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Labour & Manpower Law Publication Series

# Industrial Relations Code, 2020 — Chapter I - Preliminary

Industrial Relations Code, 2020 | Detailed statutory, Rule, compliance, remedy and evidence guide.

Review date: 2026-07-18 Authors: CA Nikhil Gupta & Kajri Singh Sections: 1-2 Central Rules mapped: 2 Local source-hashed Act text + linked Rules and implementation analysis

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Industrial Relations Code, 2020 Preliminary four-step compliance flowchart

Finin2min decision flow — identify the law, complete the statutory process and preserve evidence.

**Publication-source status:** Every mapped section of the parent Code is embedded locally from the retained official India Code PDF and carries the source SHA-256. Linked 2026 Central Rules, forms, notifications and operational analysis remain subject to the official Gazette and subsequent amendments.

## Chapter decision flow

Classify establishment & person → Fix event date → Apply section and Rule → Complete form/record → Retain evidence & remedy file

## Finin2min Summary - Chapter in 2 Minutes

This chapter turns preliminary into an operational control file. It covers Short title, extent and commencement, Definitions; the practical sequence is to classify coverage and event date, apply the provision and mapped Rule, complete the form/register, calculate the entitlement or exposure, and retain evidence for inspection, claim or appeal.

# Industrial Relations Code, 2020 — Chapter I - Preliminary

## FININ2MIN LEGAL FLOW

### Industrial Relations Code, 2020 — Preliminary



Law → trigger → procedure → evidence. Confirm the operative Central/State instrument on the event date.

Use this flow with the chapter provision map, implementation controls, evidence checklist, limitation/forum review and remedy framework. Confirm the operative Central and State instruments on the event date.

## Industrial Relations Code, 2020 — Chapter I - Preliminary

### Finin2min implementation explanation

Maintain a controlled implementation file for Industrial Relations Code, 2020 — Chapter I - Preliminary: coverage and event date, operative Central/State instrument, responsible owner, approval and authority, form/portal step, due date, calculation basis, supporting evidence, exception, escalation and closure proof. Reconcile payroll, HR, finance, contractor and legal records before sign-off.

### Practical example

Classify the worker and establishment, identify the operative provision and notified instrument on the event date, compute the entitlement or exposure from source records, obtain approval, complete the filing/payment/action, and retain evidence. Do not use a portal value or payroll label as a substitute for the statutory test.

### Calculation / control template

Control calculation: verified population or transaction base  $\times$  applicable notified rate/amount  $\times$  eligible period, adjusted for statutory inclusions, exclusions, ceilings, interest, compensation and prior payments. Reperform the calculation from retained source data.

Current-law control: verify the operative Central/State instrument, notification, form, portal and binding judgment on the event date. Numerical amounts in examples are illustrative unless expressly sourced.

## **Who is covered**

Employers, workers, trade unions, negotiating bodies, standing-order establishments and dispute-resolution authorities should classify the industrial establishment and worker population first.

## **Main obligations and rights**

- Section 1: Short title, extent and commencement
- Section 2: Definitions

## **Key thresholds and timelines**

- Use only the threshold, rate and limitation period effective on the event date; verify the Central/State instrument before acting.

## **Forms, registers and evidence**

- Applicable form/register, calculation file, approval and acknowledgement evidence
- Retain classification, calculation, approval, communication, acknowledgement and payment/filing proof.

## **Employer risk snapshot**

Highest practical risks: misclassification, missed filing/notice, unsupported calculation, incomplete records and use of the wrong Central/State instrument.

## **Employee/worker remedy snapshot**

Core protection: the substantive protection in this chapter, access to the prescribed authority/forum and a documented remedy within limitation. Confirm the authority, limitation and appeal route stated in this chapter.

## **Old law / transition**

Map the event date and savings position against: Trade Unions Act, 1926; Industrial Employment (Standing Orders) Act, 1946; Industrial Disputes Act, 1947.

## **Five-point professional checklist**

1. Freeze the event date, establishment, location and person/worker classification.
2. Identify the controlling section/paragraph, mapped Rule, notification and appropriate Government.

3. Reperform the calculation or decision test and document every exception or approval.
4. Complete the prescribed form/register/portal step and retain acknowledgement, payment and communication evidence.
5. Record the remedy, forum, limitation, appeal path and State variation before sign-off.

Finin2min takeaway: for preliminary, the defensible answer is not a policy label - it is the event-date law, the mapped procedure, the calculation and a complete evidence trail.

[Download one-page Finin2min cheat sheet](#)

## Section-by-section provision map

| Provision | Subject                              | Implementation focus                                        |
|-----------|--------------------------------------|-------------------------------------------------------------|
| Section 1 | Short title, extent and commencement | Trigger, linked Rule/form, evidence, consequence and remedy |
| Section 2 | Definitions                          | Trigger, linked Rule/form, evidence, consequence and remedy |

## Section 1: Short title, extent and commencement

### Current statutory text

1. Short title, extent and commencement.—(1) This Act may be called the In Code, 2020.

(2) It shall extend to the whole of India.

(3) It shall come into force on such date<sup>1</sup> as the Central Government may appoint; and different dates may be appointed for different parts of India: and any reference in any such provision to the commencement of this Code shall be construed as a reference to the coming into force of that provision.

### Finin2min clause-by-clause decode

1. Test 1
2. The Code is Act 35 of 2020, extends to India and commenced on 21 November 2025 under the notified commencement instrument.
3. Test 2
4. Historical periods must be tested under the law then in force; section 104 governs transition and savings.
5. Implementation control
6. Trigger

7. Document the fact pattern that activates section 1: short title, extent and commencement.
8. Coverage and jurisdiction
9. Record worker/employee status, establishment, appropriate Government, threshold and territorial authority.
10. Decision owner

## **Applicable Central Rules immediately below the provision**

No direct Central Rule is mapped. Check general procedural Rules, State Rules and later notifications.

## **Practical example**

A multi-location employer prepares a legal classification memo, identifies the appropriate Government, maps the operative provision and Rule, records the decision owner and retains the documents needed to prove compliance during inspection or litigation.

## **Controls and evidence**

- Employer: assign owner, configure system and retain approval/payment proof.
- Employee/worker: retain contract, attendance, wage/benefit proof and communication.
- Professional: reconcile the Act, Rule, notification, form, limitation and State overlay.

## **Consequence, remedy and limitation**

Identify the substantive default first, then separately map arrears or benefit, interest/damages, administrative penalty, prosecution, compounding, company/officer liability, forum, appeal and limitation. Do not infer a remedy from the heading alone.

Mapped Rules: No direct Central Rule mapped in the repository concordance | Official source: [section 1](#).

## **Section 2: Definitions**

### **Current statutory text**

2. Definitions.— In this Code, unless the context otherwise requires,—
  - (a) “appellate authority” means an authority appointed by the appr

exercise such functions in such area as may be specified by that Government Official Gazette;

(b) "appropriate Government" means,—

(i) in relation to any industrial establishment or under authority of the Central Government or concerning any such control specified in this behalf by the Central Government or the establishment metro railways, mines, oil fields, major ports, air transport services and insurance company or a corporation or other authority established central public sector undertaking, subsidiary companies set up by autonomous bodies owned or controlled by the Central Government including of the contractors for the purposes of such establishment, corporations sector undertakings or any company in which not less than fifty per cent share capital is held by the Central Government, as the case may be;

Explanation.—For the purposes of this clause, the Central Government be the appropriate Government for central public sector undertaking. Central Government reduces to less than fifty per cent. equity in after the commencement of this Code;

(ii) in relation to any other industrial establishment, undertakings, subsidiary companies set up by the principal undertaking owned or controlled by the State Government, the State Government:

1. 21st day of November, 2025—vide Notification No. S.O. 5320(E), dated 21st Extraordinary, Part II, sec. 3(ii).

Provided that in case of a dispute between a contractor and the through the contractor in any industrial establishment where such dispute appropriate Government shall be the Central Government or the State Government may be, which has control over such industrial establishment;

(c) "arbitrator" includes an umpire;

(d) "average pay" means the average of the wages payable to a worker,

(i) in the case of monthly paid worker, in three complete calendar

(ii) in the case of weekly paid worker, in four complete weeks

(iii) in the case of daily paid worker, in twelve full working

preceding the date on which the average pay becomes payable, if the worker complete calendar months or four complete weeks or twelve full working days and where such calculation cannot be made, the average pay shall be calculated the wages payable to a worker during the period he actually worked;

(e) "award" means an interim or a final determination of any industrial question relating thereto by any Industrial Tribunal referred to in section

Tribunal referred to in section 46 and includes an arbitration award made

(f) "banking company" means a banking company as defined in section 5(1) of the Banking Regulation Act, 1949 (10 of 1949) and includes the Export-Import Bank of India, the Reconstruction Bank of India, the Small Industries Development Bank of India, the Industrial Bank of India, the State Bank of India, a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970) or a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980);

(g) "certifying officer" means any officer appointed by the appropriate Government by notification, to perform the functions of a certifying officer under the provisions of the Code;

(h) "closure" means the permanent closing down of a place of employment;

(i) "conciliation officer" means a conciliation officer appointed by the appropriate Government;

(j) "conciliation proceeding" means any proceeding held by a conciliation officer under the provisions of the Code;

(k) "controlled industry" means any industry the control of which has been declared by any Central Act to be expedient in the public interest;

(l) "employee" means any person (other than an apprentice engaged under the Apprentices Act, 1961) (52 of 1961) employed by an industrial establishment to do any unskilled, manual, operational, supervisory, managerial, administrative, technical or clerical work for hire or reward, whether the terms of employment be express or implied, but does not include a person declared to be an employee by the appropriate Government, but does not include a member of the Armed Forces of the Union;

(m) "employer" means a person who employs, whether directly or through an agent, his behalf or on behalf of any person, one or more employee or worker in an industrial establishment where the establishment is carried on by any department of the Central Government, the authority specified by the head of the department in this behalf, or where the authority is so specified, the head of the department, and in relation to an establishment managed by a local authority, the chief executive of that authority, and includes, in relation to an establishment which is a factory, the person named as a manager of the factory under clause (f) of sub-section (1) of section 2 of the Factories Act, 1948 (63 of 1948);

(i) in relation to an establishment which is a factory, the person named as a manager of the factory under clause (f) of sub-section (1) of section 2 of the Factories Act, 1948 (63 of 1948);

(ii) in relation to any other establishment, the person who exercises ultimate control over the affairs of the establishment and where the establishment is managed by a manager or managing director, such manager or managing director;

(iii) contractor; and

(iv) legal representative of a deceased employer;

(n) "executive", in relation to a Trade Union, means the body by which the affairs of the Union are managed;

which the management of the affairs of a Trade Union is entrusted;

(o) "fixed term employment" means the engagement of a worker on the contract of employment for a fixed period:

Provided that—

(a) his hours of work, wages, allowances and other benefits shall be not less than those payable to a permanent worker doing the same work or work of similar nature;

(b) he shall be eligible for all statutory benefits available to permanent workers proportionately according to the period of service rendered by him and if his employment does not extend to the qualifying period of employment required by the Act and

(c) he shall be eligible for gratuity if he renders service under the Act for a period of not less than one year;

(p) "industry" means any systematic activity carried on by co-operation between an employer and worker (whether such worker is employed by such employer directly or by an agency, including a contractor) for the production, supply or distribution of goods or services with a view to satisfy human wants or wishes (not being wants or wishes which are purely religious in nature), whether or not,—

(i) any capital has been invested for the purpose of carrying on such activity;

(ii) such activity is carried on with a motive to make any profit, whether or not such profit includes —

(i) institutions owned or managed by organisations wholly or partly financed out of funds in any charitable, social or philanthropic service; or

(ii) any activity of the appropriate Government relating to the defence of the country or of the appropriate Government including all the activities carried on by the Central Government dealing with defence research, atomic energy or space technology;

(iii) any domestic service; or

(iv) any other activity as may be notified by the Central Government.

(q) "industrial dispute" means any dispute or difference between employers and workers or between workers and workers which is connected with the employment or non-employment or the terms of employment or with the conditions of work of any person and includes any dispute or difference between an individual worker and his employer connected with, or arising out of discharge, dismissal, retrenchment or termination of employment;

(r) "industrial establishment or undertaking" means an establishment in which any industry is carried on:

Provided that where several activities are carried on in an establishment, only one or some of such activities is or are an industry or industries, then the establishment shall be deemed to be an industrial establishment or undertaking only if—

(i) if any unit of such establishment or undertaking carrying on such activity is or are an industry or industries, then the establishment shall be deemed to be an industrial establishment or undertaking only if—



(za) "notification" means a notification published in the Official Gazette of a State, as the case may be, and the expression "notification" and cognate expressions shall be construed accordingly;

(zb) "office-bearer", in relation to a Trade Union, includes any member thereof, but does not include an auditor;

(zc) "prescribed" means prescribed by rules made under this Code;

(zd) "railway" means the railway as defined in clause (31) of section 3 of the Railways Act, 1989 (24 of 1989);

(ze) "registered office" means that office of a Trade Union which is as the head office thereof;

(zf) "registered Trade Union" means a Trade Union registered under the Trade Union Act, 1947;

(zg) "Registrar" means a Registrar of Trade Unions appointed by the State Government under section 5;

(zh) "retrenchment" means the termination by the employer of the service of a worker for any reason whatsoever, otherwise than as a punishment inflicted by way of discipline or as a result of the worker's misconduct—

(i) voluntary retirement of the worker; or

(ii) retirement of the worker on reaching the age of superannuation; or

(iii) termination of the service of the worker as a result of the expiry of the term of a contract of employment between the employer and the worker concerned, such contract being terminated under a stipulation in that behalf contained in the contract; or

(iv) termination of service of the worker as a result of completion of the term of a fixed term employment; or

(v) termination of the service of a worker on the ground of redundancy; or

(zi) "settlement" means a settlement arrived at in the course of conciliation proceedings and includes a written agreement between the employer and worker arrived at outside the course of conciliation proceedings where such agreement has been signed by both parties in such manner as may be prescribed and a copy thereof has been sent to an officer designated in that behalf by the appropriate Government and to the conciliation officer;

(zj) "standing orders" means orders relating to matters set-out in the Standing Orders of an establishment;

(zk) "strike" means a cessation of work by a body of persons employed in an industry, in combination, or a concerted refusal, or a refusal, under a common understanding, of persons who are or have been so employed to continue to work or to accept employment, and includes the concerted casual leave on a given day by fifty per cent. or more of the persons employed in an industry;

(zl) "Trade Union" means any combination, whether temporary or permanent, primarily for the purpose of regulating the relations between workers and employers, or between employers and employers, or for imposing restrictions on the conduct of any trade or business, and includes any federation of two or more Trade Unions;

Provided that the provisions of Chapter III of this Code shall not apply to—

(i) any agreement between partners as to their own business; or

(ii) any agreement between an employer and those employed by him in connection with his employment; or

(iii) any agreement in consideration of the sale of the goodwill of a business or in connection with instruction in any profession, trade or handicraft;

(zm) "Trade Union dispute" means any dispute relating to Trade Union or between two or more Trade Unions or between the members of a Trade Union inter se;

(zn) "Tribunal" means an Industrial Tribunal constituted under section 2 of the Industrial Disputes Act, 1947;

(zo) "unfair labour practice" means any of the practices specified in section 2 of the Industrial Disputes Act, 1947;

(zp) "unorganised sector" shall have the same meaning as assigned to it in section 2 of the Unorganised Workers' Social Security Act, 2008 (33 of 2008);

(zq) "wages" means all remuneration, whether by way of salary, allowance or bonus, expressed in terms of money or capable of being so expressed which would, if the conditions of employment, express or implied, were fulfilled, be payable to a person employed in such employment or of work done in such employment, and includes,—

(i) basic pay;

(ii) dearness allowance;

(iii) retaining allowance, if any,

but does not include—

(a) any bonus payable under any law for the time being in force, other than part of the remuneration payable under the terms of employment;

(b) the value of any house-accommodation, or of the supply of food, or of attendance or other amenity or of any service excluded from the computation of wages by a general or special order of the appropriate Government;

(c) any contribution paid by the employer to any pension or provident fund, and interest which may have accrued thereon;

(d) any conveyance allowance or the value of any travelling or conveyance facilities provided to the employed person;

(e) any sum paid to the employed person to defray special expenses incurred by him on account of the nature of his employment;

(f) house rent allowance;  
(g) remuneration payable under any award or settlement between  
of a court or Tribunal;

(h) any overtime allowance;

(i) any commission payable to the employee;

(j) any gratuity payable on the termination of employment;

(k) any retrenchment compensation or other retirement benefit  
employee or any ex gratia payment made to him on the termination of

Provided that, for calculating the wage under this clause, if any part of the remuneration payable by the employer to the employee under sub-clauses (a) to (i) exceeds one-half, or such part as may be notified by the Central Government, of all remuneration calculated under this clause, the amount which exceeds such one-half, or the per cent. so notified, shall be added to the remuneration and shall be accordingly added in wages under this clause:

Provided further that for the purpose of equal wages to all genders, the value of the payment of wages the emoluments specified in sub-clauses (d), (f), (g) and (h) shall be included in the computation of wage.

Explanation.—Where an employee is given in lieu of the whole or part of the remuneration payable to him, any remuneration in kind by his employer, the value of such remuneration in kind which does not exceed fifteen per cent. of the total wages payable to him shall be taken to form part of the wages of such employee;

(zr) “worker” means any person (except an apprentice as defined under section 2 of the Apprentices Act, 1961) (52 of 1961) employed in any industry to do any skilled, technical, operational, clerical or supervisory work for hire or for the purpose of employment be express or implied, and includes working journalists as defined in section 2 of the Working Journalists and other Newspaper Employees (Conditions of Service) Act, 1955 (45 of 1955) 5 and sales promotion employees as defined in clause (d) of section 2 of the Sales Promotion Employees (Conditions of Service) Act, 1976), and for the purposes of any proceeding under this Code in relation to a dispute, includes any such person who has been dismissed, discharged or retrenched in connection with, or as a consequence of, that dispute, or whose employment or retrenchment has led to that dispute, but does not include any such person

(i) who is subject to the Air Force Act, 1950 (45 of 1950), the Air Force Act, 1950 (46 of 1950), or the Navy Act, 1957 (62 of 1957); or

(ii) who is employed in the police service or as an officer in the police service;  
or

(iii) who is employed mainly in a managerial or administrative capacity;

(iv) who is employed in a supervisory capacity drawing wages exceeding one thousand rupees per month or an amount as may be notified by the Central Government from time to time:

Provided that for the purposes of Chapter III, "worker"—

(a) means all persons employed in trade or industry; and

(b) includes the worker as defined in clause (m) of section 2 of the Industrial Disputes Act, 1947 (23 of 1947).

## CHAPTER II

### BI-PARTITE FORUMS

#### **Finin2min clause-by-clause decode**

1. Test 1
2. Apply definitions before every coverage, threshold or entitlement test.  
Critical distinctions include employee versus worker, employer, industry, industrial establishment, fixed-term employment, strike, lay-off, retrenchment and wages.
3. Test 2
4. The worker definition includes a supervisory wage ceiling stated in the Code and excludes persons mainly managerial/administrative; verify the current notified ceiling before classification.
5. Test 3
6. Fixed-term employment requires a written contract and parity of hours, wages, allowances and benefits with comparable permanent workers, subject to the Code.
7. Implementation control
8. Trigger
9. Document the fact pattern that activates section 2: definitions.
10. Coverage and jurisdiction

#### **Applicable Central Rules immediately below the provision**

##### **Central Rule 3: Rule 3 — References of certain authorities and officers of industrial establishments under the Code**

extracted from the official English notification 3. References of certain authorities and officers of industrial establishments under the Code.— (1) The reference to the Central Government or the Government of India, in relation to an industrial dispute in respect of a Union territory without legislature, shall be construed as a reference to the Administrator of such Union territory, for which the appropriate Government is the Central Government; and the reference to the Chief Labour Commissioner (Central), Deputy Chief Labour Commissioner (Central), Regional Labour Commissioner (Central) and the Assistant Labour Commissioner (Central) shall be construed as reference to the respective appropriate authority, appointed in that behalf by the Administrator of that Union territory. (2) For the purposes of

these rules, with reference to clause (m) of section 2 of the Code, it is hereby specified that— (a) in relation to an industry, not being an industry referred to in sub clause (ii) thereof, carried on by or under the authority of a Ministry or Department of the Central Government or a State Government, the officer-in-charge of the industrial establishment shall be the employer in respect of that establishment; and (b) in relation to an industry concerning railways, carried on by or under the authority of a Ministry or Department of the Central Government, — (i) the General Manager thereof shall be the employer in respect of regular railway servants other than casual labour in the case of an establishment of a Zonal Railway; (ii) the Officer-in-charge of the establishment shall be the employer in respect of regular railway servants other than casual labour in the case of an establishment independent of a Zonal Railway; and (iii) the District Officer-in-charge or the Divisional Personnel Officer or the Personnel Officer, as the case may be, shall be the employer in respect of casual labour employed on Zonal Railway or any other railway establishment independent of a Zonal Railway. Code concordance Primary operative section Section 2 Definitions Forms and records No form heading is directly assigned to this rule. Keep the application, notice, order, electronic acknowledgment and register required by the text. Implementation owner HR/employee relations with legal review and the authorised signatory specified by the rule. System control Create a workflow that blocks completion until every mandatory field, attachment, service method and timeline is satisfied. Evidence Preserve the exact filed form, annexures, electronic receipt, delivery proof, hearing material and final order. Failure consequence The underlying Code section may create invalidity, compensation, appeal, recovery, unfair-practice or penalty exposure. ← Previous Next →

#### **Central Rule 4: Rule 4 — Memorandum of settlement**

extracted from the official English notification 4. Memorandum of settlement.— (1) The settlement arrived at in the course of conciliation proceedings or a written agreement between the employer and worker arrived at otherwise than in the course of conciliation proceeding shall be in Form I. (2) The settlement shall be signed, — (a) by the employer or by his authorised agent, or where the employer is an incorporated company or other body corporate, by the agent, manager or other principal officer of such company or such other body corporate; and (b) on behalf of workers, by any of the following office bearers of Trade Union, namely: – (i) the President; or (ii) the Vice-President; or (iii) the Secretary (including the General Secretary); or (iv) the Joint Secretary; or (v) any other office bearer of the Trade Union authorised in this behalf by the President and Secretary of the Union; or (vi) five representatives of workers duly authorised in this behalf at the meeting of the workers held for the purpose. (3) In case of an industrial dispute between individual worker and employer, the settlement shall be signed by the employer and the worker concerned. (4) Where the settlement is arrived at in the course of conciliation proceedings, the conciliation officer shall send a report

thereof to the Central Government together with a copy of the memorandum of settlement signed by the parties to the dispute. (5) Where a settlement is arrived at between an employer and his worker otherwise than in the course of conciliation proceedings, the parties to the settlement shall jointly send a copy thereof electronically or by speed post to the concerned Deputy Chief Labour Commissioner (Central) and to the conciliation officer. (6) The conciliation officer shall file all settlements effected under this rule in respect of industrial disputes in the area within his jurisdiction in the register maintained electronically or otherwise. (7) The register referred to in sub-rule (6), shall contain the details including serial number, name of the industry, parties to the settlement, date of settlement, remarks and whether settlement was arrived at after the intervention of conciliation officer or by mutual negotiation: Provided that signature of the conciliation officer on the agreement shall not be necessary where the agreement for settlement is arrived at outside conciliation: Provided further that nothing in this rule shall prohibit a settlement between a worker or workers or Trade Union and an employer on mutually agreed terms and such settlement may be in a format other than in Form I. CHAPTER II BI-PARTITE FORUMS Code concordance Primary operative section Section 2 Definitions Forms and records Form I Memorandum Of Settlement Arrived At In The Course Of Conciliation Proceedings Implementation owner HR/employee relations with legal review and the authorised signatory specified by the rule. System control Create a workflow that blocks completion until every mandatory field, attachment, service method and timeline is satisfied. Evidence Preserve the exact filed form, annexures, electronic receipt, delivery proof, hearing material and final order. Failure consequence The underlying Code section may create invalidity, compensation, appeal, recovery, unfair-practice or penalty exposure. ← Previous Next →

## **Practical example**

A multi-location employer prepares a legal classification memo, identifies the appropriate Government, maps the operative provision and Rule, records the decision owner and retains the documents needed to prove compliance during inspection or litigation.

## **Controls and evidence**

- Employer: assign owner, configure system and retain approval/payment proof.
- Employee/worker: retain contract, attendance, wage/benefit proof and communication.
- Professional: reconcile the Act, Rule, notification, form, limitation and State overlay.

## Consequence, remedy and limitation

Identify the substantive default first, then separately map arrears or benefit, interest/damages, administrative penalty, prosecution, compounding, company/officer liability, forum, appeal and limitation. Do not infer a remedy from the heading alone.

Mapped Rules: Rule 3, Rule 4 | Official source: [section 2](#).

## Rules, forms, registers, portals and due dates

| Rule Subject                                                                                          | Text/control status            |
|-------------------------------------------------------------------------------------------------------|--------------------------------|
| 3 Rule 3 — References of certain authorities and officers of industrial establishments under the Code | Exact Gazette extract embedded |
| 4 Rule 4 — Memorandum of settlement                                                                   | Exact Gazette extract embedded |

Forms and registers must be confirmed from the appended 2026 Central Rules and the live portal applicable to the appropriate Government. A form is not treated as current merely because an earlier law used the same number.

## Notifications and effective-date history

| Control          | Required action                                                                                                                                                             |
|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Enactment        | Record Act number, assent and Gazette publication.                                                                                                                          |
| Commencement     | Use the provision-specific commencement notification; the four Codes became broadly operative from 21 November 2025 subject to earlier partial commencement and corrigenda. |
| Central Rules    | Read the applicable 2026 Central Rules from their Gazette date and verify subsequent amendments.                                                                            |
| State instrument | Check final State Rules, authority notifications, forms and rates where the State is appropriate Government.                                                                |

## Old-law/new-Code concordance

| Predecessor law                                   | Transition control                                                                                                |
|---------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| Trade Unions Act, 1926                            | Classify the event date, accrued right, saved Rule/notification and pending proceeding before moving to the Code. |
| Industrial Employment (Standing Orders) Act, 1946 |                                                                                                                   |

## **Predecessor law**

Industrial Disputes Act,  
1947

## **Transition control**

Classify the event date, accrued right, saved Rule/ notification and pending proceeding before moving to the Code.

Classify the event date, accrued right, saved Rule/ notification and pending proceeding before moving to the Code.

# **Practical calculations and control file**

## **Calculation sequence**

1. Freeze the employee/worker population and event date.
2. Apply the statutory wage/benefit base and notified threshold.
3. Reconcile attendance, service, payroll and contractor records.
4. Calculate principal amount, interest/damages and any statutory compensation separately.
5. Obtain legal/payroll approval and retain the versioned worksheet.

## **Three-owner sign-off**

- **Employer/HR:** facts, classification, communication and workflow.
- **Employee/worker:** notice, records, nomination/claim and acknowledgement.
- **Professional:** source, formula, forum, limitation and evidence reconciliation.

# **Binding and highly relevant case-law principles**

Older cases are included for principles only. Their continued application must be tested against the current Code wording, repeal-and-savings clause and later judgments.

## **Decision**

Bangalore Water Supply  
v. A. Rajappa

Workmen of Firestone  
Tyre v. Management

Bharat Bank Ltd. v.  
Employees

## **Principle and present-use caution**

The industry test remains an important interpretive starting point, subject to the Code definition and later statutory developments.

Domestic enquiry fairness and the adjudicatory power to examine dismissal remain central principles, subject to the Code and certified standing orders.

Industrial adjudication is specialised statutory adjudication; forum, reference and award provisions must be followed.

**Decision**

Karnal Leather  
Karamchari Sanghatan v.  
Liberty Footwear

**Principle and present-use caution**

Settlement and collective-bargaining outcomes require genuine authority, representativeness and statutory compliance.

## **State-law variation alerts**

- Confirm whether the Central or State Government is the appropriate Government.
- Central Rules do not automatically displace valid State Rules, rates, registers, authorities or portal procedures.
- Minimum-wage rates, holidays, working-hours permissions, licences and local welfare obligations require State-specific verification.
- Record Gazette number, effective date and supersession status in the location compliance register.

## **Practical transaction application**

Apply the chapter to workforce restructuring, standing orders, union recognition, disciplinary action, settlement drafting, transfer of undertaking, lay-off, retrenchment, closure and industrial-dispute strategy. Build the transaction timeline before notices or board approvals are issued.

## **Authority, consent and execution controls**

Map powers among the board, occupier/employer, HR, disciplinary authority, authorised signatory and legal team. Verify delegation, standing orders, service rules, union/negotiating-council status and government permission or notice requirements; informal consent cannot cure a mandatory statutory step.

## **Stamp duty and registration alerts**

Industrial settlements, service instruments and transfer documents may attract State stamp consequences depending on form and subject matter. Statutory filing, publication or registration under labour law is separate from document registration under the Registration Act and stamping under State law.

## **Evidence and document-retention checklist**

Retain the operative law/rule version, classification note, approvals, signed instruments, statutory forms, portal acknowledgements, registers, calculations, bank proof, correspondence, inspection records, service proof, decision and

appeal file. Apply the longer of the statutory retention rule, litigation hold, tax/audit need and contractual requirement; restrict access to personal and sensitive data.

## **Performance, delivery and payment controls**

Create a milestone file for notice, consultation, permission, compensation, re-skilling contribution, service of orders and payment. No restructuring should close until payroll, bank proof, employee-wise computation, statutory filing and possession/access controls reconcile.

## **Breach, loss, mitigation and remedy framework**

On detecting a breach, stop continuing exposure, preserve evidence, quantify employee and government dues, identify affected persons, make lawful corrective payment/filing, notify the authorised decision-maker, assess self-disclosure or compounding where available, and reserve contractual recovery against responsible vendors without delaying statutory remediation.

## **Limitation and forum controls**

Use the conciliation officer, tribunal, national industrial tribunal, appellate channel or other prescribed forum as applicable. Track the dispute date, cause of action, pending proceedings, protected status and service of notices; private jurisdiction clauses cannot override the statutory adjudication scheme.

## **Arbitration and mediation interface**

Voluntary arbitration and settlement mechanisms may be available where the Code permits. Draft the reference, issues, arbitrator appointment, publication/filing and settlement authority carefully; mediation is useful for commercial terms but must preserve non-waivable worker protections.

## **Company, partnership, GST and tax overlays**

For a company, align board/delegation and officer-in-default controls; for an LLP or partnership, identify the designated partner/partner and authorised employer representative. Labour dues can affect transaction price, indemnities, director/partner exposure and insolvency claims. Salary/TDS, perquisite, contractor TDS, GST on outsourced services and accounting provisions must be reconciled without treating tax treatment as proof of labour-law classification.

# Finin2min Q&A

Which law and version should be applied?

Use the current text of Industrial Relations Code, 2020, the commencement notification, the applicable Central or State Rules and any later instrument effective on the event date.

How is the appropriate Government identified?

Classify ownership/control, sector, establishment and contractor relationship before selecting the Central or State authority.

Can a company policy override the statutory protection?

No. A policy may improve a benefit or control, but it cannot contract out of a mandatory statutory floor.

What evidence should be retained?

Retain the classification memo, source instrument, form/portal record, calculation, approval, employee communication, acknowledgement and payment or authority proof.

Do the Central Rules apply to every establishment?

No. They govern the Central sphere. State Rules and State notifications must be checked where the State is the appropriate Government.

How should a historical event be tested?

Apply the law and subordinate instrument effective on the event date, then use the repeal-and-savings provision for pending rights and proceedings.

What happens when portal practice conflicts with the statute?

Record the conflict, follow the higher legal instrument, seek authority clarification where necessary and preserve screenshots and correspondence.

Can criminal and monetary consequences arise together?

They may. Separate wages/benefits, interest, damages, civil penalty, prosecution, compounding and director/officer liability.

Is a contractor arrangement enough to shift liability?

No. Principal-employer and contractor liabilities depend on the specific provision and facts; the contract should allocate evidence and recovery without diluting worker rights.

What is the first professional review step?

Freeze the event date and facts, identify the applicable provision, then map Rules, forms, notification status, authority, limitation and evidence.

What is the operational focus of section 1 - Short title, extent and commencement?

The section must be decomposed into actor, trigger, threshold, procedure, exception, consequence and evidence. Read the full official text and the mapped Rules before applying the Finin2min control summary.

What is the operational focus of section 2 - Definitions?

The section must be decomposed into actor, trigger, threshold, procedure, exception, consequence and evidence. Read the full official text and the mapped Rules before applying the Finin2min control summary.

What is review control 13 for this chapter?

Confirm source currency, State variation, internal ownership, documentary proof and the next statutory deadline before closing the compliance ticket.

What is review control 14 for this chapter?

Confirm source currency, State variation, internal ownership, documentary proof and the next statutory deadline before closing the compliance ticket.

What is review control 15 for this chapter?

Confirm source currency, State variation, internal ownership, documentary proof and the next statutory deadline before closing the compliance ticket.

[← Previous: Miscellaneous, rule-making, repeal and savings](#)[Next: Bi-partite forums →](#)

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