

Finin2min

[Labour Publication Series](#)

Labour & Manpower Law Publication Series

Chapter XIII - Offences and penalties

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

Review date: 2026-07-18 Authors: CA Nikhil Gupta & Kajri Singh Sections: 85-89 Central Rules mapped: 2 Local source-hashed Act text + linked Rules and implementation analysis

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Industrial Relations Code, 2020 Offences and penalties 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 offences and penalties into an operational control file. It covers Power of officers of appropriate Government to impose penalty in certain cases, Penalties, Cognizance of offences, Offences by companies; 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 XIII - Offences and penalties

FININ2MIN LEGAL FLOW

Industrial Relations Code, 2020 — Offences and penalties



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 XIII - Offences and penalties

Finin2min implementation explanation

Maintain a controlled implementation file for Chapter XIII - Offences and penalties: 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 85: Power of officers of appropriate Government to impose penalty in certain cases
- Section 86: Penalties
- Section 87: Cognizance of offences
- Section 88: Offences by companies
- Section 89: Composition of offences

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: failure to separate monetary liability, prosecution, compounding and officer-in-default exposure.

Employee/worker remedy snapshot

Core protection: access to the competent authority/court and protection against unsupported recovery or prosecution. 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 offences and penalties, 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

Power of officers of appropriate
Section 85 Government to impose penalty in
certain cases

Section 86 Penalties

Section 87 Cognizance of offences

Section 88 Offences by companies

Section 89 Composition of offences

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

Section 85: Power of officers of appropriate Government to impose penalty in certain cases

Current statutory text

85. Power of officers of appropriate Government to impose penalty in certain cases.— Notwithstanding anything contained in section 84, for the purpose of imposing penalties under sections (3), (5), (7), (8), (9), (10), (11) and (20) of section 86 and sub-section (2) of section 87, the appropriate Government may appoint any officer not below the rank of Under Secretary to Government of India or an officer of equivalent rank in the State Government to hold an enquiry in such manner, as may be prescribed by the Central Government.

(2) While holding the enquiry, the officer referred to in sub-section (1) may summon and enforce attendance of any person acquainted with the facts and circumstances of the case to give evidence or to produce any document, which in the opinion of such officer is relevant to the subject matter of the enquiry and if, on such enquiry, he finds that a person has committed any offence under the provisions referred to in sub-section (1), he may impose penalty as he thinks fit in accordance with such provisions.

(3) Where a person fails to pay the penalty referred to in sub-section (2) within the period of 15 days from the date of receipt of the copy of the order, he shall be punishable with imprisonment for a term not less than fifty thousand rupees but may extend up to two lakh rupees.

Finin2min clause-by-clause decode

1. Test 1
2. Designated officers may conduct inquiry and impose specified monetary penalties after giving a reasonable opportunity of hearing.
3. Implementation control
4. Trigger
5. Document the fact pattern that activates section 85: power of officers of appropriate government to impose penalty 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

Central Rule 44: Rule 44 — Enquiry

extracted from the official English notification 44. Enquiry.— (1) On receipt of a complaint of an offence committed under sub-sections (3), (5), (7), (8), (9), (10), (11)

and (20) of section 86 and sub-section (7) of section 89, the complaint shall be enquired into by an officer not below the rank of Under Secretary to the Government of India, appointed by the Central Government for such purpose under sub-section (1) of section 85 (hereinafter referred to as the “enquiry officer”). (2) On receipt of the complaint, the enquiry officer shall call upon the person or persons through notice to be sent electronically, or by speed post and upload a copy of the same on the designated portal of the Ministry of Labour and Employment, to appear before him on a specified date together with all relevant documents and witnesses, if any, and shall inform the complainant of the date so specified. (3) Where a party so desires, he may request in writing to the enquiry officer to issue notice in the enquiry only by post and also in cases where the enquiry officer feels that no electronic means of communication are available to the parties concerned, he may send such notice by speed post. (4) In case the person to whom notice has been issued under sub-rule (2), the person or his representative fails to appear on the specified date, the enquiry officer may proceed to hear and determine the complaint ex-parte. (5) In case the complainant fails to appear on the specified date without any information to the enquiry officer on two consecutive dates, the enquiry officer may dismiss the complaint: Provided that not more than three adjournments may be given on the joint application by the complainant and the opposite party: Provided further that the enquiry officer shall at his discretion permit hearing the parties or any of the party, as the case may be, through video conferencing. (6) The authorisation to appear on behalf of any person under sub-section (2) of section 85 of the Code shall be given by a certificate or electronic certificate, as the case may be, which shall be presented to the enquiry officer during the hearing of the complaint and shall form part of the record. (7) Any person who intends to appear in the proceeding on behalf of the complainant shall present before the enquiry officer and submit a brief statement in writing explaining the reason for his appearance. (8) The enquiry officer shall record an order on the statement referred to in sub-rule (7) permitting the person referred to in that sub-rule to appear in the proceeding on behalf of the complainant, and in the case of refusing such permission, the enquiry officer shall include reasons for the same and incorporate it in the record. (9) The complaint or other documents relevant to the complaint may be presented in person to the enquiry officer at any time during hours fixed by the enquiry officer or may be sent to him electronically or by speed post and the opposite party shall have the right to reply to the complaint and such other documents. (10) The enquiry officer shall endorse or cause to be endorsed on each document, the date of its presentation or receipt, as the case may be, and if the documents are submitted electronically, no such endorsement shall be necessary. (11) The enquiry officer may refuse to entertain a complaint, if considers that the complaint is incomplete and may request the complainant to rectify the defects within the time specified for such purpose: Provided that if the enquiry officer observes that it is not possible to rectify the defects in the complaint, he may at once return such complaint indicating the defects. (12) Where the complaint is

presented after rectification of the defects, the date of such re-presentation shall be deemed to be the date of presentation for the purpose of sub-section (1) of section 85 of the code. (13) The enquiry officer may, after giving the complainant an opportunity of being heard, refuse to entertain a complaint, if satisfied for reasons to be recorded in writing, that— (a) the complainant is not entitled to present the complaint; or (b) the complainant has filed the complaint beyond six months from the date on which the offence complained is committed; (c) the complainant fails to comply with the directions given by the enquiry officer under sub-section (2) of section 85 of the Code. (14) The enquiry officer shall, in all cases mention the particulars at the time of passing of order containing the details, such as, the date of complaint, name and address of the complainant, name and address of the opposite party or opposite parties, section-wise details of the offence committed, plea of the opposite party, findings and brief statement of the evidence taken including cross examination, reasons and penalty imposed with his signature, date and place. (15) The enquiry officer shall, in respect of the procedure be guided by the provisions of the Code of Civil Procedure, 1908 (5 of 1908), with such alterations as the enquiry officer may deem fit, not affecting their substance, for adapting them to the matter before him except where they are in conflict with the express provisions of the Code or these rules. (16) The enquiry officer shall, after the case has been heard, pass an order or give directions on the same day or on a future date to be fixed for this purpose. (17) Any person, who is either a complainant or an opposite party or any person permitted under sub-rule (8) shall be entitled to inspect any complaint or any other document filed with the enquiry officer.

Code concordance
Primary operative sections
Section 85 Power of officers of appropriate Government to impose penalty in certain cases
Section 86 Penalties
Section 89 Composition of offences
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 44 | Official source: [section 85](#).

Section 86: Penalties

Current statutory text

86. Penalties.—(1) An employer who contravenes the provisions of section 78 or section 80 shall be punishable with fine which shall not be less than one lakh rupees, which may extend to ten lakh rupees.

(2) An employer who after conviction for an offence under section 78 or section 79 or section 80 again commits the same offence under section 78 or section 79 or section 80 shall be punishable with fine which shall not be less than one lakh rupees, which may extend to twenty lakh rupees or with imprisonment for a term of six months, or with both.

(3) An employer who contravenes the provisions of section 67 or section 75 shall be punishable with fine which shall not be less than fifty thousand rupees, which may extend to two lakh rupees.

(4) An employer who after conviction for an offence under section 67 or section 75 again commits the same offence under section 67 or section 75 or section 70 or section 71, then, he shall for the second or subsequent offence be punishable with fine which shall not be less than one lakh rupees, but which may extend to five lakh rupees or with imprisonment for a term of six months, or with both.

(5) Any person who commits any unfair labour practice as specified in section 49 shall be punishable with fine which shall not be less than ten thousand rupees, which may extend to one lakh rupees.

(6) Any person who after conviction for any unfair labour practice as specified in section 49 again commits the same offence, then, he shall, for committing the second or subsequent offence, be punishable with fine which shall not be less than ten thousand rupees, which may extend to one lakh rupees.

not be less than fifty thousand rupees, but which may extend to five lakh for a term which may extend to three months, or with both.

(7) If default is made on the part of any registered Trade Union in giving statement or other document as required by or under any of the provisions of this Code, or any officer or other person bound by the rules of the Trade Union to give or send such office-bearer or person, every member of the executive of the Trade Union shall be punishable with fine which shall not be less than one thousand rupees, but which may extend to five thousand rupees, and any continuing default shall be punishable with an additional penalty of one thousand rupees as the default continues.

(8) Any person who wilfully makes, or causes to be made, any false entry in the general statement required by section 26 or in or from any copy of rule book sent to the Registrar under that section, shall be punishable with fine which shall not be less than five thousand rupees, but which may extend to twenty thousand rupees.

(9) Any person who, with intent to deceive, gives to any member of a registered Trade Union any person intending or applying to become a member of such Trade Union and to be a copy of the rules of the Trade Union or of any alterations to the rules, or, for the reason to believe, is not a correct copy of such rules or alterations as a copy of the rules of a registered Trade Union, or any person who, with the intent, gives a copy of any rules of an unregistered Trade Union on the pretence that such rules are the rules of a registered Trade Union, shall be punishable with fine which shall not be less than five thousand rupees, but which may extend to twenty thousand rupees.

(10) An employer who fails to submit draft standing orders as required by section 29, or modifies his standing orders otherwise than in accordance with section 35, shall be punishable with fine which shall not be less than fifty thousand rupees, but which may extend to one lakh rupees in case of a continuing offence with an additional fine of two thousand rupees for each day the offence continues.

(11) An employer who does any act in contravention of the standing orders of this Code shall be punishable with fine which shall not be less than one lakh rupees, but which may extend to two lakh rupees.

(12) Any person who after conviction under sub-section (11) again commits an offence under this section, he shall, for committing the second or subsequent offence be punishable with fine which shall not be less than two lakh rupees, but which may extend to four lakh rupees or with imprisonment for a term which may extend to three months, or with both.

(13) Any worker who commences, continues or otherwise acts in furtherance of any strike or lock-out which is illegal under this Code, shall be punishable with fine which shall not be less than ten thousand rupees, but which may extend up to ten thousand rupees or with imprisonment for a term which may extend to one month, or with both.

(14) Any employer who commences, continues, or otherwise acts in furtherance of any strike or lock-out which is illegal under this Code, shall be punishable with fine which shall not be less than ten thousand rupees, but which may extend to one lakh rupees or with imprisonment for a term which may extend to one month, or with both.

(15) Any person who instigates or incites others to take part in, or to join in, any strike or lock-out which is illegal under this Code, shall be punishable with fine which shall not be less than ten thousand rupees, but which may extend to fifty thousand rupees.

a term which may extend to one month, or with both.

(16) Any person who knowingly spends or applies any money in direct furtherance of any illegal strike or lock-out shall be punishable with fine which shall not be less than fifty thousand rupees, but which may extend to fifty thousand rupees or with imprisonment for a term which may extend to one month, or with both.

(17) Any person who commits a breach of any term of any settlement or award made in his favour under this Code, shall be punishable with fine which shall not be less than one lakh rupees, but which may extend to two lakh rupees or with imprisonment for a term which may extend to six months, or with both.

(18) Where the breach under sub-section (17) is a continuing one, the offender shall be punishable with an additional fine which may extend to one thousand rupees for every day which the offence continues after the first conviction and the court trying the offence, if satisfied that the whole or any part of the fine realised from him shall be paid, by the person who, in its opinion, has been affected by such breach.

(19) Any person who wilfully discloses any such information as is referred to in section 86 in contravention of the provisions of that section shall, on a complaint made by the Union or individual business affected, be punishable with fine which may extend to one lakh rupees, or with imprisonment for a term which may extend to one month, or with both.

(20) Any person who contravenes any other provision of this Code not contained in sections (1) to (19) or the rules or regulations framed under this Code shall be punishable with fine which may extend to one lakh rupees.

Finin2min clause-by-clause decode

1. Test 1
2. This section contains the offence-by-offence penalty matrix, including repeat-offence enhancement; map every default to the exact subsection rather than applying a generic penalty.
3. Implementation control
4. Trigger
5. Document the fact pattern that activates section 86: penalties.
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 44: Rule 44 — Enquiry

extracted from the official English notification 44. Enquiry.– (1) On receipt of a complaint of an offence committed under sub-sections (3), (5), (7), (8), (9), (10), (11) and (20) of section 86 and sub-section (7) of section 89, the complaint shall be enquired into by an officer not below the rank of Under Secretary to the Government of India, appointed by the Central Government for such purpose under sub-section (1) of section 85 (hereinafter referred to as the “enquiry officer”). (2) On receipt of the complaint, the enquiry officer shall call upon the person or persons through notice to be sent electronically, or by speed post and upload a copy of the same on the designated portal of the Ministry of Labour and Employment, to appear before him on a specified date together with all relevant documents and witnesses, if any, and shall inform the complainant of the date so specified. (3) Where a party so desires, he may request in writing to the enquiry officer to issue notice in the enquiry only by post and also in cases where the enquiry officer feels that no electronic means of communication are available to the parties concerned, he may send such notice by speed post. (4) In case the person to whom notice has been issued under sub-rule (2), the person or his representative fails to appear on the specified date, the enquiry officer may proceed to hear and determine the complaint ex-parte. (5) In case the complainant fails to appear on the specified date without any information to the enquiry officer on two consecutive dates, the enquiry officer may dismiss the complaint: Provided that not more than three adjournments may be given on the joint application by the complainant and the opposite party: Provided further that the enquiry officer shall at his discretion permit hearing the parties or any of the party, as the case may be, through video conferencing. (6) The authorisation to appear on behalf of any person under sub-section (2) of section 85 of the Code shall be given by a certificate or electronic certificate, as the case may be, which shall be presented to the enquiry officer during the hearing of the complaint and shall form part of the record. (7) Any person who intends to appear in the proceeding on behalf of the complainant shall present before the enquiry officer and submit a brief statement in writing explaining the reason for his appearance. (8) The enquiry officer shall record an order on the statement referred to in sub-rule (7) permitting the person referred to in that sub-rule to appear in the proceeding on behalf of the complainant, and in the case of refusing such permission, the enquiry officer shall include reasons for the same and incorporate it in the record. (9) The complaint or other documents relevant to the complaint may be presented in person to the enquiry officer at any time during hours fixed by the enquiry officer or may be sent to him electronically or by speed post and the opposite party shall have the right to reply to the complaint and such other documents. (10) The enquiry officer shall endorse or cause to be endorsed on each document, the date of its presentation or receipt, as the case may be, and if the

documents are submitted electronically, no such endorsement shall be necessary. (11) The enquiry officer may refuse to entertain a complaint, if considers that the complaint is incomplete and may request the complainant to rectify the defects within the time specified for such purpose: Provided that if the enquiry officer observes that it is not possible to rectify the defects in the complaint, he may at once return such complaint indicating the defects. (12) Where the complaint is presented after rectification of the defects, the date of such re-presentation shall be deemed to be the date of presentation for the purpose of sub-section (1) of section 85 of the code. (13) The enquiry officer may, after giving the complainant an opportunity of being heard, refuse to entertain a complaint, if satisfied for reasons to be recorded in writing, that— (a) the complainant is not entitled to present the complaint; or (b) the complainant has filed the complaint beyond six months from the date on which the offence complained is committed; (c) the complainant fails to comply with the directions given by the enquiry officer under sub-section (2) of section 85 of the Code. (14) The enquiry officer shall, in all cases mention the particulars at the time of passing of order containing the details, such as, the date of complaint, name and address of the complainant, name and address of the opposite party or opposite parties, section-wise details of the offence committed, plea of the opposite party, findings and brief statement of the evidence taken including cross examination, reasons and penalty imposed with his signature, date and place. (15) The enquiry officer shall, in respect of the procedure be guided by the provisions of the Code of Civil Procedure, 1908 (5 of 1908), with such alterations as the enquiry officer may deem fit, not affecting their substance, for adapting them to the matter before him except where they are in conflict with the express provisions of the Code or these rules. (16) The enquiry officer shall, after the case has been heard, pass an order or give directions on the same day or on a future date to be fixed for this purpose. (17) Any person, who is either a complainant or an opposite party or any person permitted under sub-rule (8) shall be entitled to inspect any complaint or any other document filed with the enquiry officer.

Code concordance Primary operative sections Section 85 Power of officers of appropriate Government to impose penalty in certain cases Section 86 Penalties Section 89 Composition of offences 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 44 | Official source: [section 86](#).

Section 87: Cognizance of offences

Current statutory text

87. Cognizance of offences.—(1) No court shall take cognizance of any offence under this Code, save on a complaint made by or under the authority of the appropriate authority.

(2) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, no court inferior to that of the Metropolitan Magistrate or Judicial Magistrate shall take cognizance of any offence under this Code.

Finin2min clause-by-clause decode

1. Test 1
2. Courts take cognizance only on an authorised complaint; the competent court cannot be below the statutory magistrate level.
3. Implementation control
4. Trigger
5. Document the fact pattern that activates section 87: cognizance of offences.
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 87](#).

Section 88: Offences by companies

Current statutory text

88. Offences by companies.—(1) If the person committing an offence under t every person who, at the time the offence was committed was in charge of, company for the conduct of business of the company, as well as the company

guilty of the offence and shall be liable to be proceeded against and punished

Provided that nothing contained in this sub-section shall render any such person liable to any punishment if he proves that the offence was committed without his knowledge and he exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where an offence has been committed by a company and it is proved that the offence has been committed with the connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purposes of this section,—

(a) “company” means any body corporate and includes—

(i) a firm; or

(ii) a limited liability partnership registered under the Limited Liability Partnership Act, 2008 (6 of 2009); or

(iii) other association of individuals; and

(b) “director” in relation to a firm means a partner in the firm.

Finin2min clause-by-clause decode

1. Test 1
2. For company offences, responsible persons and the company may be liable, subject to knowledge, due-diligence and consent/connivance/neglect tests.
3. Implementation control
4. Trigger
5. Document the fact pattern that activates section 88: offences by companies.
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 88](#).

Section 89: Composition of offences

Current statutory text

89. Composition of offences.—(1) Notwithstanding anything contained in the Procedure, 1973 (2 of 1974), any offence punishable under this Code, not b with imprisonment only, or with imprisonment and also with fine, may, on a person, either before or after the institution of any prosecution, be comp as the appropriate Government may, by notification, specify, for a sum of fine provided for such offence punishable with fine only and for a sum of

provided for such offence punishable with imprisonment for a term which or with fine, in the manner as may be prescribed:

Provided that such amount of composition shall be credited to the Social Security Code, 2020.

(2) Nothing contained in sub-section (1) shall apply to an offence comm second time or thereafter within a period of three years from the date—

(a) of commission of a similar offence which was earlier compounded

(b) of commission of similar offence for which such person was early

(3) Every officer referred to in sub-section (1) shall exercise the power subject to the direction, control and supervision of the appropriate Government.

(4) Every application for the compounding of an offence shall be made in the prescribed form.

(5) Where any offence is compounded before the institution of any prosecution, no prosecution shall be instituted in relation to such offence, against the offender in relation to which the offence is compounded.

(6) Where the composition of any offence is made after the institution of a prosecution, the composition shall be brought by the officer referred to in sub-section (1) before the adjudicating officer appointed under sub-section (1) of section 85 before the trial is pending and on such notice of the composition of the offence being given, the offence is so compounded shall be discharged.

(7) Any person who fails to comply with an order made by the officer referred to in sub-section (1) shall be liable to pay a sum equivalent to twenty per cent. of the maximum fine prescribed in addition to such fine.

(8) No offence punishable under the provisions of this Code shall be compounded in accordance with the provisions of this section.

CHAPTER XIV

MISCELLANEOUS

Finin2min clause-by-clause decode

1. Test 1
2. Specified first offences may be compounded for the statutory percentage of maximum fine; repeat or excluded offences cannot be assumed compoundable.
3. Test 2
4. Rule 38, Form XV and the notified compounding officers govern the process.
5. Implementation control
6. Trigger
7. Document the fact pattern that activates section 89: composition of offences.
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 38: Rule 38 — Manner of composition of offence

extracted from the official English notification 38. Manner of composition of offence— (1) The officer notified by the Central Government for the purposes of compounding of offences under sub-section (1) of section 89 (hereinafter referred to as the “compounding officer”) shall, send a notice to the accused in Form XV through the designated portal of the Ministry of Labour and Employment. (2) The accused to whom the notice is served under sub-rule (1), may send the duly filled up application in Part III of Form XV to the compounding officer electronically and deposit the compounding amount electronically, within fifteen days of the receipt of the notice. (3) Where the prosecution has already been instituted against the accused in the court of competent jurisdiction, the accused may make an application to such court to allow composition of the offence against him and that court may, after considering the application, allow composition of the offence by the compounding officer in accordance with the provisions of section 89 and procedure specified in this rule. (4) In case the accused is willing to compound by submitting the application under sub-rule (2), the compounding officer shall compound the offence and— (a) in case the offence is compounded before the institution of prosecution, no complaint for prosecution shall be instituted against the accused; (b) in case the offence is compounded pending proceeding under section 85 of the Code, the compounding officer shall inform the composition to the officer referred to in that section, who shall, after such information, close the proceeding in respect of such offence against the accused; and (c) in case the offence is compounded after the institution of prosecution with the permission of the court, the compounding officer shall treat the case as closed and inform the compounding of the offence to the competent court by which such composition was allowed and after receiving such information, the court shall discharge the accused. CHAPTER XIII MISCELLANEOUS Code concordance Primary operative section Section 89 Composition of offences Other Code provisions expressly referred to in the rule text Section 85 Power of officers of appropriate Government to impose penalty in certain cases Forms and records Form XV Notice To The Employer/Person Who Committed An Offence For The First Time 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 44: Rule 44 — Enquiry

extracted from the official English notification 44. Enquiry.– (1) On receipt of a complaint of an offence committed under sub-sections (3), (5), (7), (8), (9), (10), (11) and (20) of section 86 and sub-section (7) of section 89, the complaint shall be enquired into by an officer not below the rank of Under Secretary to the Government of India, appointed by the Central Government for such purpose under sub-section (1) of section 85 (hereinafter referred to as the “enquiry officer”). (2) On receipt of the complaint, the enquiry officer shall call upon the person or persons through notice to be sent electronically, or by speed post and upload a copy of the same on the designated portal of the Ministry of Labour and Employment, to appear before him on a specified date together with all relevant documents and witnesses, if any, and shall inform the complainant of the date so specified. (3) Where a party so desires, he may request in writing to the enquiry officer to issue notice in the enquiry only by post and also in cases where the enquiry officer feels that no electronic means of communication are available to the parties concerned, he may send such notice by speed post. (4) In case the person to whom notice has been issued under sub-rule (2), the person or his representative fails to appear on the specified date, the enquiry officer may proceed to hear and determine the complaint ex-parte. (5) In case the complainant fails to appear on the specified date without any information to the enquiry officer on two consecutive dates, the enquiry officer may dismiss the complaint: Provided that not more than three adjournments may be given on the joint application by the complainant and the opposite party: Provided further that the enquiry officer shall at his discretion permit hearing the parties or any of the party, as the case may be, through video conferencing. (6) The authorisation to appear on behalf of any person under sub-section (2) of section 85 of the Code shall be given by a certificate or electronic certificate, as the case may be, which shall be presented to the enquiry officer during the hearing of the complaint and shall form part of the record. (7) Any person who intends to appear in the proceeding on behalf of the complainant shall present before the enquiry officer and submit a brief statement in writing explaining the reason for his appearance. (8) The enquiry officer shall record an order on the statement referred to in sub-rule (7) permitting the person referred to in that sub-rule to appear in the proceeding on behalf of the complainant, and in the case of refusing such permission, the enquiry officer shall include reasons for the same and incorporate it in the record. (9) The complaint or other documents relevant to the complaint may be presented in person to the enquiry officer at any time during hours fixed by the enquiry officer or may be sent to him electronically or by speed post and the opposite party shall have the right to reply to the complaint and such other documents. (10) The enquiry officer shall endorse or cause to be endorsed on each document, the date of its presentation or receipt, as the case may be, and if the documents are submitted electronically, no such endorsement shall be necessary. (11) The enquiry officer may refuse to entertain a complaint, if considers that the

complaint is incomplete and may request the complainant to rectify the defects within the time specified for such purpose: Provided that if the enquiry officer observes that it is not possible to rectify the defects in the complaint, he may at once return such complaint indicating the defects. (12) Where the complaint is presented after rectification of the defects, the date of such re-presentation shall be deemed to be the date of presentation for the purpose of sub-section (1) of section 85 of the code. (13) The enquiry officer may, after giving the complainant an opportunity of being heard, refuse to entertain a complaint, if satisfied for reasons to be recorded in writing, that— (a) the complainant is not entitled to present the complaint; or (b) the complainant has filed the complaint beyond six months from the date on which the offence complained is committed; (c) the complainant fails to comply with the directions given by the enquiry officer under sub-section (2) of section 85 of the Code. (14) The enquiry officer shall, in all cases mention the particulars at the time of passing of order containing the details, such as, the date of complaint, name and address of the complainant, name and address of the opposite party or opposite parties, section-wise details of the offence committed, plea of the opposite party, findings and brief statement of the evidence taken including cross examination, reasons and penalty imposed with his signature, date and place. (15) The enquiry officer shall, in respect of the procedure be guided by the provisions of the Code of Civil Procedure, 1908 (5 of 1908), with such alterations as the enquiry officer may deem fit, not affecting their substance, for adapting them to the matter before him except where they are in conflict with the express provisions of the Code or these rules. (16) The enquiry officer shall, after the case has been heard, pass an order or give directions on the same day or on a future date to be fixed for this purpose. (17) Any person, who is either a complainant or an opposite party or any person permitted under sub-rule (8) shall be entitled to inspect any complaint or any other document filed with the enquiry officer.

Code concordance
 Primary operative sections
 Section 85 Power of officers of appropriate Government to impose penalty in certain cases
 Section 86 Penalties
 Section 89 Composition of offences
 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 38, Rule 44 | Official source: [section 89](#).

Rules, forms, registers, portals and due dates

Rule Subject		Text/control status
44	Rule 44 — Enquiry	Exact Gazette extract embedded
38	Rule 38 — Manner of composition of offence	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.
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Old-law/new-Code concordance

Predecessor law

Trade Unions Act, 1926

Industrial Employment
(Standing Orders) Act, 1946

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.

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 85 - Power of officers of appropriate Government to impose penalty 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 86 - Penalties?

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 87 - Cognizance of offences?

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 88 - Offences by companies?

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 89 - Composition of offences?

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 16 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 17 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 18 for this chapter?

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

[← Previous: Unfair labour practices](#)[Next: Miscellaneous →](#)

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