



How are Indian Employment Laws important for businesses? The Labour and Employment laws are enacted to regulate, promote and protect the welfare and interests of the employees, and specify the rights and duties applicable to the employers and employees.

India's Labour and Employment laws are rooted in principles such as social justice, social security, and socio-economic conditions. They are framed at both; central and state levels and different states may have their own set of state-specific laws such as the shops and establishments act which is enacted and governed state-wise. It is also pertinent to note that twenty-nine labour laws have now been consolidated into four Labour Codes which are yet to be implemented.

Keeping a track of all the labour laws and ensuring compliance might not be easily achievable for a business owner. This article discusses the key labour and employment laws in India that govern wages, social security, and working conditions:

1. The Minimum Wage Act of 1948 requires employers to pay wages to their employees which is not to be less than the prescribed statutory minimum wage rate.
2. The Payment of Wages Act of 1936, is the legislation that governs the payment of wages to certain classes of employees. It ensures that employers pay their employees on time and prevent unauthorized deductions from their wages.
3. The Payment of Bonus Act, of 1965, provides bonuses to people employed in certain establishments in India, either based on profits, production, or productivity. Employees who have been on the job for less than thirty days are not eligible for a bonus under this law.
4. The Employees Provident Funds and Miscellaneous Provisions Act of

1952 authorises the establishment of employee provident funds, pension funds, and deposit-linked insurance funds. It applies to establishments employing 20 or more persons.

5. The Employees' State Insurance Act of 1948 is a piece of social welfare legislation enacted to provide certain benefits to employees in the event of sickness, maternity, or workplace injury. This Act applies to employees earning not more than Rs. 21,000 (Indian Rupees Twenty One Thousand) per month in certain establishments.
6. The Payment of Gratuity Act of 1972 applies to establishments with ten or more persons. It provides for payment of gratuity to employees upon death, disablement or cessation of employment with the employer. The employees who have rendered continuous service for five years with the employer will be eligible for the payment of gratuity upon cessation of employment by resignation, termination, retirement, or superannuation, subject to a maximum limit of Rupees Twenty Lakhs.
7. The Factories Act of 1948 establishes provisions for the health, safety, welfare, and working conditions of workers working in factories/certain manufacturing units. It specifies working hours, leaves, overtime, and so on.
8. The Industrial Employment (Standing Orders) Act of 1946 applies to any industrial establishments employing 50 or 100 or more workers on any day in the previous twelve months. It requires employers in industrial establishments to formally define certain conditions of employment of workmen working under them, and the same will have to be certified by the competent labor authority.
9. The Employees' Compensation Act of 1923 aims to provide financial protection to workers and their dependents in the event of an accidental injury arising out of or in the course of employment and resulting in the worker's death or disablement.
10. The Industrial Disputes Act of 1947 makes provision for the investigation and settlement of industrial disputes and lays down provisions for the lay-off, retrenchment, transfer of undertaking, and closure of units. This law is typically applicable to employees in non-managerial and non-supervisory roles.
11. The Shops and Establishments Act (SEA) This Act is applicable to the majority of enterprises, including restaurants, retail stores, hotels, amusement and entertainment establishments, IT firms, etc. The SEAs typically regulate the conditions of work and employment, and multidisciplinary aspects of work-life are governed by this law, including pay, working hours, paid time off, etc. There is no central labour law for shops and commercial establishments, in contrast to the Factories Act. Businesses covered by the SEA are subject to certain requirements and compliances, including business registration and renewal, the maintenance of certain registers and records, and the filing of returns with the labour authorities.
12. The Equal Remuneration Act of 1976 India has also enacted certain laws to empower and protect the interest of women workers such as The Equal Remuneration Act of 1976 which prevents discrimination in employment on the ground of sex.
13. The Maternity Benefit Act of 1961 regulates establishments for a certain period before and after childbirth and provides for maternity benefits and certain other benefits.
14. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and

Redressal) Act, 2013 provides protection against sexual harassment of women at the workplace and for the prevention and redressal of complaints of sexual harassment and matters connected therewith or incidental thereto.

Conclusion

The Labour and Employment laws in India, including those discussed above, require the employers to undertake certain compliances such as maintenance of registers and records in the prescribed formats, display of extracts of the enactments, and filing of returns with the labour authorities. This has led to a complex labour law compliance regime. However, labour law firms in India, assist and advise the management of employment risk and guide them across all stages.

In addition, the Central and State Governments have taken initiatives to simplify compliance under certain labour legislations. The filing of self-certified and simplified common annual returns by the establishments under certain labour legislations, relaxation in the inspection of establishments, digitalization of registration process and issuance of licenses, and so on, as a part of the Ease of Doing Business initiative, have reduced the complexity associated with labour law compliance in India.

FAQ

What are the 4 new labour laws?

The four Labour Codes that will replace the existing labour laws are namely the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020.

What are labour laws and compliances that a company should follow?

1. The Minimum Wage Act of 1948
2. The Payment of Wages Act of 1936
3. The Payment of Bonus Act, 1965
4. The Employees Provident Funds and Miscellaneous Provisions Act of 1952
5. The Employees' State Insurance Act of 1948
6. The Payment of Gratuity Act of 1972
7. The Factories Act of 1948
8. The Industrial Employment (Standing Orders) Act of 1946
9. The Employees' Compensation Act of 1923
10. The Industrial Disputes Act of 1947
11. The Shops and Establishments Act (SEA)-
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Is the POSH Act gender-neutral?

The POSH Act in its current form is not gender neutral. The objective of the POSH Act is to provide protection against sexual harassment of women in the workplace and for the prevention and redressal of complaints of sexual harassment and for matters connected therewith or incidental thereto. That being said, the Act does not prevent companies/employers from formulating gender-neutral policies or establishing separate committees to address grievances of genders other than women.