

Finin2min

[Labour Publication Series](#)

Labour & Manpower Law Publication Series

Chapter IX - Lay-off, retrenchment and closure

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

Review date: 2026-07-18 Authors: CA Nikhil Gupta & Kajri Singh Sections: 65-76 Central Rules mapped: 3 Local source-hashed Act text + linked Rules and implementation analysis

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Industrial Relations Code, 2020 Lay-off, retrenchment and closure 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

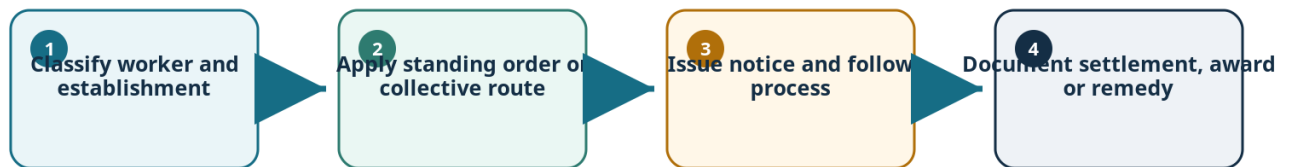
Finin2min Summary - Chapter in 2 Minutes

This chapter turns lay-off, retrenchment and closure into an operational control file. It covers Application of sections 67 to 69, Definition of continuous service, Rights of workers laid-off for compensation, etc, Duty of an employer to maintain muster rolls of workers; 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 IX - Lay-off, retrenchment and closure

FININ2MIN LEGAL FLOW

Industrial Relations Code, 2020 — Lay-off, retrenchment and closure



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 IX - Lay-off, retrenchment and closure

Finin2min implementation explanation

Maintain a controlled implementation file for Chapter IX - Lay-off, retrenchment and closure: 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 65: Application of sections 67 to 69
- Section 66: Definition of continuous service
- Section 67: Rights of workers laid-off for compensation, etc
- Section 68: Duty of an employer to maintain muster rolls of workers
- Section 69: Workers not entitled for compensation in certain cases
- Section 70: Conditions precedent to retrenchment of workers

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: incorrect threshold, notice, compensation, permission or seniority procedure.

Employee/worker remedy snapshot

Core protection: notice, compensation, re-employment preference and challenge before the competent forum where conditions are breached. 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 lay-off, retrenchment and closure, 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

Section 65 Application of sections 67 to 69

Section 66 Definition of continuous service

Section 67 Rights of workers laid-off for compensation, etc

Section 68 Duty of an employer to maintain muster rolls of workers

Section 69 Workers not entitled for compensation in certain cases

Section 70 Conditions precedent to retrenchment of workers

Section 71 Procedure for retrenchment

Implementation focus

Trigger, linked Rule/form, evidence, consequence and remedy

Trigger, linked Rule/form, evidence, consequence and remedy

Trigger, linked Rule/form, evidence, consequence and remedy

Trigger, linked Rule/form, evidence, consequence and remedy

Trigger, linked Rule/form, evidence, consequence and remedy

Trigger, linked Rule/form, evidence, consequence and remedy

Trigger, linked Rule/form, evidence, consequence and remedy

Provision	Subject	Implementation focus
Section 72	Re-employment of retrenched worker	Trigger, linked Rule/form, evidence, consequence and remedy
Section 73	Compensation to workers in case of transfer of establishment	Trigger, linked Rule/form, evidence, consequence and remedy
Section 74	Sixty days' notice to be given of intention to close down any undertaking	Trigger, linked Rule/form, evidence, consequence and remedy
Section 75	Compensation to workers in case of closing down of undertakings	Trigger, linked Rule/form, evidence, consequence and remedy
Section 76	Effect of laws inconsistent with this Chapter	Trigger, linked Rule/form, evidence, consequence and remedy

Section 65: Application of sections 67 to 69

Current statutory text

65. Application of sections 67 to 69.—(1) Sections 67 to 69 (both inclusive) apply to industrial establishments to which Chapter X applies; or

(a) to industrial establishments in which less than fifty workers or employees have been employed in the preceding calendar month; or

(b) to industrial establishments which are of a seasonal character and in which work is performed intermittently.

(2) If a question arises whether an industrial establishment is of a seasonal character, the decision of the appropriate authority shall be final.

Explanation.—In this section and in sections 67, 68 and 69, industrial establishment means—

(i) factory as defined in clause (m) of section 2 of the Factories Act, 1947;

(ii) mine as defined in clause (j) of sub-section (1) of section 2 of the Mines Act, 1952); or

(iii) plantation as defined in clause (f) of section 2 of the Plantation Labour Act, 1951).

Finin2min clause-by-clause decode

1. Test 1
2. Sections 67 to 69 apply to establishments within Chapter IX except the stated seasonal/intermittent and other exclusions.
3. Implementation control
4. Trigger
5. Document the fact pattern that activates section 65: application of sections 67 to 69.
6. Coverage and jurisdiction
7. Record worker/employee status, establishment, appropriate Government, threshold and territorial authority.
8. Decision owner
9. Assign HR/ER, legal, payroll/finance and authorised signatory roles; no action should depend on an undocumented oral decision.
10. Evidence pack

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 65](#).

Section 66: Definition of continuous service

Current statutory text

66. Definition of continuous service.—In this Chapter, continuous service means the uninterrupted service of such worker, including his service which account of sickness or authorised leave or an accident or a strike which is cessation of work which is not due to any fault on the part of the worker.

Explanation 1.—For the purposes of this section, where a worker is not period of one year or six months, he shall be deemed to be in continuous s

(a) for a period of one year, if the worker during a period of twelve with reference to which calculation is to be made has actually worked under less than—

(i) one hundred and ninety days in the case of a worker employed and

(ii) two hundred and forty days, in any other case;

(b) for a period of six months, if the worker during a period of six reference to which calculation is to be made has actually worked under than—

(i) ninety-five days in the case of worker employed below group hundred and twenty days, in any other case.

Explanation 2.—For the purposes of Explanation 1, the number of days on actually worked under an employer shall include the days on which—

(i) he has been laid-off under an agreement or as permitted by law applicable to the industrial establishment for the time being in

(ii) he has been on leave on full wages earned in the previous

(iii) he has been absent due to temporary disablement caused the course of his employment; or

(iv) in the case of a female, she has been on maternity leave, of such maternity leave does not exceed the period as specified in the 1961 (53 of 1961).

Finin2min clause-by-clause decode

1. Test 1

2. Continuous service includes uninterrupted service and specified deemed-service calculations based on actual days worked and protected interruptions.
3. Implementation control
4. Trigger
5. Document the fact pattern that activates section 66: definition of continuous service.
6. Coverage and jurisdiction
7. Record worker/employee status, establishment, appropriate Government, threshold and territorial authority.
8. Decision owner
9. Assign HR/ER, legal, payroll/finance and authorised signatory roles; no action should depend on an undocumented oral decision.
10. Evidence pack

Applicable Central Rules immediately below the provision

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Mapped Rules: No direct Central Rule mapped in the repository concordance | Official source: [section 66](#).

Section 67: Rights of workers laid-off for compensation, etc

Current statutory text

67. Rights of workers laid-off for compensation, etc.—Whenever a worker (other than a regular worker or a casual worker) whose name is borne on the muster rolls of an industrial establishment who has completed not less than one year of continuous service under an employer, whether employed continuously or intermittently, he shall be paid by the employer for all days laid-off, except for such weekly holidays as may intervene, compensation which shall be not less than 50 per cent. of the total of the basic wages and dearness allowance that would have been payable to him if he had not been so laid-off:

Provided that if during any period of twelve months, a worker is so laid-off for not more than 130 days, no such compensation shall be payable in respect of any period of the lay-off exceeding the first forty-five days, if there is an agreement to that effect between the employer and the workers.

Provided further that it shall be lawful for the employer in any case for which the provisions of this section are made, to retrench the worker in accordance with the provisions contained in the Industrial Disputes Act, 1947, after the expiry of the first forty-five days of the lay-off and when he is so retrenched, the employer shall be liable to pay to the worker for having been laid-off during the preceding twelve months compensation payable for retrenchment.

Explanation.— For the purposes of this section “badli worker” means a worker who is employed in an industrial establishment in the place of another worker whose name is borne on the muster rolls of the establishment, but shall cease to be regarded as such, if he has completed one year of continuous service in the establishment.

Finin2min clause-by-clause decode

1. Test 1
2. An eligible laid-off worker is generally entitled to compensation equal to fifty per cent of basic wages and dearness allowance for lay-off days, subject to the forty-five-day framework and exceptions.
3. Implementation control
4. Trigger
5. Document the fact pattern that activates section 67: rights of workers laid-off for compensation, etc.
6. Coverage and jurisdiction
7. Record worker/employee status, establishment, appropriate Government, threshold and territorial authority.
8. Decision owner
9. Assign HR/ER, legal, payroll/finance and authorised signatory roles; no action should depend on an undocumented oral decision.
10. Evidence pack

Applicable Central Rules immediately below the provision

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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.

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Consequence, remedy and limitation

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Mapped Rules: No direct Central Rule mapped in the repository concordance | Official source: [section 67](#).

Section 68: Duty of an employer to maintain muster rolls of workers

Current statutory text

68. Duty of an employer to maintain muster rolls of workers.—Notwithstanding any industrial establishment have been laid-off. it shall be the duty of e the purposes of this Chapter a muster roll, and to provide for the making who may present themselves for work at the establishment at the appointed hours.

Finin2min clause-by-clause decode

1. Test 1

2. The employer must maintain muster rolls and allow workers who present themselves for work to mark attendance during lay-off.
3. Implementation control
4. Trigger
5. Document the fact pattern that activates section 68: duty of an employer to maintain muster rolls of workers.
6. Coverage and jurisdiction
7. Record worker/employee status, establishment, appropriate Government, threshold and territorial authority.
8. Decision owner
9. Assign HR/ER, legal, payroll/finance and authorised signatory roles; no action should depend on an undocumented oral decision.
10. Evidence pack

Applicable Central Rules immediately below the provision

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- 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 68](#).

Section 69: Workers not entitled for compensation in certain cases

Current statutory text

69. Workers not entitled for compensation in certain cases.—No compensation to be paid to a worker who has been laid-off—

(i) if he refuses to accept any alternative employment in the same establishment or in any other establishment belonging to the same town or village or situate within a radius of eight kilometres from the establishment, if, in the opinion of the employer, such alternative employment is of a similar skill or previous experience and can be done by the worker, provided that the wages normally have been paid to the worker are offered for the alternative employment;

(ii) if he does not present himself for work at the establishment during his normal working hours at least once a day;

(iii) if such laying-off is due to a strike or slowing-down of production in another part of the establishment.

Finin2min clause-by-clause decode

1. Test 1
2. Compensation may be unavailable where suitable alternative employment is refused, the worker does not present for work, or lay-off is due to strike/slowdown in another part, subject to the exact conditions.
3. Implementation control
4. Trigger
5. Document the fact pattern that activates section 69: workers not entitled for compensation in certain cases.
6. Coverage and jurisdiction
7. Record worker/employee status, establishment, appropriate Government, threshold and territorial authority.
8. Decision owner
9. Assign HR/ER, legal, payroll/finance and authorised signatory roles; no action should depend on an undocumented oral decision.
10. Evidence pack

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.

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- 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 69](#).

Section 70: Conditions precedent to retrenchment of workers

Current statutory text

70. Conditions precedent to retrenchment of workers.—No worker employed in who has been in continuous service for not less than one year under an emp that employer until—

(a) the worker has been given one month's notice in writing indicat retrenchment and the period of notice has expired, or the worker has be wages for the period of the notice;

(b) the worker has been paid, at the time of retrenchment, compensa to fifteen days' average pay, or average pay of such days as may be not Government, for every completed year of continuous service or any part months; and

(c) notice in such manner as may be prescribed is served on the app authority as may be specified by the appropriate Government by notifica

Finin2min clause-by-clause decode

1. Test 1
2. General retrenchment requires one month's written notice or pay in lieu, retrenchment compensation of fifteen days' average pay for every completed year or part over six months, and notice to the specified Government authority.
3. Test 2
4. The 2026 notification specifies the Central-sphere notice authority; Rule 27 and Form XIII govern service of retrenchment notice.
5. Implementation control
6. Trigger
7. Document the fact pattern that activates section 70: conditions precedent to retrenchment of workers.
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 27: Rule 27 — Service of notice before retrenchment

extracted from the official English notification 27. Service of notice before retrenchment.— If an employer desires to retrench any worker employed in his industrial establishment who has been in continuous service for not less than one year, such employer shall serve prior notice of retrenchment in Form-XIII to the Central Government and to the concerned Deputy Chief Labour Commissioner (Central) through e-mail or speed post, in the following manner, namely, — (a) where prior notice is given to a worker under clause (a) of section 70 of the Code, notice of such retrenchment shall be served within three days from the date on which such notice is served on the worker; (b) where no prior notice is given to the worker under clause (a) of section 70 of the Code, and he is paid one month's wages in lieu thereof, notice of such retrenchment shall be sent within three days from the date on which such wages are paid; and (c) where retrenchment is carried out under an agreement, which specifies a date for the termination of service, notice of such retrenchment shall be sent so as to reach the Central Government and a copy thereof to the Deputy Chief Labour Commissioner (Central), at least one month before such date: Provided that if the date of termination of service agreed upon is within thirty days of the agreement, the notice of retrenchment shall be sent to Central Government along with a copy thereof to the Deputy Chief Labour Commissioner (Central) concerned within three days of the agreement. Code concordance Primary operative section Section 70 Conditions precedent to retrenchment of workers 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 →

Practical example

Before changing employment status, the employer maps headcount, worker category, service, notice, permission, compensation and re-employment obligations. The decision is held until the legal, HR and finance evidence files reconcile.

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 27 | Official source: [section 70](#).

Section 71: Procedure for retrenchment

Current statutory text

71. Procedure for retrenchment.—Where any worker in an industrial establishment, citizen of India, is to be retrenched and he belongs to a particular category in that establishment, then, in the absence of any agreement between the employer and the worker, the employer shall ordinarily retrench the worker who was the last in that category, unless for reasons to be recorded the employer retrenches a

Finin2min clause-by-clause decode

1. Test 1
2. The ordinarily applicable selection principle is last-in-first-out within the worker category unless recorded reasons justify departure.
3. Implementation control
4. Trigger
5. Document the fact pattern that activates section 71: procedure for retrenchment.
6. Coverage and jurisdiction
7. Record worker/employee status, establishment, appropriate Government, threshold and territorial authority.
8. Decision owner
9. Assign HR/ER, legal, payroll/finance and authorised signatory roles; no action should depend on an undocumented oral decision.
10. Evidence pack

Applicable Central Rules immediately below the provision

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

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Before changing employment status, the employer maps headcount, worker category, service, notice, permission, compensation and re-employment obligations. The decision is held until the legal, HR and finance evidence files reconcile.

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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 71](#).

Section 72: Re-employment of retrenched worker

Current statutory text

72. Re-employment of retrenched worker.—Where any worker is retrenched and proposes to take into his employment any person within one year of such retrenchment in a manner as may be prescribed, give an opportunity to the retrenched workers to offer themselves for re-employment and such retrenched workers who offer themselves for employment shall have preference over other persons.

Finin2min clause-by-clause decode

1. Test 1
2. Retrenched workers who offer themselves must receive the statutory preference when the employer proposes fresh recruitment.
3. Implementation control
4. Trigger
5. Document the fact pattern that activates section 72: re-employment of retrenched worker.
6. Coverage and jurisdiction
7. Record worker/employee status, establishment, appropriate Government, threshold and territorial authority.
8. Decision owner
9. Assign HR/ER, legal, payroll/finance and authorised signatory roles; no action should depend on an undocumented oral decision.
10. Evidence pack

Applicable Central Rules immediately below the provision

Central Rule 28: Rule 28 — Re-employment to retrenched workers

extracted from the official English notification 28. Re-employment to retrenched workers.— (1) The employer shall prepare a list of all workers in the particular category from which retrenchment is contemplated, arranged according to the seniority of their service in that category and cause a copy thereof to be pasted on a notice board in a conspicuous place in the premises of the industrial establishment, at least seven days before the actual date of retrenchment. (2) When any vacancy occurs in an industrial establishment and there are workers of such industrial establishment retrenched within one year prior to the proposal for filling such vacancies, the employer of such industrial establishment shall, if such workers are citizens of India and have given their willingness for re-employment, give them preference over other on the basis of their seniority. (3)

The employer shall arrange for the display on the notice board in a conspicuous place in the premises of the industrial establishment the details of vacancies, at least fifteen days before the date on which such vacancies are to be filled and shall also give information of those vacancies by speed post or through e-mail to all the retrenched workers eligible to be considered, on the latest address or e-mail given by each of them at the time of retrenchment or at any time thereafter: Provided that when the number of such vacancies is less than the number of retrenched workers, it shall be sufficient, if the information is given by the employer individually to the senior most retrenched workers in the list referred to in sub-rule (1) and the number of such senior-most workers being double the number of such vacancies: Provided further that where duration of the vacancy is of less than one month there shall be no obligation on the employer to inform of such vacancy: Provided also, that if a retrenched worker without sufficient cause being shown in writing to the employer, does not offer himself for re-employment on the date or dates specified in the information sent to him under this sub- rule, the employer shall not inform such worker of the vacancies that may be filled on any subsequent occasion. (4) As soon as the provisions of sub-rule (3) are complied, the employer shall also inform the negotiating union or the constituent of negotiating council or Trade Unions connected with the industrial establishment, of the number of vacancies to be filled and names of the retrenched workers to whom information has been sent under that sub-rule: Provided that the provisions of this sub-rule shall not be complied with by the employer in any case where information is sent to every worker mentioned in the list prepared under sub-rule (1). Code concordance Primary operative section Section 72 Re-employment of retrenched worker 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 →

Practical example

Before changing employment status, the employer maps headcount, worker category, service, notice, permission, compensation and re-employment obligations. The decision is held until the legal, HR and finance evidence files reconcile.

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Consequence, remedy and limitation

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Mapped Rules: Rule 28 | Official source: [section 72](#).

Section 73: Compensation to workers in case of transfer of establishment

Current statutory text

73. Compensation to workers in case of transfer of establishment.—Where the management of an establishment is transferred, whether by agreement or by employer in relation to that establishment to a new employer, every worker in service for not less than one year in that establishment immediately before the transfer shall be entitled to notice and compensation in accordance with the provisions of section 70 if he is retrenched:

Provided that nothing in this section shall apply to a worker in any case of change of employers by reason of the transfer, if—

- (a) the service of the worker has not been interrupted by such transfer;
- (b) the terms and conditions of service applicable to the worker after the transfer are not in any way less favourable to the worker than those applicable to them immediately before the transfer;
- (c) the new employer is, under the terms of such transfer or otherwise, bound to take the worker, in the event of his retrenchment, compensation on the basis that his service has been continuous and has not been interrupted by the transfer.

Finin2min clause-by-clause decode

1. Test 1

2. Transfer of ownership/management may trigger notice and compensation unless continuity, terms and successor liability satisfy all statutory conditions.
3. Implementation control
4. Trigger
5. Document the fact pattern that activates section 73: compensation to workers in case of transfer of establishment.
6. Coverage and jurisdiction
7. Record worker/employee status, establishment, appropriate Government, threshold and territorial authority.
8. Decision owner
9. Assign HR/ER, legal, payroll/finance and authorised signatory roles; no action should depend on an undocumented oral decision.
10. Evidence pack

Applicable Central Rules immediately below the provision

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Practical example

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- 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 73](#).

Section 74: Sixty days' notice to be given of intention to close down any undertaking

Current statutory text

74. Sixty days' notice to be given of intention to close down any undertaking who intends to close down an undertaking shall serve, at least sixty days before the intended closure is to become effective, a notice, in such manner as may be prescribed by the appropriate Government stating clearly the reasons for the intended closure.

Provided that nothing in this section shall apply to—

(i) an industrial establishment in which less than fifty workers are employed on any day in the preceding twelve months;

(ii) an industrial establishment set up for the construction of bridges, dams or for other construction work or project.

(2) Notwithstanding anything contained in sub-section (1), the appropriate Government, if satisfied that owing to such exceptional circumstances as accident in the establishment or an extraordinary situation such as natural calamities or the like, the employer or an extraordinary situation such as natural calamities or the like, the order, direct that the provisions of sub-section (1) shall not apply in respect of such period, as may be specified in the order.

Finin2min clause-by-clause decode

1. Test 1
2. An employer intending to close an undertaking must generally give sixty days' notice to the appropriate Government, subject to statutory exclusions.
3. Implementation control
4. Trigger
5. Document the fact pattern that activates section 74: sixty days' notice to be given of intention to close down any undertaking.
6. Coverage and jurisdiction
7. Record worker/employee status, establishment, appropriate Government, threshold and territorial authority.
8. Decision owner
9. Assign HR/ER, legal, payroll/finance and authorised signatory roles; no action should depend on an undocumented oral decision.
10. Evidence pack

Applicable Central Rules immediately below the provision

Central Rule 29: Rule 29 — Service of notice for intended closure

extracted from the official English notification 29. Service of notice for intended closure.- (1) If an employer intends to close down an industrial establishment, the

employer shall give notice in Form-XIII at least sixty days before the date of intended closure to the Central Government and a copy thereof to the concerned Deputy Chief Labour Commissioner (Central) by e-mail or speed post. (2) A copy of the notice referred to in sub-rule (1) shall also be sent to the registered Trade Unions or authorised representatives of workers, as the case may be, operating in the Industrial establishments. CHAPTER X SPECIAL PROVISIONS RELATING TO LAY-OFF, RETRENCHMENT AND CLOSURE IN CERTAIN ESTABLISHMENTS Code concordance Primary operative section Section 74 Sixty days' notice to be given of intention to close down any undertaking 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 →

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 29 | Official source: [section 74](#).

Section 75: Compensation to workers in case of closing down of undertakings

Current statutory text

75. Compensation to workers in case of closing down of undertakings.—(1) Where an establishment is closed down for any reason whatsoever, every worker who has been in service for not less than one year in that undertaking immediately before the provisions of sub-section (2), be entitled to notice and compensation in accordance with the provisions of section 70, as if the worker had been retrenched:

Provided that where the undertaking is closed down on account of unavoidable circumstances beyond the control of the employer, the compensation to be paid to the worker under section 70, shall not exceed his average pay for three months.

Explanation.—An industrial establishment which is closed down by reason of—

- (i) financial difficulties (including financial losses); or
- (ii) accumulation of un-disposed stocks; or
- (iii) the expiry of the period of the lease or license granted to the undertaking; or
- (iv) in case where the undertaking is engaged in mining operations, the area in which operations are carried on,

shall not be deemed to be closed down on account of unavoidable circumstances if the closure is due to the decision of the employer within the meaning of the proviso to this sub-section.

(2) Notwithstanding anything contained in sub-section (1), where an undertaking engaged in mining operations is closed down by reason merely of exhaustion of the minerals in the area in which operations are carried on, no worker referred to in that sub-section shall be entitled to compensation in accordance with the provisions of section 70, if—

(a) the employer provides the worker, at the place located within a radius of five kilometres from such undertaking engaged in mining operation is closed down, with alternative employment with effect from the date of closure at the same remuneration as he was receiving and on the same terms and conditions of service as were applicable to him, immediately before the closure;

(b) the service of the worker has not been interrupted by such alternative employment. If the worker is employed by the employer is, under the terms of such alternative employment or otherwise, the worker shall be entitled to the same compensation as he would be entitled to the worker, in the event of his retrenchment, compensation on the basis of the provisions of section 70, if the service of the worker has not been interrupted by such alternative employment.

(3) For the purposes of sub-sections (1) and (2), the expressions “mine” and “mining operations” shall have the meanings respectively assigned to them in clauses (a) and (b) of section 3 of the Mines and Minerals (Regulation and Development) Act, 1957 (67 of 1957).

(4) Where any undertaking set up for the construction of buildings, bridges, roads, or other construction work is closed down on account of the completion of the work, no worker employed thereon shall be entitled to compensation on the date on which the undertaking had been set up, no worker employed thereon shall be entitled to compensation.

compensation under clause (b) of section 70, but if the construction work two years, he shall be entitled to notice and compensation under that section of continuous service or any part thereof in excess of six months.

Finin2min clause-by-clause decode

1. Test 1
2. Closure compensation generally follows the retrenchment-compensation measure; unavoidable circumstances beyond the employer's control receive only the limited treatment stated in the section.
3. Implementation control
4. Trigger
5. Document the fact pattern that activates section 75: compensation to workers in case of closing down of undertakings.
6. Coverage and jurisdiction
7. Record worker/employee status, establishment, appropriate Government, threshold and territorial authority.
8. Decision owner
9. Assign HR/ER, legal, payroll/finance and authorised signatory roles; no action should depend on an undocumented oral decision.
10. Evidence pack

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 75](#).

Section 76: Effect of laws inconsistent with this Chapter

Current statutory text

76. Effect of laws inconsistent with this Chapter.—(1) The provisions of this Chapter shall have effect notwithstanding anything inconsistent therewith contained in any other law or orders made under Chapter IV: Provided that where under the provisions of any law or orders or notifications issued thereunder or under any standing orders or by any authority or otherwise, a worker is entitled to benefits in respect of any matter which is more favourable than those to which he would be entitled under this Code, the worker shall continue to enjoy those more favourable benefits in respect of that matter, notwithstanding that he may be entitled to other matters under this Chapter.

(2) For the removal of doubts, it is hereby declared that nothing contained in this Chapter shall be deemed to affect the provisions of any other law for the time being in force which provides for the settlement of industrial disputes, but the rights and duties of employers and workers in so far as they relate to lay-off and retrenchment shall be determined by the provisions of this Chapter.

CHAPTER X

SPECIAL PROVISIONS RELATING TO LAY-OFF, RETRENCHMENT AND CLOSURE IN ESTABLISHMENTS

Finin2min clause-by-clause decode

1. Test 1
2. The provision governs effect of laws inconsistent with this chapter in the restructuring and employment-continuity framework.
3. Test 2
4. Determine establishment threshold, worker status, continuous service, correct chapter, prior-notice/permission route and compensation base.
5. Test 3

6. Preserve board approval, commercial rationale, workforce data, selection matrix, Government filings, service proof, compensation calculation and bank evidence.
7. Test 4
8. A defective process can invalidate the action or create compensation, reinstatement, penalty and unfair-labour-practice exposure.
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.
- 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 76](#).

Rules, forms, registers, portals and due dates

Rule Subject

Text/control status

Rule Subject	Text/control status
Rule 27 — Service of notice before retrenchment	Exact Gazette extract embedded
28 Rule 28 — Re-employment to retrenched workers	Exact Gazette extract embedded
29 Rule 29 — Service of notice for intended closure	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 65 - Application of sections 67 to 69?

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 66 - Definition of continuous service?

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 67 - Rights of workers laid-off for compensation, etc?

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 68 - Duty of an employer to maintain muster rolls of workers?

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 69 - Workers not entitled for compensation in certain cases?

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 70 - Conditions precedent to retrenchment of workers?

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 71 - Procedure for retrenchment?

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 72 - Re-employment of retrenched worker?

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.

[← Previous: Strikes and lock-outs](#)[Next: Special threshold establishments →](#)

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