code, 2020. Leave exceeding 30 days, if applied but not granted by the employer, can be encashed at the end of the calendar year. At the time of separation from service, the worker is entitled to encash the leave to his/ her credit.
	27.	Where the age threshold for annual health check-ups differs between Central Rules and State Rules, which provision will apply?	Central rules will be applicable on the establishments where Central Government is Appropriate Government and state rules will be applicable on the establishments where State Government is Appropriate Government.

Disclaimer: The above FAQs are for information purposes only, to enable public to have quick and easy access to information, and do not purport to be legal documents. In case of any variance between what has been stated and what is contained in the relevant Labour Code, the latter shall prevail.

B&P VIEW

The FAQs issued under the Labour Codes provide important operational clarity on key provisions, bridging the gap between the statutory framework and practical compliance.

A key theme is the push for uniformity, particularly in the definition of wages, treatment of allowances, and applicability of benefits such as gratuity and overtime. Clarifications on inclusions and exclusions in wage computation will directly impact salary structuring, payroll practices, and CTC models.

The FAQs also reaffirm the wide applicability of the Codes, extending protections such as social security and wage provisions across employee categories, including fixed-term employees. Employers may therefore need to revisit classification and engagement structures.

From an operational perspective, the FAQs highlight increased responsibility for employers in areas such as:

- timely payment of wages and final settlements,
- timely payment of overtime to eligible employees,
- provision of health and safety measures,
- welfare of contract labour, and
- compliance with wage structuring and the 50% rule.

Notably, the potential liability of principal employers in certain scenarios (e.g., contract labour welfare) underscores the need for robust compliance systems.

Overall, the FAQs serve as a key interpretative guide and will likely shape enforcement. Employers should align their payroll, employment structures, and compliance frameworks accordingly.