



HAPPY NEW YEAR 2026

Cheers to a new beginning!

Wishing all our esteemed clients and readers a happy and prosperous 2026!

THE COMPLIANCE WATCH

QUALITY | WILL TO WIN |
BUILDING & LEVERAGING RELATIONSHIPS

UCS POV | A RECAP OF 2025: NAVIGATING INDIA'S EVOLVED LABOUR LAW LANDSCAPE

- BALA HARISH
VICE PRESIDENT

"Wishing all our esteemed clients and readers a successful and compliant 2026."

The year 2025 will be remembered as a turning point when India's labour reform agenda moved decisively from preparation to operational reality. With the Government of India bringing the four Labour Codes into force effective 21 November 2025, the compliance conversation fundamentally shifted under a new legislative architecture.

This POV captures the key regulatory, policy, and judicial developments of calendar year 2025.

INSPIRING READS IN THIS ISSUE:

- * UCS POV | A RECAP OF 2025: NAVIGATING INDIA'S EVOLVED LABOUR LAW LANDSCAPE
- * LABOUR CODES DRAFT RULES NOTIFIED: HOW CHANGES IN WAGE DEFINITION WILL IMPACT PF, GRATUITY & TAKE-HOME PAY
- * EPFO URGES EMPLOYERS TO ENROLL LEFT OUT EMPLOYEES, GIVES SPECIAL COMPLIANCE WINDOW OF SIX MONTHS
- * EPFO CLARIFIES EDLI RULES: WEEKENDS, HOLIDAYS BETWEEN TWO JOBS NOT TO BE COUNTED AS BREAK FOR SETTLING INSURANCE CLAIMS
- * PF CONTRIBUTIONS ON WAGES BEYOND ₹15,000 VOLUNTARY: LABOUR MINISTRY
- * KARNATAKA HIGH COURT RECALLS STAY ON ONE-DAY MONTHLY MENSTRUAL LEAVE FOR WOMEN EMPLOYEES; TO HEAR GOVERNMENT'S ARGUMENTS ON DEC 10
- * 2-DAY FULL AND FINAL SETTLEMENT POST EMPLOYEE'S RESIGNATION NOW MANDATORY UNDER LABOUR CODES – WHAT IT MEANS FOR EMPLOYERS
- * NEW LABOUR CODE TO EXPAND ESI COVERAGE? HERE'S WHAT COULD CHANGE FOR EMPLOYEES



The Era of the New Labour Codes

After years of deliberation and deferred timelines, 2025 marked the formal implementation of the four Labour Codes, consolidating 29 central labour statutes into a unified framework. While the Codes are effective, comprehensive enforcement awaits finalisation of Central and State Rules, making 2025 a year of transition rather than full stabilisation.

Key Structural Changes Introduced:

- Single wage definition
- Allowances and exclusions capped at 50% of total remuneration, with any excess treated as wages
- Introduction of a national floor wage
- Fixed-term employees eligible for pro-rata gratuity after one year of service
- Employers required to contribute 15 days' last drawn wages for every retrenched worker towards a re-skilling fund aimed at workforce reintegration
- Standing Orders mandatory for establishments employing 300 or more workers; Grievance Redressal Committee mandatory for establishments with 20 or more workers
- Formal appointment letters compulsory for all employees across all establishments, reinforcing workforce formalisation
- Crèche facilities mandatory for establishments with 50 or more employees; mandatory annual health check-ups for prescribed categories of workers



EPFO: Digital and Policy Transformation in 2025

The Employees' Provident Fund Organisation undertook significant structural and digital reforms in 2025, aligning legacy systems with the objectives of the Social Security Code.

Major EPFO Developments:

- Implemented from 1 January 2025, the Centralised Pension Payment System (CPPS) enables pension credit to any bank account across India, eliminating the need for PPO transfers upon relocation
- Launched a re-engineered Electronic Challan-Return system (ECR 3.0) in September 2025, segregating return filing from payment and allowing employers to validate data before committing funds
- Rationalised thirteen withdrawal categories into three: Essential Needs, Housing, Special Circumstances. Members may now withdraw up to 100% of their PF balance, while being encouraged to retain at least 25% for retirement security
- Effective 1 August 2025, Aadhaar face authentication became mandatory for UAN generation, aimed at preventing fraud and duplicate accounts
- Employees changing jobs can now directly download Annexure K (Transfer Certificate) from the member portal, removing the need for physical visits to EPF offices.

Employment Linked Incentive (ELI) Scheme

Formally approved in July 2025, the Employment Linked Incentive (ELI) Scheme emerged as a central pillar of employment generation policy.

- First-Time Employees (Scheme A): Direct benefit transfers of up to ₹15,000, released in two instalments, for youth entering the formal workforce for the first time
- Employer Hiring Incentives: Subsidies of up to ₹3,000 per month per additional employee for two years, encouraging net job creation.

- **Financial Literacy Linkage:** Release of the second instalment linked to completion of a mandatory financial literacy course, promoting long-term social security awareness

Significant Judicial Development: International Workers

Delhi High Court Ruling - 4 November 2025 (SpiceJet Ltd. v. Union of India)

In a landmark judgment, the Delhi High Court upheld the constitutional validity of the International Worker (IW) regime under the EPF framework.



- **Key Ruling:** Foreign nationals working in India are required to contribute to PF on actual wages, without application of the ₹15,000 statutory ceiling applicable to domestic employees
- **Implications:** This ruling creates a judicial divergence from the earlier Karnataka High Court judgment, making Supreme Court adjudication likely in 2026.

One-Time Compliance Windows: EPFO & ESIC

To facilitate transition and reduce historical compliance burdens, the Government introduced amnesty-style schemes during 2025.

- **Employees' Enrolment Scheme (EES) - 2025:** Effective from 1 November 2025 to 30 April 2026, allowing enrolment of employees missed between July 2017 and October 2025

- Employee contribution waived where not deducted
- Employer pays only employer share with interest
- Penal damages capped at ₹100
- **ESI SPREE 2.0:** Operated from July to December 2025, enabling unregistered establishments to join ESI without retrospective penalties
- **ESI Amnesty Scheme 2025:** Introduced a simplified penalty structure of 1% per month, replacing the earlier graded and heavy system for settling long-pending disputes.

Governance Initiatives

- **SHe-Box Portal Implementation:** Mandatory registration of all Internal Committees (ICs) on the SHe-Box portal, strengthening monitoring and enforcement of sexual harassment redressal mechanisms
- **Gig Worker Protection:** Karnataka, Jharkhand, and Telangana introduced Acts/bills establishing Welfare Boards and a 1-5% welfare cess fee on aggregator transactions to fund social security for gig and platform workers

Progressive State-Level Initiatives

- **Karnataka Menstrual Leave Policy:** Mandated one day of paid menstrual leave per month for women employees (18-52 years) across public and private sectors. Judicial clarity awaited due to pending challenges
- **Tamil Nadu Shops and Establishments (Amendment) Act, 2025:** Shift from a fine-based regime to an adjudicatory penalty framework, with penalties up to ₹50,000 for amenity violations; strong enforcement of the "Right to Sit" for retail employees
- **Andhra Pradesh Small Establishment Exemptions:** Units employing fewer than 20 workers exempted from select provisions, retaining focus on registration and safety; permitted daily working hours increased from 8 to 10, subject to the 48-hour weekly cap
- **Telangana 10-Hour Workday Amendment:** Similar flexibility introduced, enabling operational adaptability

As we move into 2026, the focus will increasingly shift towards operationalising the Labour Codes upon notification of the Central and State Rules. Organisations must proactively review and update their company policies, payroll frameworks, and HR governance mechanisms—particularly those aligned to the Labour Codes—to remain compliance-ready. The labour law ecosystem has now evolved—broader in scope and deeper in responsibility.

LABOUR CODES DRAFT RULES NOTIFIED: HOW CHANGES IN WAGE DEFINITION WILL IMPACT PF, GRATUITY & TAKE-HOME PAY

India's new labour codes are set to significantly change how employee wages are calculated and with it, how statutory benefits such as provident fund (PF), gratuity and other social security contributions are determined. The government recently pre-published draft rules for all four labour codes- 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)- inviting objections and suggestions from the public over the next 45 days.

The detailed draft rules, which rationalise 29 existing labour laws and were notified on November 21, were published in the Gazette recently. "The draft rules (which are out for public comments for a period of 45 days) provide clarity on a number of operational aspects under the Codes and also repeal the existing rules framed under the 29 Central Legislations," said Sowmya Kumar, Partner, Cyril Amarchand Mangalga.



While the codes are yet to be fully operationalised across states, the definition of “wages” under the Code on Wages, 2019 has been notified and will apply uniformly across all four labour codes.

What changes under the new wage definition?

Under the new framework, “wages” will include:

- Basic pay
- Dearness allowance (DA)
- Retaining allowance, if any

The key shift lies in the 50 percent rule. If allowances and benefits (excluding gratuity and retrenchment compensation) exceed 50 percent of an employee's total remuneration, the excess amount will be added back to wages for statutory calculations. In simple terms, employers will no longer be able to structure salaries with a very low basic pay and high allowances to reduce PF and gratuity liabilities.

What is excluded from “wages”?

Not all salary components are impacted. The new definition specifically excludes:

- Performance-based incentives
- ESOPs
- Variable pay
- Reimbursements
- Leave encashment

These components will not be added back while applying the 50 percent rule.

Impact on provident fund (PF)

Currently, many companies calculate PF on basic pay (and DA, where applicable), which in some cases forms a small portion of total salary. Under the new labour codes, if allowances cross the 50 percent threshold, the excess will be treated as wages. This higher wage base will increase: Employer PF contributions and Employee PF deductions.

While this may reduce monthly take-home pay, it also means higher retirement savings over time.

What employees should expect

- Lower take-home pay in the short term due to higher statutory deductions
- Higher PF corpus and gratuity in the long run
- More uniformity in wage structures across companies

"Compliance costs for organised employers will rise in the short term because of expanded reporting, registration of gig and platform workers, and higher social security linkage," said Keyur D. Gandhi, Managing Partner, Gandhi Law Associates. "This is more a compliance-reallocation than a net cost explosion, especially for companies already digitise real burden shifts decisively to states, which must now build IT systems, fund welfare boards, and enforce uniform standards despite differing administrative capacities, making uneven implementation almost inevitable, added Gandhi.

What happens during the transition?

Until states notify the final rules, existing rules will continue to apply to the extent they are consistent with the labour codes, as per the General Clauses Act, 1897.

What happens to gratuity?

Gratuity calculations will also be affected, as gratuity is linked to the last drawn wages. The FAQs released by the labour ministry clarifies that gratuity under the new code will apply prospectively from November 21, 2025, the date of enforcement of the relevant provisions.

Gratuity will continue to be calculated at 15 days' wages for every completed year of service, subject to the statutory cap (currently Rs 20 lakh). Since wages may now be higher due to the allowance cap, gratuity payouts could increase for many employees.

Source : MoneyControl

EPFO URGES EMPLOYERS TO ENROLL LEFT OUT EMPLOYEES, GIVES SPECIAL COMPLIANCE WINDOW OF SIX MONTHS

The Employees' Provident Fund Organisation (EPFO) has urged the employers to voluntarily enroll eligible employees left out of the Employee Provident Fund (EPF) scheme, giving a special compliance window of six months.

Ministry of Labour & Employment highlighted the recently launched Employees' Enrolment Scheme (EES)-2025 giving a special compliance window of six months starting from November 2025 enabling employers to voluntarily enroll eligible employees who were left out of the EPF scheme. Employers can eligible employees who were left out of EPF coverage during the period from 1 July 2017 to 31 October 2025, and can regularize past non-compliance, Ministry of Labour & Employment said in a statement.



Under EES-2025, in cases where employees' contributions were not deducted earlier, the employer shall be required to deposit only the employer's share of contributions, along with interest under Section 7Q, applicable administrative charges, and penal damages limited to a lump sum of Rs 100, which shall be treated as full compliance under all three schemes under EPFO. The EPFO has urged all employers to take advantage of this one-time, time-bound opportunity and contribute towards the national vision of "Social Security for All". EPFO will also communicate with identified defaulting employers through SMS and email, encouraging them to avail themselves of the EES 2025 one-time relaxation to regularise their defaults.

Source : EconomicTimes

EPFO CLARIFIES EDLI RULES: WEEKENDS, HOLIDAYS BETWEEN TWO JOBS NOT TO BE COUNTED AS BREAK FOR SETTLING INSURANCE CLAIMS

The Employees' Provident Fund Organisation (EPFO) has issued a clarification that can bring relief to the families of employees covered under the Employees' Deposit Linked Insurance (EDLI) Scheme. EPFO makes it clear that weekends and declared holidays falling between two jobs will not be treated as a break in service while settling EDLI death claims. The circular, issued by Employees' Provident Fund Organisation (EPFO) on December 17, 2025, addresses confusion over what qualifies as 'continuous service' for the purpose of EDLI benefits. In several cases, claims were either rejected or paid at a reduced amount due to narrow interpretations of minor gaps as a break in service, reads the EPFO statement.

What made EPFO release clarification

EPFO said it had come across an instance where Saturday and Sunday falling between the date of exit from one EPF-covered establishment and joining another was treated as a break in service. As a result, even after completing more than 12 months of total service across multiple organisations, the employee was denied EDLI benefits. Another EPFO circular dated July 18, 2025, also emphasises removing anomalies relating to break-in-service or non-contributory service that led to the denial of assurance benefits.

What counts as continuous service for EDLI benefits

As per the latest clarification, service will be treated as continuous if the gap between two employment spells consists only of continuous spells of service immediately followed by Saturdays, Sundays or any declared weekly off in the last or present establishment, national holiday, gazetted holiday, state holiday and restricted holiday are to be treated as part of continuous service only, provided the date of exit from one establishment and the date of joining in the next establishment covered under the EPF &

MP Act, 1952, are separated only by such offs/holidays. In other words, Saturdays, Sundays or any declared weekly off in the last or present establishment, national holiday, gazetted holiday, state holiday and restricted holiday will not be treated as a break in service and the service shall be treated as continuous.

Provided that the employee exits one EPF-covered establishment and joins another EPF-covered establishment immediately after such offs or holidays, these days will not be counted as a break in service. In simple terms, if an employee leaves a job on a Friday and joins a new one on Monday, the intervening weekend will not affect EDLI eligibility.

Other EPFO amendments that have also come into effect recently are-

Minimum EDLI benefit increased for dependents under this condition : The minimum benefit that must be paid to dependents or legal heirs of members who did not serve continuously for 12 months prior to their death and whose average PF balance was less than Rs 50,000 has been increased to Rs 50,000.

EDLI benefits to dependent of employee who died in service within 6 months of last contribution : EPFO also said that EDLI benefits would be paid to employees' dependents or legal heirs in accordance with the scheme for members who pass away in service within six months of their last contribution, as long as they were still listed on the employers' rolls.

For EPFO members who worked in several EPF-covered enterprises : EPFO also says that members who have worked in several EPF-covered enterprises will be recognised as having continuous service even if there is a gap of up to 60 days between two periods.

Source : *EconomicTimes*



PF CONTRIBUTIONS ON WAGES BEYOND ₹15,000 VOLUNTARY: LABOUR MINISTRY

The Union Labour and Employment Ministry has clarified that contributions by employers and employees to the Provident Fund in excess of the statutory monthly wage ceiling of ₹15,000 are voluntary, after the Code on Social Security and three other Codes came into force on November 21. The Code on Social Security replaces the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and eight other laws. Similarly, 20 separate laws are subsumed into the other three Codes - Code on Wages; Industrial Relations Code and the Occupational Safety, Health and Working Conditions Code.

In a post on social media platform X, the Ministry made it clear that "there is no legal requirement" for the contributions made over and above the wage ceiling. "In case the employer and the employee agree, they can voluntarily contribute on wages more than the statutory limit of ₹15,000." It gave this explanation, while emphasising that there would be no reduction in take-home pay in the light of enforcement of the four Codes. Also, the Ministry gave an illustration to substantiate its position. Since September 2014, the present limit has been in force. It was against this backdrop that early this month, Kerala MPs Benny Behanan and Dean Kuriakose raised a question in the Lok Sabha whether the ceiling would be increased to ₹30,000. The Union Labour Minister Mansukh Mandaviya replied that "raising the wage ceiling for coverage under EPFO [Employees' Provident Fund Organisation] is done based on extensive stakeholders' consultations, including trade unions and industry associations, as the same will have impact on the take-home salary of employees and on the hiring cost for employers."

Meanwhile, a few days ago, five organisations representing members of the Employees' Pension Scheme (EPS) of the EPFO met in New Delhi and emphasised the need for revising the pension amounts, especially for those receiving less than ₹1,000.



This was despite the Union government's August 2014 decision to provide a minimum pension of ₹ 1,000 per month for member / widow(er) / disabled/ nominee/ dependent parent pensioners; ₹750 per month for orphan pensioners and ₹250 per month for children pensioners. According to the Annual Report of the EPFO, 2023-24, there were 36.6 lakh pensioners who were getting a pension that was less than or equivalent up to ₹ 1,000. In a representation sent to Prime Minister Narendra Modi late last month, the Employees' Pension (1995) Coordination Committee stressed the need for bringing all eligible PF pensioners under the fold of higher pension based on wages, as, the panel contended, the EPFO had failed to implement it since 2004.

Source : TheHindu

KARNATAKA HIGH COURT RECALLS STAY ON ONE-DAY MONTHLY MENSTRUAL LEAVE FOR WOMEN EMPLOYEES; TO HEAR GOVERNMENT'S ARGUMENTS ON DEC 10

The High Court of Karnataka recalled its earlier interim order of staying the State government's November 20 notification mandating registered establishments to grant one-day leave per month for women employees, aged between 18 and 52 years, during their menstrual cycle. Justice Jyoti M. had passed the interim order around 10.45 a.m. on Tuesday (December 9) staying the notification after hearing the arguments on two separate petitions, filed by Bangalore Hotels' Association and Avirata AFL Connectivity Systems Ltd, Bengaluru.

However, at around 1.30 p.m., the Court recalled the interim order of stay after the State Advocate General K. Shashi Kiran Shetty requested the court to hear arguments on behalf of the State tomorrow (December 10) before considering the plea of the petitioners for staying the notification on menstrual leave. Accepting the A-G's request the court adjourned hearing till December 10 by recalling the stay order.

Petitioners' argument

The primary ground on which the petitioners have challenged the validity of the notification was that there exists no provision in the concerned statutes to grant leave during menstrual cycle and hence the government had no power to introduce additional leave to various establishments, registered under various labour laws, through a notification. It was also pointed out to the Court that the government had not held consultation with the petitioners or similarly situated establishments prior to introducing additional leave through the "Menstrual Leave Policy 2025".



What the notification said : The menstrual leave was mandated to the establishments registered under the Factories Act, 1948, the Karnataka Shops and Commercial Establishments Act, 1961, the Plantation Labour Act, 1951, the Beedi and Cigar Workers (Conditions of Employment) Act, 1966, and the Motor Transport Workers Act, 1961. The notification states that women employees should utilise the menstrual leave of a month in the respective month itself and the leave of the previous month shall not to be allowed to extended (carry over) to the next month. Also, the notification states that women employees are not required to provide any medical certificate to avail this leave every month.

Source : *TheHindu*

2-DAY FULL AND FINAL SETTLEMENT POST EMPLOYEE'S RESIGNATION NOW MANDATORY UNDER LABOUR CODES – WHAT IT MEANS FOR EMPLOYERS

India's long-awaited Labour Codes, formally notified and now in the implementation phase, are set to fundamentally reshape workplace norms across sectors. Among the most consequential changes is the mandatory two-day timeline for employers to complete full and final (F&F) settlement when an employee leaves a company.



For decades, employees routinely waited 45 to 60 days, and sometimes even longer, for salary dues, leave encashment, and other payouts. The new provision, introduced under Section 17(2) of the Code on Wages, 2019, seeks to end this practice by requiring all dues to be cleared within two working days of resignation, termination, retrenchment, or closure of the establishment. The Labour Ministry has described the reform as a step toward ensuring faster, more transparent wage settlements. It clearly stated: "On termination or resignation; wages must be paid within two working days." But how prepared are Indian employers to meet such a tight deadline? Two experts spoke about the challenges, the compliance requirements, and what it means for businesses – large and small.

A major expansion from earlier laws

Explaining the shift from earlier provisions, Pankaj Savla, Director at NPV Labour Law Solution Pvt Ltd, points out that the foundation of this rule existed in older law, but in a much narrower form.

Savla says: “Section 5 of erstwhile Payment of Wages Act, 1936 was carrying the same provision for employees terminated by the employer. Further, the said provision was applicable only to a person whose wages does not exceed Rs. 24000 per month. However, under the Code on Wages, the mandate of Full & Final Settlement within 2 working days will be applicable to all the persons either they are falling under the definition of ‘Employee’ or ‘Worker’.” In addition, the scope has widened significantly. The two-day rule is not limited to termination—it now includes resignation, retrenchment, and closure-related separations. However, Savla also highlights an operational gap. “Presently, except above provision Code does not provide any guidelines or procedure to be followed and hence Organisations are waiting for the Notified Rules which may carry the guidelines or procedure to be followed.”

Preparedness varies: MSMEs vs large organisations

Most companies understand the mandate, but execution will vary depending on scale and systems. Savla explains that challenges will not be uniform: MSMEs may struggle due to limited HR staff, cash-flow constraints, and administrative complexity across states. Large organisations with pan-India presence may face delays arising from asset return workflows, exit formalities, and aligning HR, IT, finance, and payroll systems. Savla adds that entities must rethink their compliance systems: “Employers’ preparedness to meet the 2-day full and final (F&F) settlement requirement under the new Code on Wages varies, but many may face operational challenges.”

Tech-enabled off-boarding will decide compliance

Ramachandran Krishnamoorthy, Director – Payroll Services at Nexdigm, believes the mandate is achievable—especially for smooth voluntary exits. According to him: “It is possible to settle within 2 days and not for all. It also depends upon the nature of exit of an employee and other factors associated with his employment.”



He emphasises that a well-designed digital workflow can make voluntary exits far more manageable:

- HRMS platforms that integrate attendance, payroll, asset management, and finance
- Clearances completed by all departments before the last working day
- Automated checklists and real-time approvals

For involuntary exits, he says the employer must plan in advance and ensure that information flows to payroll teams immediately. Krishnamoorthy adds: “I don’t foresee any compliance challenges due to adherence to timelines.”

Will the two-day rule be enforced strictly?

Savla points to strong enforcement provisions under the new Wages Code. The law provides for:

- Statutory obligation under Section 17(2)
- Monitoring by Inspector-cum-Facilitators
- Penalties up to ₹50,000 for underpayment
- ₹20,000 penalty for contravention of any provision
- No leniency for repeat offenders within five years

Savla explains: “Thus, the codified deadline which is backed by monitoring & enforceable penalties will ensure that employers adhere to the two-day F&F settlement requirement under the new Code on Wages.”

Krishnamoorthy, however, notes that the penalties are indirect: “There is no specific penalty for such non-adherence mentioned in the code. Only in cases where employee files the claim for lesser or wrong payments, the employer will be penalized if proven for guilty.” He adds that future rules may require reporting the date of F&F payment—similar to gratuity—to ensure adherence.

A transformative shift for workers

The 2-day settlement rule stands among the most worker-friendly reforms in India's new labour framework. With improved transparency, stricter timelines, and simplified legal structures, the Code on Wages aims to reduce financial uncertainty for workers leaving a job. While companies will need to upgrade HRMS systems, streamline exit processes, and improve inter-departmental coordination, the reform marks a significant step toward a faster and fairer labour ecosystem.

Source : FinancialExpress

NEW LABOUR CODE TO EXPAND ESI COVERAGE? HERE'S WHAT COULD CHANGE FOR EMPLOYEES

Social security is likely to see a major shift as the new labour code comes into force. One of the most consequential changes is the expansion of Employees' State Insurance (ESI) coverage. The salary threshold for ESI eligibility may effectively widen once the definition of wages under the new codes is enforced, experts say.

At present, ESI covers only employees earning up to Rs 21,000 a month. Under the new wage definition, contributions will be calculated on 50 percent of cost to company (CTC), a change that experts say will pull many higher-paid workers into the ESI net for the first time.

Wider social security net

Balasubramanian A, senior vice president at TeamLease Services, said, "ESI contribution was earlier calculated on 100 percent of gross pay. But now it looks like it will be on 50 percent of CTC. Hence, employees will get the same benefit at a much lower cost.

"Also, a wider net will be cast. If the capping of Rs 21,000 for ESI is applied on 50 percent of CTC, then even someone with a CTC of Rs 42,000 would be eligible. This means a much larger number of employees will be covered. While this is yet to be officially notified (by states), our estimates point in this direction."

The Employees' State Insurance Corporation (ESIC), established under the ESI Act, 1948, is a statutory body responsible for administering the Employees' State Insurance (ESI) Scheme. The ESI Scheme is a self-funded comprehensive social security programme designed to protect eligible employees from financial hardship arising from sickness, disability, or death due to workplace injury. It applies to all factories and establishments covered under the Act that employ 10 or more persons (20 or more in some states). However, only employees earning monthly wages of up to Rs 21,000 (Rs 25,000 in the case of persons with disabilities) are eligible for coverage.

"The salary threshold for ESI will go up and more establishments may come under its scope. Earlier, even with the Rs 21,000 limit, there were debates because certain exclusions applied to the base salary, which affected who was included or excluded. With the new standardised wage definition, many more employees are likely to be covered. And this will have implications not only for ESI but also for PF," said Kartik Narayan, CEO - Jobs Marketplace, Apna. The new wage definition could see millions of mid-level employees outside the Rs 21,000 limit finding themselves covered. For employers, this means more compliance obligations. But for employees, it could mean comprehensive, low-cost medical and social protection.

The potential shift also means employees may pay less for the same ESI benefits. Since contributions will be calculated on the redefined wage (50 percent of CTC) rather than the full gross salary, both employer and employee contributions may reduce.

"The larger point with ESIC is the notification that allows the government to include more industries from time to time. That is a significant development," Narayan added.

Source : FinancialExpress

Labour Code
Central Draft Rules

1

2

ESI SPREE 2.0
Extended till 31st
Jan 2026

3

Rajasthan – S&E
(Amendment)
Ordinance, 2025

4

EPFO Latest
updates Dec 2025

5

Clarification on
Applicability of ESIC Wage
Changes under Code on
Social Security, 2020

6

India's Four Labour
Codes Operational
from November 21,
2025

7

Implementation of New
Wage Definition under
Social Security Code under
the ESI Chapter

8

Karnataka Menstrual
Cycle Leave Latest
Legal update

9

UP Dookan Aur Vanijya
Adhishthan (Sanshodhan)
Ordinance, 2025 (U.P.
Ordinance No. 16 of 2025)

10

Holiday List
2026

11

Minimum
Wages

12

United
Consultancy

UCS CompliTool[®]

Streamline Compliance & Risk

UCSCompliTool is a technology to ease the complexities of navigating through the changing Labour laws. With our past experiences and feedbacks, we have developed an in-house Software solution and have created this robust mechanism which represents our motto – Compliance simplified. It provides a real time and 360-degree view of compliance status for the Principal employer (CompliTool - Compliance) and with risk matrix to monitor the contractors (CompliTool - Audit). We have developed a Role Based Access Control model and being a cloud-based system, we are offering an absolute security and protection of data.

Following are some of the major benefits of the Tool:

- Real Time Statistical Data
- Informative Tool
- Transparency
- Ease of Documentation
- Ease of Monitoring
- Highlighting of Critical Points
- Security and Data Confidentiality
- Centralization of Data
- Readily Available Documents
- Data Integrity
- Extensive Reporting
- User friendly Dash Boards
- Overall compliance review from front end maneuver

For Demo, Please write to us at enquiry@ucsdel.com or Call us @ 0124 2656864

UCSCompliTool.com



ABOUT US



United Consultancy Services is one of the leading consulting firms in India providing compliance, advisory, and audit services in the field of Labour Laws, Human Resource Development, and Legal matters pertaining to Industrial Relations. We provide meaningful, forward-looking and compliance-oriented solutions to help organizations grow while being compliant with labour laws. Proactive teams led by domain experts, use insight, experience and best practices to understand complex issues of publicly listed and privately owned clients and simplify compliance.

With over 30 years of existence and with more than 200 professionals the firm provides robust compliance services and solutions on complex requirements under Labour law. The information shared in the newsletter is based on Government notifications and newspaper articles.

This is for general information purposes only and does not constitute legal advice. Please reach out to your UCS contact or the Company's legal counsel before taking any action.

We Simplify Compliance For You.



Unit No: 852 - 856

8th Floor JMD Megapolis,
Tikri, Sector 48, Gurugram
122018, Haryana



0124 - 2656800



enquiry@ucsdel.com



www.unitedconsultancy.com

