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India reforms labor and employment laws, expands rights

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Significant labor and employment law reforms passed India's parliament in September 2020, and could take effect as soon as 1 Apr 2021. The numerous labor laws covering social security, wage laws, occupational health and safety, and industrial relations have been consolidated into four codes — to simplify employers' compliance, expand certain protections to new industry sectors and categories of workers, and establish stronger enforcement mechanisms. The government is expected to publish consultation documents with proposed rules for implementing the new codes.

Highlights

- **Code on Wages, 2019.** This code was enacted in 2019, but it will take effect at the same time as the three other codes. The code establishes a minimum wage that can vary by region, extends wage protections to all employees, sets out permitted wage deductions by employers, prohibits gender pay discrimination for work of a similar nature, and requires wage payments to be daily, weekly, fortnightly or monthly.
- **Code on Social Security, 2020.** This code expands social security coverage to all workers, including those in nontraditional employment relationships, such as independent contractors and gig economy workers. Social security benefits must include insurance to cover accidents, life, disability, health, old age, maternity benefits, child care, and gratuity (an employer payment given on the employee's retirement or earlier, subject to meeting certain conditions).
- **Occupational Safety, Health and Working Conditions Code, 2020.** This code applies to all employers with 10 or more workers, requiring employers to register on a centralized database. Employee protections will apply to a wider range of organizations, and will include working hours, leave entitlement, overtime hours and pay, and weekly rest periods.
- **Industrial Relations Code, 2020.** This code covers most employers (with some specified exclusions) and addresses trade union rights, including requiring employers to recognize a

negotiating union to represent the employees, and the settlement of industrial disputes. The code also revises the rules on retrenchments and will require employers with 300 or more workers (up from 100) to obtain prior permission from labor authorities before making layoffs. A new worker reskilling fund will pay a benefit to retrenched workers.

Related resources

Non-Mercer resources

- [Occupational Safety, Health and Working Conditions Code, 2020](#) (Ministry of Labour and Employment)
- [Industrial Relations Code, 2020](#) (Gazette of India, 29 Sep 2020)
- [The Code on Social Security, 2020](#) (Gazette of India, 29 Sep 2020)
- [Press release announcing three codes](#) (Government of India, 23 Sep 2020)
- [Code on Wages, 2019](#) (PRS Legislative Research, 2 Aug 2019)

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- [India's parliament passes wage protections](#) (14 Aug 2019)

Other Mercer resource

- [A brief on new labor codes](#) (Mercer)

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