



STATCOMP TECHNOLOGY | COMPLIANCE TRACK

NEWSLETTER

December 2025

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NEWSLETTER

Section 1: Four New Codes

1.1. CODE ON WAGES ACT (2019)

Notifications



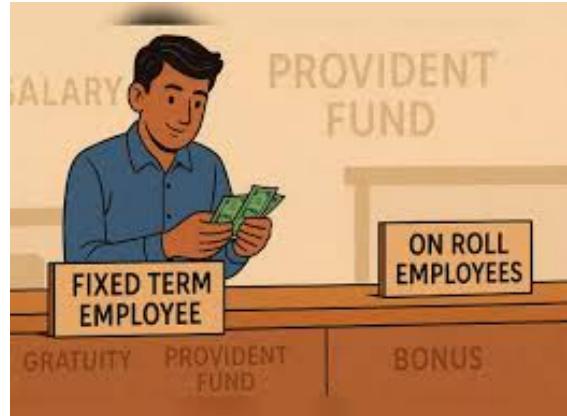
- **Minimum Wage Fixation Methodology Proposed in Draft Central Rules (30th Dec 2025)**

- The draft **Code on Wages (Central) Rules, 2025** proposes a **new minimum wage** fixation methodology based on a standard **four-member family budget**, including 2,700 calories per person daily, clothing needs, housing, fuel, education, health, and contingency costs.
- This **socioeconomic base for wage** floors is designed to **move beyond arbitrary employer-specific wage boards** towards a more **universal and needs-based wage structure**.
- A technical expert committee will be constituted to recommend **minimum wage rates** using these criteria, adding **formal structure and data basis to wage setting**.
- Alongside, the proposed **national minimum wage** is envisioned to harmonise wage floors across sectors and regions while **ensuring worker welfare** in the new Codes framework.

Source: <https://timesofindia.indiatimes.com/business/india-business/draft-labour-rules-pave-way-for-higher-minimum-wages/articleshow/126280815.cms>

● Prospective Gratuity Norms and Fixed-Term Employee Eligibility under Draft Rules (30th Dec 2025)

- The draft **Code on Wages and Social Security Code (Central) Rules** specify that **gratuity provisions will apply** prospectively from **November 21, 2025**, the date the labour codes came into force.
- For the **first time, fixed-term employees** become **eligible for gratuity after one year of continuous service, instead of the older five-year threshold for permanent staff** under prior law.



Source: <https://indianexpress.com/article/business/govt-notifies-draft-rules-for-labor-codes-seeks-feedback-in-45-days-10448583/>



- The draft rules require employers to classify employment types clearly, ensuring statutory benefit coverage for **all categories of workers, including fixed-term staff**.
- This change harmonizes **benefit entitlements and aligns labour cost calculations** with modern workforce structures under the new codes.

● Clarification of Wage Definition and Its Impact on Gratuity and Employer Costs (30th Dec 2025)

- The draft **Code on Wages (Central) Rules, 2025** clarifies that "wages" include **all remuneration** but if **allowances (other than basic pay, DA and retaining allowance) exceed 50% of total pay**, the **excess is treated as wages** for statutory purposes.
- It further specifies that **performance-linked incentives, ESOPs, variable/reimbursement payments and leave encashment will not be included in wages**.
- This change **affects calculation of PF, gratuity, overtime and other statutory benefits** because a broader **wage base increases employer liabilities** while **strengthening worker benefits**.
- The draft rules retain existing definitions during the **transition period until new notifications are finalised**, reducing immediate compliance uncertainty.

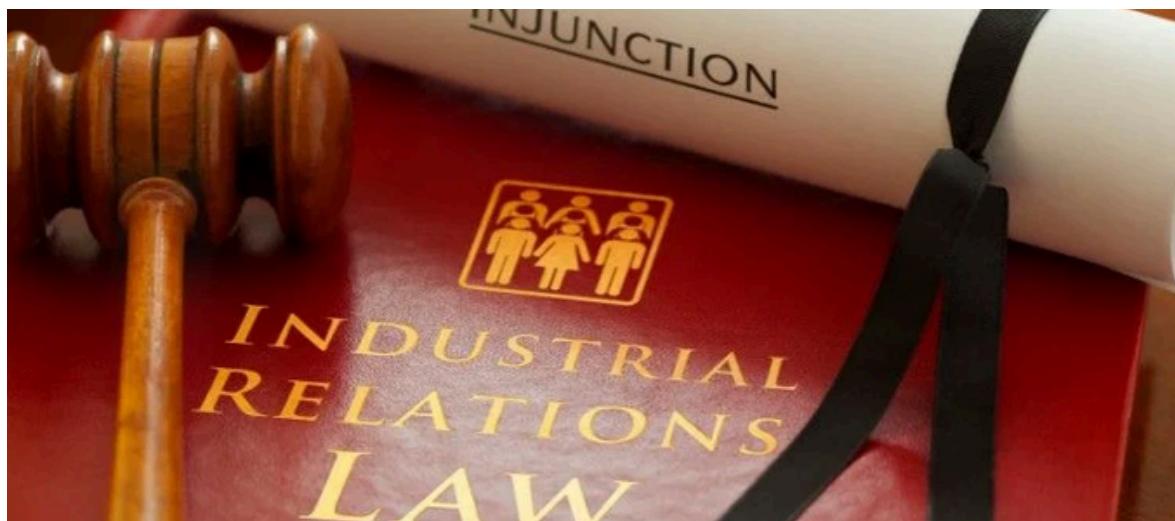
Source: <https://indianexpress.com/article/business/govt-notifies-draft-rules-for-labor-codes-seeks-feedback-in-45-days-10448583/>

1.2. INDUSTRIAL RELATIONS CODE (IRC, 2020)

Notifications

● **Industrial Relations Code Draft Rules Reforms the Old Framework (30th Dec 2025)**

- One **major shift** is the introduction of **government-prescribed Model Standing Orders for different sectors**, which establishments can directly adopt; **earlier, employers had to draft and certify their own standing orders** under the 1946 Act, often **leading to delays, inconsistent conditions of service, and state-level variations**.
- The draft rules give clear **procedural steps for retrenchment and re-employment**, such as **mandatory display of seniority lists** and preference to retrenched workers when vacancies arise. Areas where the **old Industrial Disputes Rules** provided only **broad principles, leaving much to interpretation and litigation**.



- A **new operational framework** is laid down for the **Worker Re-skilling Fund**, requiring **employers to deposit the equivalent of 15 days' last drawn wages** for every retrenched worker; this is a significant departure from the earlier regime, which focused only on **retrenchment compensation** and had **no structured re-employment or transition support mechanism**.
- The rules also **standardise the role of trade unions and Works Committees**, including **representation norms and reporting requirements, replacing the fragmented recognition and functioning practices** that existed under the **Trade Unions Act and Industrial Disputes Act-linked rules**.

Source: <https://taxguru.in/corporate-law/draft-industrial-relations-central-rules-2025.html>

● **Removal of Difficulties Order Issued to Ensure Continuity (8th Dec 2025)**

- The Central Government issued the **Industrial Relations Code (Removal of Difficulties) Order, 2025** under section 103 of the **Industrial Relations Code, 2020** to address a **transition gap in labour dispute forums**.
- The Order clarifies that existing **Labour Courts, Industrial Tribunals and National Industrial Tribunals constituted under the Industrial Disputes Act, 1947** will continue to hear both pending and new cases until new tribunals under the IR Code are actually constituted.
- This is significant because the IR Code's own provisions (especially section 51) contemplate transfer of cases to new tribunals, but those tribunals had not been **set up by December 2025**, creating a potential adjudicatory vacuum.
- By expressly preserving the jurisdiction of the old fora, the Order **prevents disruption of dispute resolution and avoids denial of access** to justice for workers and employers during the Code's transition phase.
- The notification therefore provides **legal certainty and procedural continuity** in industrial relations enforcement while the structural adjudicatory framework under the IR Code is formally established.



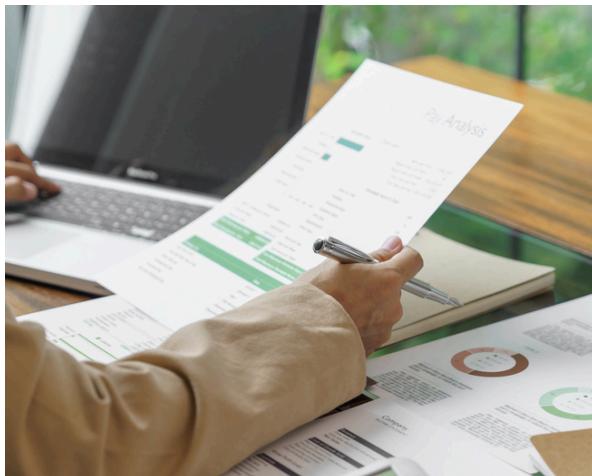
Source: <https://www.scconline.com/blog/post/2025/12/09/industrial-relations-code-removal-of-difficulties-order-2025/>

3. CODE ON SOCIAL SECURITY (CSS, 2020)

Notifications

- **Govt Issues Corrigendum Clarifying Enforcement Dates under the Code on Social Security, 2020 (19th Dec 2025)**

- The **Ministry of Labour and Employment** issued a **corrigendum notification** to clarify the **exact enforcement dates of different provisions** of the Code on Social Security, 2020, especially those **linked to EPS, 1995 and repeal of parts of the EPF Act, 1952**.
- It clarified that **several pension-related provisions** under the **Employees' Pension Scheme, 1995 (EPS)** and **repeal/savings clauses of the EPF Act, 1952** were already in force **since 3 May 2023, and were not newly implemented in 2025**.



- The corrigendum also confirms that most other social security provisions under the Code, **covering registration, benefits and administration**, were brought into force later, on **21 November 2025**.
- By clearly **separating EPS-related provisions (2023)** from **general social security provisions (2025)**, the notification **removes confusion for employers and authorities** and ensures that compliance is based on the correct effective dates, **avoiding duplication or misinterpretation**.

Source: <https://www.scconline.com/blog/post/2025/12/24/corrigendum-to-code-on-social-security-2020-enforcement-dates/>

- **Draft Central Rules Under the Four Labour Codes Released – Social Security Code Draft Rules 30th Dec 2025**



- Ministry of **Labour and Employment** issued **Central Draft Rules** for the four labour codes on **30th December**. These rules are currently open to **public consultation, and the final rules would be enacted after considering the same.**
- The draft Code on **Social Security (Central) Rules, 2025 consolidates and streamlines various social security schemes** (EPF, ESI, maternity benefits, etc.) into a unified rule set for implementation **under the new Social Security Code.**



- Draft rules propose that a **worker will be deemed engaged** (and counted towards eligibility) on any **calendar day they earn income**, and if associated with **multiple aggregators, engagement days are counted cumulatively** (including multiple jobs on the same day).

- The proposed framework also **outlines governance via a National Social Security Board** with representation from **central and state governments, employers, and workers** to formulate and monitor policies for broad social security coverage **including insurance and pension schemes** under the Code.

Source: <https://www.ndtvprofit.com/india/centre-proposes-new-rules-for-gig-workers-to-get-social-security-details-inside-10193419>



● **The Social Security Code Draft Rules Propose Several Provisions for Gig and Platform Workers (30th Dec 2025)**

- For the first time, the draft outlines comprehensive **eligibility, registration and benefit mechanisms** for broad worker categories **including formal, unorganised, gig and platform workers**, with **Aadhaar-linked digital registration**.
- Gig and platform workers **above the age of 16 must register** on the designated **central portal with universal account numbers**, and **employers (aggregators) must share worker data for compliance and benefit administration.**

- The rules propose **eligibility conditions for gig and platform workers**, requiring **at least 90 days of engagement** with a single aggregator in a financial year, or **120 days** where work is spread across multiple aggregators, **to qualify for social security benefits**.
- “**Engagement**” is defined broadly, with any **income earned** on a calendar day counting as **one day of engagement per aggregator**, and **days being aggregated across platforms**, even if multiple aggregators are worked for **on the same day**.

Source: https://www.business-standard.com/economy/news/centre-90-days-work-rule-gig-workers-social-security-benefits-draft-rules-126010200300_1.html

- **ESIC Mandates Registration for Educational Institutions under Social Security Code**
3rd Dec 2025



- The **Employees' State Insurance Corporation (ESIC)** issued a notification clarifying that **educational institutions** meeting the prescribed criteria must register with ESIC under the Code on Social Security, 2020. This made **ESIC registration mandatory** for **schools, colleges, universities and similar establishments** to enrol eligible employees and remit contributions.
- This directive reflects the transition of ESI coverage under the Social Security Code, **replacing standalone ESI Act compliance and aligning institutions** with the new statutory framework.
- ESIC field units were instructed to **identify covered institutions and issue compliance directions to ensure uniform implementation**.
- This change has **practical compliance significance for educational employers** who previously were **unsure about the applicability of ESI under the Code**.

Source: <https://uncomplycate.com/wp-content/uploads/2025/12/ESIC-notified-regarding-the-mandatory-ESIC-Registration-DEC052025.pdf>

Judgement

- **Jharkhand High Court Rules on the Scope of Appellate Tribunal's Power to Waive or Reduce Pre-Deposit under the EPF Act**

Kashish Developers Limited vs EPFO, 02/12/2025



- A **real-estate company challenged an EPF determination fastening liability of over ₹12.49 crore** for alleged **non-payment of provident fund dues** relating to **contract labour**, and assailed the appellate tribunal's **direction to deposit 25% of the assessed amount** as a condition for **hearing its statutory appeal under Section 7-I of the EPF Act**.

- The **Jharkhand High Court** held that while **Section 7-O mandates a 75% pre-deposit**, the proviso confers wide discretion **on the tribunal to waive or reduce the deposit**, which must be exercised by recording reasons and by applying the **settled triple test of prima facie case, balance of convenience, and irreparable injury**.

- The Court found that the **tribunal's order was non-speaking and mechanical**, as it failed to consider the petitioner's **prima facie case** based on contractor registration under the EPF Act, **ignored binding Supreme Court precedents**, and **selectively relied on fixed assets while overlooking severe financial stress reflected in the audited accounts**.
- Setting aside the impugned order, the Court **directed reconsideration of the pre-deposit issue** and further ordered expeditious disposal of the statutory appeal on merits, emphasising that waiver proceedings under **Section 7-O cannot be reduced to a ritualistic or arbitrary exercise**.

Source: <https://indiankanoon.org/doc/25811352/>

4. OCCUPATIONAL SAFETY, HEALTH & WORKING CONDITIONS CODE (OSHWC, 2020)

Notification

- **Improved Safety Measures in the OSHWC Code Draft Rules (30th Dec 2025)**

- The draft rules lay down detailed standards for **health examinations, safety training, and medical facilities**, including **periodic medical check-ups for employees** in hazardous occupations, which were **earlier scattered** across multiple factory-specific rules.
- They clearly prescribe **working hour limits, daily and weekly rest, spread-over, overtime calculation, and compensatory holidays**, creating one uniform framework in place of different rules under the **Factories Act, Mines Act, and other repealed laws**.



- The rules **specify mandatory welfare facilities** such as **crèches, canteens, first-aid rooms, drinking water, washing facilities, and rest rooms**, with thresholds linked to **number of workers**, **reducing uncertainty for establishments transitioning from old laws**.
- A structured system **for safety committees, safety officers, and reporting of workplace accidents** and dangerous occurrences is introduced, strengthening employer **accountability and standardising compliance procedures across sectors**.
- The draft also operationalises the Code's approach to **inter-State migrant workers, contract labour, and gig-adjacent categories**, by detailing registration, records, and employer obligations that were previously unclear under fragmented labour legislation.

Source: <https://www.scconline.com/blog/post/2026/01/05/labour-ministry-released-draft-rules-for-four-labour-codes-explained/>

Section 2: Prevention of Sexual Harassment at Work (POSH)

Judgement

- Supreme Court Clarifies the Jurisdiction of Internal Committee to Inquire into Complaints against Govt Employees Belonging to a Different Department

Dr Sohail Malik vs Union of India, 10th Dec 2025



- A senior IAS officer alleged sexual harassment by an IRS officer in connection with an incident at Krishi Bhawan and filed a complaint before the IC of her own department; the respondent challenged the IC's jurisdiction on the ground that he was employed in a different Central Government department.
- The Supreme Court upheld the decisions of the CAT and the Delhi High Court, holding that the IC constituted at the workplace of the aggrieved woman has jurisdiction to entertain the complaint even if the respondent is an employee of another department.
- Interpreting Sections 9, 11 and 13 of the POSH Act, the Court held that the expression “**where the respondent is an employee**” in Section 11 is procedural in nature and does not mandate that **proceedings must be initiated only before the ICC of the respondent's department**.
- It also noted the wide definition of “**workplace**” under Section 2(o), and that a **narrow interpretation would create undue procedural barriers for victims**.
- The ruling is significant as it affirms a purposive interpretation of the POSH Act, prevents jurisdictional **objections from obstructing redressal**, and ensures that **women can seek remedies for workplace sexual harassment at their own workplace even in inter-departmental contexts**.

Source: <https://indiankanoon.org/doc/184184467/>

