

Finin2min

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Chapter V - Notice of change

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

Review date: 2026-07-18 Authors: CA Nikhil Gupta & Kajri Singh Sections: 40-41 Central Rules mapped: 1 Local source-hashed Act text + linked Rules and implementation analysis

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Industrial Relations Code, 2020 Notice of change 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

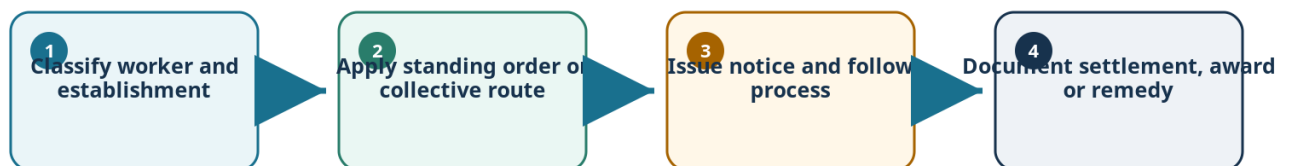
Finin2min Summary - Chapter in 2 Minutes

This chapter turns notice of change into an operational control file. It covers Notice of change, Power of appropriate Government to exempt; 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.

Chapter V - Notice of change

FININ2MIN LEGAL FLOW

Industrial Relations Code, 2020 — Notice of change



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.

Chapter V - Notice of change

Finin2min implementation explanation

Maintain a controlled implementation file for Chapter V - Notice of change: 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 40: Notice of change
- Section 41: Power of appropriate Government to exempt

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

- Notice
- 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 notice of change, 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 40 Notice of change	Trigger, linked Rule/form, evidence, consequence and remedy
Section 41 Power of appropriate Government to exempt	Trigger, linked Rule/form, evidence, consequence and remedy

Section 40: Notice of change

Current statutory text

40. Notice of change.—No employer, who proposes to effect any change in the conditions of service applicable to any worker in respect of any matter specified in the Third Schedule, shall effect such change,—

(i) without giving to the workers likely to be affected by such change, notice of the change as may be prescribed of the nature of the change proposed to be effected;

(ii) within twenty-one days of giving such notice:

Provided that no notice shall be required for effecting any such change,—

(a) where the change is effected in pursuance of any settlement or award;

(b) where the workers likely to be affected by the change are employed under any of the Fundamental and Supplementary Rules, Civil Services (Classification, Control and Appeal) Rules, Civil Services (Temporary Service) Rules, Revised Leave Regulations, Civilians in Defence Services (Classification, Control and Appeal) Rules, Indian Railway Establishment Code or any other rules or regulations made or to be made on the behalf by the appropriate Government in the Official Gazette, apply;

(c) in case of emergent situation which requires change of conditions of service, other than in accordance with standing orders, in consultation with Grievance Redressal Committee.

(d) if such change is effected in accordance with the orders or in pursuance of any settlement or award.

Finin2min clause-by-clause decode

1. Test 1
2. A change to a Third Schedule service condition generally requires twenty-one days' notice in the prescribed manner before effect.
3. Test 2
4. The section contains exceptions for settlements, awards, Government orders, emergent shift changes and other stated cases.
5. Implementation control
6. Trigger
7. Document the fact pattern that activates section 40: notice of change.
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

Central Rule 19: Rule 19 — Notice for change

extracted from the official English notification 19. Notice for change.– (1) Any employer intending to effect any change in the conditions of service applicable to any worker in respect of any matter specified in the Third Schedule to the Code, shall give notice in Form- IV electronically or by speed post or in person, to such workers likely to be affected by such change and shall also upload such notice on the designated portal, if any, of the industrial establishment. (2) The notice mentioned in sub-rule (1) shall be displayed conspicuously by the employer on the notice board or on the electronic notice board at the main entrance of the industrial establishment: Provided that when there is a registered Trade Union or registered Trade Unions or a negotiating union or negotiating council relating to the concerned industrial establishment, a copy of such notice shall also be served in the manner specified in sub-rule (1) on the secretary of such Trade Union or each of the secretaries of such Trade Unions, or secretary of the negotiating union or constituent of negotiating council, as the case may be. CHAPTER VI
VOLUNTARY REFERENCE OF DISPUTES TO ARBITRATION Code concordance
Primary operative section Section 40 Notice of change Forms and records Form IV
See Rule 19 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 19 | Official source: [section 40](#).

Section 41: Power of appropriate Government to exempt

Current statutory text

41. Power of appropriate Government to exempt.—Where the appropriate Government is of opinion that the application of the provisions of section 40 to any class or to any class of worker employed in any industrial establishment affect the public interest so prejudicially that such application may cause serious repercussion on the public interest so requires, the appropriate Government may, by notification in the Official Gazette, direct that the provisions of the said section shall not apply or shall apply, subject to such conditions as may be specified in the notification, to that class of industrial establishments or to that class of worker in any industrial establishment.

CHAPTER VI

VOLUNTARY REFERENCE OF DISPUTES TO ARBITRATION

Finin2min clause-by-clause decode

1. Test 1
2. The provision creates the legal rule for power of appropriate government to exempt.
3. Test 2
4. Identify the actor, trigger, appropriate Government, prescribed manner and effective date before implementation.
5. Test 3
6. Keep contemporaneous approvals, notices, registers, filings, acknowledgements and decision evidence.
7. Test 4
8. Use the linked rules, notification and remedy route; unresolved classification or jurisdiction questions require professional review.
9. Implementation control
10. Trigger

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.
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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 41](#).

Rules, forms, registers, portals and due dates

Rule Subject	Text/control status
19	Rule 19 — Notice for change 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. Use the provision-specific commencement notification; the four
Commencement	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	Classify the event date, accrued right, saved Rule/ notification and pending proceeding before moving to the Code.
Industrial Disputes Act, 1947	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	Principle and present-use caution
Bangalore Water Supply v. A. Rajappa	The industry test remains an important interpretive starting point, subject to the Code definition and later statutory developments.
Workmen of Firestone Tyre v. Management	Domestic enquiry fairness and the adjudicatory power to examine dismissal remain central principles, subject to the Code and certified standing orders.
Bharat Bank Ltd. v. Employees	Industrial adjudication is specialised statutory adjudication; forum, reference and award provisions must be followed.
Karnal Leather Karamchari Sanghatan v. Liberty Footwear	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 40 - Notice of change?

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 41 - Power of appropriate Government to exempt?

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: Standing orders](#)[Next: Voluntary arbitration →](#)

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