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PRACTICE NOTE — LABOUR & EMPLOYMENT LAW (3 OF 4 NEW LABOUR CODES)

The Code on Social Security, 2020 — Key Points

EPF, ESI, gratuity, maternity benefit, and — for the first time — gig, platform & unorganised workers

STRUCTURE

14 Chapters, 164 Sections

REPLACES

EPF Act 1952; ESI Act 1948; Maternity Benefit Act 1961; Payment of Gratuity Act 1972; Unorganised Workers' Social Security Act 2008, and 4 other laws

CENTRAL RULES

Notified and in effect from 21 November 2025

STATE ROLLOUT

Uneven — most major States have notified rules; confirm State-wise commencement before advising

HEADLINE CHANGE

First statutory social security framework for gig, platform & unorganised workers

PROVIDENT FUND & EMPLOYEES' STATE INSURANCE

EMPLOYEES' PROVIDENT FUND (EPF)

- Applies to establishments employing **20 or more** employees (threshold may be reduced by notification for classes of establishments); voluntary coverage also permitted for smaller establishments.
- Employer and employee contributions continue broadly at earlier EPF Act rates, subject to Central Government notification of contribution percentages.

EMPLOYEES' STATE INSURANCE (ESI)

- Applies to establishments employing **10 or more** employees (further extendable to plantations, and to establishments with hazardous work irrespective of employee count).
- Coverage extended to hazardous-process establishments with even a single employee, and Central Government empowered to extend ESI to all-India applicability in a phased manner.

GRATUITY — CHAPTER V

FIXED-TERM EMPLOYEES — PRO-RATA GRATUITY

- The 5-year continuous service requirement is **relaxed for fixed-term employees** — they become eligible for gratuity on a **pro-rata basis** even where the fixed term is less than 5 years, aligning with the Industrial Relations Code's fixed-term employment provisions.

WORKING JOURNALISTS

- For working journalists, the qualifying period for gratuity is reduced to **3 years** of continuous service (instead of the general 5-year rule).

MATERNITY BENEFIT — CONTINUING PROTECTIONS

26-WEEK PAID LEAVE REGIME CONTINUED

- Broadly continues the Maternity Benefit Act framework: **26 weeks** paid maternity leave for the first two children (12 weeks for the third child onward); 12 weeks for a commissioning/adopting mother; crèche facility mandatory for establishments with **50 or more** employees.

GIG, PLATFORM & UNORGANISED WORKERS — CHAPTER IX

DEFINED FOR THE FIRST TIME

- **"Gig worker"** — a person performing work outside a traditional employer-employee relationship, earning from such activities.
- **"Platform worker"** — a person engaging in platform work (accessing organisations/individuals via an online platform for pay).
- Both categories, along with **unorganised workers**, are brought within a statutory social security net for the first time.

AGGREGATOR CONTRIBUTION

- Every **aggregator** (ride-hailing, food/grocery delivery, logistics, e-marketplace, content/media services, etc. — 9 categories notified) must contribute **1–2% of its annual turnover** toward a Social Security Fund for gig/platform workers, subject to a cap of 5% of amounts paid/payable to such workers.

SOCIAL SECURITY SCHEMES

NATIONAL SOCIAL SECURITY BOARD & SCHEMES

- A **National Social Security Board** (and State-level Boards) to recommend and monitor schemes for gig/platform/unorganised workers — covering life and disability cover, health and maternity benefits, old-age protection, education, and other benefits as the Government may notify.
- Registration of unorganised/gig/platform workers contemplated through a portal-based system (e-Shram-linked) for scheme delivery.

INTER-STATE MIGRANT WORKERS & EMPLOYEES' COMPENSATION

PROVISION	KEY POINT
Inter-State Migrant Worker	Definition widened — includes workers who move on their own to another State and take up employment there (not only those recruited through a contractor), earning up to a notified wage ceiling.
Migrant Worker Benefits	Employer must extend benefits under building/welfare cess-funded schemes; portability of benefits (e.g. PDS, ESI) across States envisaged.
Employee's Compensation	Provisions from the earlier Employees' Compensation Act 1923 substantially carried forward — compensation for death/disablement due to employment injury or notified occupational disease.

REGISTRATION, RECORDS & SOCIAL SECURITY ORGANISATIONS

UNIFIED REGISTRATION

- Every establishment covered by the Code required to register electronically, with a move toward a single registration replacing multiple registrations previously required under the separate labour enactments.

SOCIAL SECURITY ORGANISATIONS

- Central Board (EPF), ESI Corporation, National/State Social Security Boards for unorganised workers, and State Building Worker Welfare Boards continue as the principal administering bodies, with rationalised composition.

PENALTIES (ILLUSTRATIVE)

EMPLOYER CONTRAVENTIONS

- Failure to pay employer's contribution (EPF/ESI): imprisonment up to 3 years (minimum 1 year for larger defaults) and fine up to ₹1 lakh; other contraventions attract graded fines up to ₹1 lakh, escalating on repeat offence.

COMPOUNDING

- Offences not punishable solely with imprisonment, or with imprisonment and fine, are compoundable; repeat offences within 5 years generally excluded from compounding.

PRACTICE NOTES

New Advisory Line: Gig-Economy Clients

Aggregators (delivery platforms, cab aggregators, e-commerce) now have a distinct statutory compliance obligation — the 1-2% turnover contribution — advise such clients to budget and register for this separately from EPF/ESI compliance.

Gratuity Clause Review for Fixed-Term Staff

Pro-rata gratuity for fixed-term employees below 5 years' service is a new cost line — flag this when reviewing employment contracts and HR policies for corporate clients.

Confirm State Rules Before Advising

Central rules are in force, but State-level notification and effective dates vary — always confirm the applicable State's rules and commencement date for the specific establishment before advising on compliance.

For internal practice reference only — this note highlights select, frequently used provisions and does not cover all 164 sections. Cross-check exact section text, applicable State Rules, and the latest notifications before relying in advice or proceedings. Prepared 28 July 2026.

Primary sources: The Code on Social Security, 2020 (indiacode.nic.in); PRS Legislative Research Bill Summary; Ministry of Labour & Employment notifications and FAQs on the Labour Codes (2025–26).