

Finin2min

[Labour Publication Series](#)

Labour & Manpower Law Publication Series

Code on Social Security, 2020 —

Chapter I - Preliminary

Code on Social Security, 2020 | Detailed statutory, Rule, compliance, remedy and evidence guide.

Review date: 2026-07-18 Authors: CA Nikhil Gupta & Kajri Singh Sections: 1-3 Central Rules mapped: 4 Local source-hashed Act text + linked Rules and implementation analysis

[Download chapter PDF](#) [Download 1-page summary](#)

On this page

[Finin2min Summary](#) [Section 1](#) [Section 2](#) [Section 3](#) [Rules/forms](#) [Old law](#) [Case law](#) [State alerts](#) [Q&A](#) [Provision map](#) [Transaction and cross-law controls](#)

Code on Social Security, 2020 Preliminary four-step compliance flowchart

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

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

Chapter decision flow

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

Finin2min Summary - Chapter in 2 Minutes

This chapter turns preliminary into an operational control file. It covers Short title, extent, commencement and application, Definitions, Registration and cancellation of an establishment; 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.

Code on Social Security, 2020 — Chapter I - Preliminary

FININ2MIN LEGAL FLOW

Code on Social Security, 2020 — Preliminary



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

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

Code on Social Security, 2020 — Chapter I - Preliminary

Finin2min implementation explanation

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

Practical example

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

Calculation / control template

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

Who is covered

Employers, employees, unorganised workers, gig/platform workers, beneficiaries and social-security authorities must identify the applicable chapter, establishment threshold and scheme.

Main obligations and rights

- Section 1: Short title, extent, commencement and application
- Section 2: Definitions
- Section 3: Registration and cancellation of an establishment

Key thresholds and timelines

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

Forms, registers and evidence

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

Employer risk snapshot

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

Employee/worker remedy snapshot

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

Old law / transition

Map the event date and savings position against: Employees' Compensation Act, 1923; Employees' State Insurance Act, 1948; EPF and MP Act, 1952; Employment Exchanges Act, 1959; Maternity Benefit Act, 1961.

Five-point professional checklist

1. Freeze the event date, establishment, location and person/worker classification.

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

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

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

Section-by-section provision map

Provision	Subject	Implementation focus
Section 1	Short title, extent, commencement and application	Trigger, linked Rule/form, evidence, consequence and remedy
Section 2	Definitions	Trigger, linked Rule/form, evidence, consequence and remedy
Section 3	Registration and cancellation of an establishment	Trigger, linked Rule/form, evidence, consequence and remedy

Section 1: Short title, extent, commencement and application

Current statutory text

1. Short title, extent, commencement and application.—(1) This Act may be called the Social Security, 2020.

(2) It extends to the whole of India.

(3) It shall come into force on such date¹ as the Central Government may appoint in the Gazette, appoint; and *different dates may be appointed for different provisions with reference in any such provision to the commencement of this Code shall be deemed to be coming into force of that provision.

(4) The applicability of the Chapters specified in columns (1) and (2) of the Schedule shall be without prejudice to the applicability of the other provisions of this Code, be subject to the entry in column (3) of that Schedule.

(5) Notwithstanding anything contained in sub-section (4), where it appears that the Fund Commissioner, whether on an application made to him by the employer or

otherwise, that the employer and majority of employees of that establishment, the provisions of Chapter III should be made applicable to that establishment, the Commissioner, may, by notification, apply the provisions of the said Chapter from the date of such agreement or from any subsequent date specified in the agreement:

Provided that where the employer of an establishment to which the provisions of Chapter III are made applicable under this sub-section desires to come out of such applicability, he may make an application to the Provident Fund Commissioner and the Central Provident Fund Commissioner shall, if there is an agreement between the employer and majority of the employees to this effect, make Chapter III inapplicable to such establishment, in such manner and subject to such conditions as may be prescribed by the Central Government.

(6) The Central Government may, after giving not less than two months' notice, by notification, apply the provisions of this Code to any establishment employing not less than 10 persons as may be specified in the notification.

(7) Notwithstanding anything contained in sub-section (4), where it appears to the Corporation, whether on an application made to him by the employer of an establishment or otherwise, that the employer and majority of employees of that establishment have agreed that Chapter IV should be made applicable to that establishment, the Director General of the Corporation may, by notification, apply the provisions of the said Chapter to that establishment from the date of such agreement or from any subsequent date specified in the agreement:

1*. 3rd May, 2021—S. 142, vide notification No. S.O. 1730(E), dated 30th April 2021, Part II, sec. 3(ii).

21st day of November, 2025—Ss.1 to 14, sub-sections (1) and (2) of sections 15 to 141, section 143, except the provisions of the Code specified in sub-section (2) and sub-section (3) of section 164, vide notification No. S.O. 1730(E), dated 30th April 2021, Part II, s. 3(ii).

by notification, apply the provisions of the said Chapter to that establishment from the date of such agreement or from any subsequent date specified in the agreement:

Provided that where the employer of an establishment to which the provisions of Chapter IV are made applicable under this sub-section desires to come out of such applicability, he may make an application to the Director General of the Corporation and the Director General of the Corporation shall, if there is an agreement between the employer and majority of the employees to this effect, make Chapter IV inapplicable to such establishment, in such manner and subject to such conditions as may be prescribed by the Central Government.

(8) Notwithstanding anything contained in sub-section (4), an establishment to which Chapter IV is made applicable at the first instance shall continue to be applied thereafter even if the number of employees of the establishment at any subsequent time falls below the threshold specified in the First Schedule.

Finin2min clause-by-clause decode

1. Legal test 1
2. Confirm whether the relevant Chapter applies through the First Schedule and any voluntary-extension or inapplicability mechanism.

3. Legal test 2
4. Record the exact commencement notification applicable to each provision; the Code was not commenced as a single undifferentiated block.
5. Implementation control
6. Trigger
7. Document the facts that activate section 1: short title, extent, commencement and application.
8. Coverage and jurisdiction
9. Identify establishment, employee/worker category, appropriate Government, First Schedule threshold and territorial authority.
10. Decision owner

Applicable Central Rules immediately below the provision

Central Rule 3: Rule 3 — Manner and conditions of making the provisions of Chapter III or Chapter IV inapplicable to an establishment

Rule mapping is retained; read the official 2026 Gazette for the exact sub-rule text and forms.

Practical example

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

Controls and evidence

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

Consequence, remedy and limitation

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

Mapped Rules: Rule 3 | Official source: [section 1](#).

Section 2: Definitions

Current statutory text

2. Definitions.— In this Code, unless the context otherwise requires,—

(1) “agent” when used in relation to an establishment, means every person or not, who acting or purporting to act on behalf of the owner, takes part in the supervision or direction of such establishment or part thereof;

(2) “aggregator” means a digital intermediary or a market place for a person to connect with the seller or the service provider;

(3) “appropriate Government” means—

(a) in relation to, an establishment carried on by or under the authority of or concerning any such controlled industry as may be specified by notification of the Central Government or the establishment of railways including metro railways, ports, air transport service, telecommunication, banking and insurance and any other authority established by a Central Act or the central public sector companies set up by the central public sector undertakings, subsidiary undertakings or autonomous bodies owned or controlled by the Central Government, an establishment of contractors for the purposes of such establishment, central public sector undertakings, subsidiary companies or autonomous bodies in which not less than fifty-one per cent. of the paid up share capital is held by the State, as the case may be, or in relation to an establishment having departmental status, State, as the case may be, the Central Government; and

(b) in relation to any other establishment, the State Government.

Explanation 1.—For the purposes of this clause, the expression “metro railway as defined in sub-clause (i) of clause (1) of section 2 of the Metro Railways (Maintenance) Act, 2002 (60 of 2002).

Explanation 2.—For the purposes of this clause, the Central Government shall be the appropriate Government for the central public sector undertakings even if the Central Government reduces to less than fifty per cent. equity in that public sector undertaking at the commencement of this Code;

(4) “audio-visual production” means audio-visual produced wholly or partly in India

(i) animation, cartoon depiction, audio-visual advertisement;

(ii) digital production or any of the activities in respect of digital production;

(iii) features films, non-feature films, television, web-based content, sports and sport shows;

(5) “Authorised Officer” means such officer of the Central Board, or a Corporation notified by the Central Government;

(6) “building or other construction work” means the construction, alteration, repair, maintenance or demolition in relation to buildings, streets, roads, railways, tramways, and

embankment and navigation works, flood control works (including storm water generation, transmission and distribution of power, water works (including water), oil and gas installations, electric lines, internet towers, wireless telegraph and overseas communications, dams, canals, reservoirs, watercourses, aqueducts, pipelines, towers, cooling towers, transmission towers and such works in this behalf by the Central Government, by notification, but does not include construction work which is related to any factory or mine or any building employing less than ten workers in the preceding twelve months or where such work is for residential purposes of an individual or group of individuals for their own use, if such work does not exceed fifty lakhs rupees or such higher amount and employment of workers as may be notified by the appropriate Government;

(7) “building worker” means a person who is employed to do any skilled manual, technical or clerical work for hire or reward, whether the terms of employment are implied, in connection with any building or other construction work, but does not include a person who is employed mainly in a managerial or supervisory or administrative capacity;

(8) “Building Workers' Welfare Board” means the State Building and other Workers' Welfare Board constituted under sub-section (1) of section 7;

(9) “career centre” means any office (including employment exchange, maintained in the manner prescribed by the Central Government for providing information (including registration, collection and furnishing of information, either electronically or otherwise, manually, digitally, virtually or through any other mode) as may be notified by the Central Government, which may, inter alia, relate generally or specifically to—

(i) persons who seek to employ employees;

(ii) persons who seek employment;

(iii) occurrence of vacancies; and

(iv) persons who seek vocational guidance and career counselling for self-employment;

(10) “Central Board” means the Board of Trustees of the Employees' Provident Fund constituted under section 4;

(11) “Central Provident Fund Commissioner” means the Central Provident Fund Commissioner appointed under sub-section (1) of section 14;

(12) “child”, for the purposes of Chapter VI, includes a stillborn child;

(13) “Commissioning mother” means a biological mother who uses her egg for in vitro fertilisation and implants it in any other woman;

(14) “company” means a company as defined in clause (20) of section 2 of the Companies Act, 1947 (18 of 1947);

(15) "compensation" means compensation as provided under Chapter VII;

(16) "competent authority" means any authority appointed under section V or notified for the purposes of Chapter VI or appointed under section 91 as the case may be, as competent authority by the appropriate Government or case may be;

(17) "completed year of service" means continuous service for twelve months;

(18) "confinement" means labour resulting in the issue of a living child or weeks of pregnancy resulting in the issue of a child whether alive or dead;

(19) "contract labour" means a worker who shall be deemed to be employed in the work of an establishment when he is hired in or in connection with such work with or without the knowledge of the principal employer and includes inter-

not include an employee (other than part time employee) who is regularly employed in any activity of his establishment and his employment is governed by mutual conditions of employment (including engagement on permanent basis), and gets pay, social security coverage and other welfare benefits in accordance with the law in force in such employment;

(20) "contractor", in relation to an establishment means a person, who

(i) undertakes to produce a given result for the establishment, or articles of manufacture to such establishment through contract labour;

(ii) supplies contract labour for any work of the establishment or acts as a sub-contractor;

(21) "contribution" means the sum of money payable by the employer, under the Employees' State Insurance Act, 1948 to the Corporation, as the case may be, and includes any amount payable to an employee in accordance with the provisions of this Code;

(22) "Corporation" means the Employees' State Insurance Corporation or any other body established for the purpose;

(23) "delivery" means the birth of a child;

(24) "dependant" means any of the following relatives of deceased employee:

(a) a widow, a minor legitimate or adopted son, an unmarried legitimate daughter, or a widowed mother;

Provided that for the purposes of Chapter IV, a legitimate adopted son or daughter who has attained the age of twenty-five years, shall be dependant of the deceased employee;

(b) if wholly dependant on the earnings of the employee at the time of his death, a minor adopted son or a daughter who has attained the age of eighteen years at the time of his death, for the purposes of Chapter IV wherein the word "eighteen" occurring in this section shall have been substituted by the word "twenty-five";

- (c) if wholly or in part dependent on the earnings of the employee
 - (i) a widower;
 - (ii) a parent other than a widowed mother;
 - (iii) a minor illegitimate son, an unmarried illegitimate illegitimate or adopted if married and a minor or if widowed and
 - (iv) a minor brother or an unmarried sister or a widowed sis
 - (v) a widowed daughter-in-law;
 - (vi) a minor child of a pre-deceased son;
 - (vii) a minor child of a pre-deceased daughter where no par
 - (viii) a grandparent if no parent of the employee is alive.

Explanation.—For the purposes of sub-clause (b) and items (vi) and references to a son, daughter or child include an adopted son, daughter

(25) “dock work” means any work in or within the vicinity of any port for, or incidental to, the loading, unloading, movement or storage of cargo vessel, port, dock, storage place or landing place, and includes—

- (i) work in connection with the preparation of ships or other vessels or cargoes or leaving port;
- (ii) all repairing and maintenance processes connected with any machinery or any other storage area on board the ship or in the docks;
- (iii) chipping, painting or cleaning of any hold, tank, structural storage area in board the ship or in the docks;

(26) “employee” means any person (other than an apprentice engaged under (52 of 1961) employed on wages by an establishment, either directly or through skilled, semi-skilled or unskilled, manual, operational, supervisory, managerial, clerical or any other work, whether the terms of employment be express or person declared to be an employee by the appropriate Government, but does not include any member of the Indian Armed Forces of the Union:

Provided that for the purposes of Chapter III, except in case of the Employees and Chapter IV, the term “employee” shall mean such employee drawing wages below the wage ceiling notified by the Central Government and includes such other persons as the Central Government may by notification, specify to be employee, for the purposes of Chapter III and Chapter IV;

Provided further that for the purposes of counting of employees for the purposes of Chapter III and Chapter IV, as the case may be, the employees, whose wages are below the ceiling so notified by the Central Government, shall also be taken into account for the purposes of Chapter III and Chapter IV;

Provided also that for the purposes of Chapter VII, the term "employee" as specified in the Second Schedule and such other persons or class of persons or as the case may be, the State Government may add to the said Schedule, of that Government;

(27) "employer" means a person who employs, whether directly or through or on behalf of any person, one or more employees in his establishment and carried on by any department of the Central Government or the State Government by the head of such department, in this behalf or where no authority is so department and in relation to an establishment carried on by a local authority, and includes,—

(a) in relation to an establishment which is a factory, the occupier;

(b) in relation to mine, the owner of the mine or agent or manager appointed under the law for the time being in force and appointed by the owner or

(c) in relation to any other establishment, the person who, or the person in control over the affairs of the establishment and where the said affairs are managed by a managing director, such manager or managing director;

(d) contractor; and

(e) legal representative of a deceased employer;

(28) "employment injury" means a personal injury to an employee, caused by or arising out of or in the course of employment, whether or not it is an occupational disease, as the case may be, arising out of and in the course of

(i) for the purposes of Chapter IV, if the employee is an insured person under section 28 whether such accident occurs or the occupational disease is contracted within or outside the territorial limits of India; and

(ii) for the purposes of Chapter VII, whether such accident occurs or the occupational disease is contracted within or outside the territorial limits of India;

(29) "establishment" means—

(a) a place where any industry, trade, business, manufacture or occupation is carried on;

(b) a factory, motor transport undertaking, newspaper establishment, construction building and other construction work or plantation; or

(c) a mine, port or vicinity of port where dock work is carried on;

Explanation.—For the purposes of Chapter III, where an establishment has departments or has branches, whether situate in the same place or in different places, the departments or branches shall be treated as parts of the same establishment;

(30) "executive officer" means such officer of the appropriate Government or Government for the purposes of Chapter XIII or an officer authorised in writing by the Government for the purposes of Chapter XIII or an officer authorised in writing by the Government for the purposes of Chapter XIII;

to discharge his duties under that Chapter;

(31) "exempted employee" for the purposes of Chapter III, means an employee in any scheme referred to in section 15, but for the exemption granted under that section; for the purposes of Chapter IV, means an employee, whose wage is specified in the schedule of wages of the Central Government and who is not liable to pay employee's contribution;

(32) "factory" means any premises including the precincts thereof—

(a) whereon ten or more employees are working, or were working on any day of the twelve months, and in any part of which a manufacturing process is being carried on by power, or is ordinarily so carried on, or

(b) whereon twenty or more employees are working, or were working on any day of the twelve months, and in any part of which a manufacturing process is being carried on by power, or is ordinarily so carried on,

but does not include a mine, or a mobile unit belonging to the Armed Forces of the Government, or a shed or a hotel, restaurant or eating place.

Explanation 1.—For computing the number of employees for the purposes of this clause, employees in (different groups and relays) a day shall be taken into account.

Explanation 2.—For the purposes of this clause, the mere fact that an engine or a Computer Unit is installed in any premises or part thereof, shall not constitute a manufacturing process is being carried on in such premises or part thereof.

(33) "family" means all or any of the following relatives of an employee, as the case may be, namely:—

(a) a spouse;

(b) a minor legitimate or adopted child dependent upon the employee, as the case may be;

(c) a child who is wholly dependent on the earnings of the employee, as the case may be, and who is—

(i) receiving education, till he attains the age of twenty-one years;

(ii) an unmarried daughter;

(d) a child who is infirm by reason of any physical or mental abnormality, wholly dependent on the earnings of the employee or an unorganized worker, as the case may be, the infirmity continues;

(e) dependent parents (including father-in-law and mother-in-law) whose total income from all sources does not exceed such income as may be prescribed;

(f) in case the employee or an unorganised worker, as the case may be, is dead, are not alive, a minor brother or sister wholly dependent upon the earnings of the employee or the unorganised worker, as the case may be.

(34) "fixed term employment" means the engagement of an employee on the basis of employment for a fixed period:

Provided that—

(a) his hours of work, wages, allowances and other benefits shall be the same as those payable to an employee doing the same work or work of a similar nature; and

(b) he shall be eligible for all benefits, under any law for the time being in force, to which a permanent employee proportionately according to the period of service rendered by him. If the period of employment does not extend to the required qualifying period

(35) "gig worker" means a person who performs work or participates in such activities outside of traditional employer-employee relationship

(36) "home-based worker" means a person engaged in, the production of goods or services by an employer in his home or other premises of his choice other than the workplace. The remuneration, irrespective of whether or not the employer provides the equipment

(37) "Inspector-cum-Facilitator" means an Inspector-cum-Facilitator appointed by the Government

(38) "Insurance Fund" means the Deposit-Linked Insurance Fund established under sub-section (1) of section 16;

(39) "Insured Person" means the Insured Person referred to in section 17

(40) "Insurance Scheme" means the Deposit-Linked Insurance Scheme framed under sub-section (1) of section 15;

(41) "inter-State migrant worker" means a person who is employed in an establishment

(i) has been recruited directly by the employer or indirectly through an agent for employment in such establishment situated in another State; or

(ii) has come on his own from one State and obtained employment in such establishment in another State (hereinafter called destination State) or has subsequently changed his place of employment in the destination State,

under an agreement or other arrangement for such employment and drawing wages not less than one thousand rupees per month or such higher amount as may be notified by the Government from time to time;

(42) "manufacturing process" means any process for—

(i) making, altering, repairing, ornamenting, finishing, oiling, demolishing, refining, or otherwise treating or adapting any article or material for sale, transport, delivery or disposal; or

(ii) pumping oil, water, sewage or any other substance; or

(iii) generating, transforming or transmitting power; or

(iv) composing, offset printing, printing by letter press, lithography, three or four dimensional printing, prototyping, flexography or other binding; or

(v) constructing, reconstructing, repairing, refitting, finishing

(vi) preserving or storing any article in cold storage; or

(vii) such other activities as the Central Government may notify

(43) "maternity benefit", in respect of Chapter VI, means the payment section 60;

(44) "medical practitioner" means a person registered under any law for a person declared by the State Government, by notification, to be qualified for the purposes of this Code:

Provided that different class or classes of medical practitioner having been notified by the Central Government for the purposes of Chapter IV and by the other Chapters of this Code;

(45) "medical termination of pregnancy" means the termination of pregnancy in accordance with the provisions of the Medical Termination of Pregnancy Act, 1971 (34 of 1971);

(46) "mine" shall have the meaning assigned to it in clause (j) of sub-section (1) of the Mines Act, 1952 (35 of 1952);

(47) "minor" means a person who has not attained the age of eighteen years;

(48) "miscarriage" means expulsion of the contents of a pregnant uterus before the twenty-sixth week of pregnancy, but does not include any miscarriage, which is punishable under the Indian Penal Code (45 of 1860);

(49) "National Social Security Board" means the National Social Security Board constituted under sub-section (1) of section 6;

(50) "notification" means a notification published in the Gazette of India or the State, as the case may be, and the expression "notify" with its grammatical variations and expressions shall be construed accordingly;

(51) "occupational disease" means a disease specified in the Third Schedule to the Employees' Compensation Act, 1923, in relation to the employment of the employee;

(52) "occupier" in respect of a factory means the person who has ultimate control over the management of the factory:

Provided that—

(a) in the case of a firm or other association of individuals, any members thereof;

(b) in the case of a company, any one of the directors, except any meaning of sub-section (6) of section 149 of the Companies Act, 2013 (1

(c) in the case of a factory owned or controlled by the Central Government, or any local authority, the person or persons appointed to by the Central Government, the State Government or the local authority be prescribed by the Central Government,

shall be deemed to be the occupier:

Provided further that in the case of a ship which is being repaired, or being carried out, in a dry dock which is available for hire, the owner of occupier for all purposes except the matters as may be prescribed by the C directly related to the condition of ship for which the owner of ship shall

(53) "oilfield" shall have the meaning assigned to it in clause (e) of and Development) Act, 1948 (53 of 1948);

(54) "organised sector" means an enterprise which is not an unorganised

(55) "permanent partial disablement" means, where the disablement is o disablement as reduces the earning capacity of an employee in every employ undertaking at the time of the accident resulting in the disablement:

Provided that every injury specified in Part II of the Fourth Schedule permanent partial disablement;

(56) "permanent total disablement" means such disablement of a permanent employee for all work which he was capable of performing at the time of the disablement:

Provided that permanent total disablement shall be deemed to result from Part I of the Fourth Schedule or from any combination of injuries specified aggregate percentage of the loss of earning capacity, as specified in the amounts to one hundred per cent.;

(57) "Pension Fund" means the Pension Fund established under clause (b) section 16;

(58) "Pension Scheme" means the Employees' Pension Scheme framed under sub-section (1) of section 15;

(59) "plantation" means—

(a) any land used or intended to be used for—

(i) growing tea, coffee, rubber, cinchona or cardamom which

(ii) growing any other plant, which admeasures five hectares

persons are employed or were employed on any day of the preceding t
obtaining the approval of the Central Government, the State Govern
directs.

Explanation.—Where any piece of land used for growing any plant ref
admeasures less than five hectares and is contiguous to any other piec
capable of being so used, and both such pieces of land are under the m
then, for the purposes of this sub-clause, the piece of land first men
plantation, if the total area of both such pieces of land admeasures f

(b) any land which the State Government may, by notification, decl
intended to be used for growing any plant referred to in sub-clause (a
admeasures less than five hectares:

Provided that no such declaration shall be made in respect of such
five hectares immediately before the commencement of this Code; and

(c) offices, hospitals, dispensaries, schools and any other premi
with any plantation within the meaning of sub-clause (a) and sub-claus
factory on the premises;

(60) “platform work” means a work arrangement outside of a traditional
relationship in which organisations or individuals use an online platform
individuals to solve specific problems or to provide specific services or
be notified by the Central Government, in exchange for payment;

(61) “platform worker” means a person engaged in or undertaking platfo

(62) “port” shall have the meaning assigned to it in clause (4) of sec
(15 of 1908);

(63) “Provident Fund” means the Employees' Provident Fund established
sub-section (1) of section 16;

(64) “Provident Fund Scheme” means the Employees' Provident Fund Schem
of sub-section (1) of section 15;

(65) “prescribed” means prescribed by rules made under this Code;

(66) “railway” shall have the meaning assigned to it in clause (31) of
1989 (24 of 1989);

(67) “railway company” includes any persons whether incorporated or no
of a railway or parties to an agreement for working a railway;

(68) “Recovery Officer” means any officer of the Central Government, t
Central Board or the Corporation, who may be authorised by the Central Gov
Government, as the case may be, by notification, to discharge the function
Recovery Officer under this Code;

(69) “regulations” means regulations made by the Corporation under thi

(70) "retirement" means termination of the service of an employee other

(71) "sales promotion employees" means the sales promotion employees as defined in section 2 of the Sales Promotion Employees (Conditions of Service) Act, 1948;

(72) "Schedule" means a Schedule to this Code;

(73) "seamen" means any person forming part of the crew of any ship, including the master of the ship;

(74) "seasonal factory" means a factory which is exclusively engaged in manufacturing processes, namely, cotton ginning, cotton or jute pressing, manufacture of indigo, lac, sugar (including gur) or any manufacturing process connected with any of the aforesaid processes and includes a factory which is engaged for exceeding seven months in a year in a manufacturing process as the Central Government, by notification, specifies;

(75) "self-employed worker" means any person who is not employed by any person or himself in any occupation in the unorganised sector subject to a monthly ceiling notified by the Central Government or the State Government, as the case may be, on cultivable land subject to such ceiling as may be notified by the State Government;

(76) "shop", in respect of a State, means a shop as defined in any law in force in that State with the shop in that State;

(77) "sickness" means a condition which requires medical treatment and abstention from work on medical ground;

(78) "social security" means the measures of protection afforded to employees, contract workers, gig workers and platform workers to ensure access to health care and to provide for them, particularly in cases of old age, unemployment, sickness, invalidity, work injury, maternity benefits and old age breadwinner by means of rights conferred on them and schemes framed, under the Code;

(79) "Social Security Organisation" means any of the following organisations specified in the Code, namely:—

(a) the Central Board of Trustees of Employees' Provident Fund constituted under the Employees' Provident Fund Act, 1948;

(b) the Employees' State Insurance Corporation constituted under the Employees' State Insurance Act, 1948;

(c) the National Social Security Board for Unorganised Workers constituted under the Unorganised Workers' Social Security Act, 2008;

(d) the State Unorganised Workers' Social Security Board constituted under the Unorganised Workers' Social Security Act, 2008;

(e) the State Building and other Construction Workers' Welfare Board constituted under section 7; and

(f) any other organisation or special purpose vehicle declared to be a Social Security Organisation by the Central Government;

(80) "State Government" includes—

(a) in relation to a Union territory with legislature, the Government;

(b) in relation to a Union territory without legislature, the administrator of the Territory as an administrator thereof;

(81) "State Unorganised Workers' Board" means the State Unorganised Workers' Board constituted under sub-section (9) of section 6;

(82) "superannuation", in relation to an employee, means the attainment of the age as is fixed in the contract or conditions of service, as the age on the attainment of which he is to vacate the employment;

Provided that for the purposes of Chapter III, the age of superannuation shall be the age of retirement;

(83) "temporary disablement" means a condition resulting from an employment injury requiring medical treatment and renders an employee, as a result of such injury, temporarily incapable of doing work which he was doing prior to or at the time of the injury;

(84) "Tribunal" means the Industrial Tribunal constituted by the appropriate Government under section 7A of the Industrial Disputes Act, 1947 (14 of 1947);

(85) "unorganised sector" means an enterprise owned by individuals or firms and engaged in the production or sale of goods or providing service of any kind in which the enterprise employs workers, the number of such workers is less than ten;

(86) "unorganised worker" means a home-based worker, self-employed worker or casual worker in the unorganised sector and includes a worker in the organised sector who is employed under the Industrial Disputes Act, 1947 or Chapters III to VII of this Code;

(87) "vacancy", for the purposes of Chapter XIII, means an unoccupied post, post of trainee, post to be filled through apprentice or any unoccupied post (whether or not by any other means) in a cadre or occupation for the purpose of employing a person to the post at the remuneration;

(88) "wages" means all remuneration, whether by way of salaries, allowances or bonus, payable to a person employed in respect of his employment or work done in terms of money or capable of being so expressed which would, if the terms of the contract implied, were fulfilled, be payable to a person employed in respect of his employment or work done in such employment, and includes,—

(a) basic pay;

(b) dearness allowance; and

(c) retaining allowance, if any,

but does not include—

(a) any bonus payable under any law for the time being in force, or under any contract of service or remuneration payable under the terms of employment;

(b) the value of any house-accommodation, or of the supply of light or other amenity or of any service excluded from the computation of wages of the appropriate Government;

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

(d) any conveyance allowance or the value of any travelling concessions;

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

(f) house rent allowance;

(g) remuneration payable under any award or settlement between the employer and the employee or under any order of the Industrial Tribunal;

(h) any overtime allowance;

(i) any commission payable to the employee;

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

(k) any retrenchment compensation or other retirement benefit payable to him or ex gratia payment made to him on the termination of employment, under any law in force:

Provided that for calculating the wages under this clause, if payments made to an employee under sub-clauses (a) to (i) exceeds one-half, or such other percentage as may be notified by the Central Government, of the all remuneration calculated under this clause,

one-half, or the per cent. so notified, shall be deemed as remuneration and the balance shall be wages under this clause:

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

Explanation.—Where an employee is given in lieu of the whole or part of his remuneration in kind by his employer, the value of such remuneration in kind shall be deemed to be fifteen per cent. of the total wages payable to him, shall be deemed to form part of the wages payable to the employee;

(89) “wage ceiling” means such amount of wages as may be notified by the Government for the purposes of becoming a member under Chapter III and Chapter IV;

(90) “wage worker” means a person employed for remuneration in the undertaking of an employer or through any contractor, irrespective of place of work, whether full-time or for one or more employers, whether in cash or in kind, whether as a homemaker, casual worker, or as a migrant worker, or workers employed by household, with a monthly wage of an amount as may be notified by the Central Government, as the case may be;

(91) “woman” means a woman employed, whether directly or through any establishment:

Provided that for the purposes of Chapter IV, a woman who is or was an employee and whose contribution is or were payable under the said Chapter and who is by reason of being insured under the said Chapter shall be called “insured woman” and

(i) a commissioning mother who as biological mother wishes to have an embryo implanted in any other woman;

(ii) a woman who legally adopts a child of up to three months of age;

Finin2min clause-by-clause decode

1. Legal test 1
2. Apply definitions before thresholds or benefits. The same individual may be an employee, building worker, gig worker, platform worker or unorganised worker for different Chapters.
3. Legal test 2
4. Wages, dependant, family, employer, establishment, aggregator and appropriate Government require separate documented tests.
5. High-value definition matrix
6. Defined expression
7. Why it matters operationally
8. Aggregator
9. Digital intermediary or marketplace category relevant to gig/platform-worker schemes and contribution.
10. Appropriate Government

Applicable Central Rules immediately below the provision

Central Rule 2: Rule 2 — Definitions

Rule mapping is retained; read the official 2026 Gazette for the exact sub-rule text and forms.

Central Rule 4: Rule 4 — Income of dependent parents of employee

Rule mapping is retained; read the official 2026 Gazette for the exact sub-rule text and forms.

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

Section 3: Registration and cancellation of an establishment

Current statutory text

3. Registration and cancellation of an establishment.—(1) Every establishment to which this Chapter applies shall be electronically or otherwise, registered within such time as may be prescribed by the Central Government:

Provided that the establishment which is already registered under any law in force at the time being in force shall not be required to obtain registration again and such establishment shall be deemed to be registered for the purposes of this Code:

(2) Any establishment to which Chapter III or Chapter IV applies, and which is in the process of closure, may make an application for cancellation of registration.

(3) The manner of making application for cancellation of the registration and the conditions subject to which the registration shall be cancelled and the procedure for such matters relating thereto, shall be such as may be prescribed by the Central Government.

Finin2min clause-by-clause decode

1. Legal test 1
2. Central registration is establishment-based and must be reconciled with common labour registration, PAN and portal data.
3. Legal test 2
4. Cancellation cannot be treated as a simple closure action; statutory notice, grounds and continuing liabilities remain relevant.
5. Implementation control
6. Trigger
7. Document the facts that activate section 3: registration and cancellation of an establishment.
8. Coverage and jurisdiction
9. Identify establishment, employee/worker category, appropriate Government, First Schedule threshold and territorial authority.
10. Decision owner

Applicable Central Rules immediately below the provision

Central Rule 5: Rule 5 — Registration of establishments and cancellation thereof

Rule mapping is retained; read the official 2026 Gazette for the exact sub-rule text and forms.

Practical example

The establishment creates a trigger ticket when coverage changes, assigns the authorised signatory, uploads the prescribed attachments, captures the acknowledgement and retains a versioned copy of the form, payment and approval.

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 5 | Official source: [section 3](#).

Rules, forms, registers, portals and due dates

Rule Subject	Text/control status
3 Rule 3 — Manner and conditions of making the provisions of Chapter III or Chapter IV inapplicable to an establishment	Source-controlled mapping
2 Rule 2 — Definitions	Source-controlled mapping
4 Rule 4 — Income of dependent parents of employee	Source-controlled mapping
5 Rule 5 — Registration of establishments and cancellation thereof	Source-controlled mapping

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

Notifications and effective-date history

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

Old-law/new-Code concordance

Predecessor law

Employees' Compensation Act, 1923

Employees' State Insurance Act, 1948

EPF and MP Act, 1952

Employment Exchanges Act, 1959

Maternity Benefit Act, 1961

Payment of Gratuity Act, 1972

Cine Workers Welfare Fund Act, 1981

BOCW Welfare Cess Act, 1996

Unorganised Workers' Social Security Act, 2008

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.

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.

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
Regional Director, ESI Corporation v. Ramanuja Match Industries	Social-security legislation is beneficial, but coverage and contribution liability still turn on statutory definitions and evidence.
Organo Chemical Industries v. Union of India	Social-security defaults may attract compensatory and deterrent consequences; separate principal contribution, interest, damages and prosecution.
Jeewanlal (1929) Ltd. v. Appellate Authority	Gratuity is a statutory terminal benefit; eligibility and forfeiture require strict application of the governing text.
Municipal Corporation of Delhi v. Female Workers	Maternity protection is interpreted purposively, while present claims must be tested under the Code and current Rules.

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

Use the chapter in hiring, payroll migration, contractor onboarding, M&A diligence, business transfer, employee exits, death/injury claims, gratuity,

maternity, gig/platform arrangements and benefit-fund reconciliations. Test coverage and contribution periods at employee and establishment level.

Authority, consent and execution controls

Assign responsibility among the employer, principal employer, payroll owner, authorised officer, nominee/claimant, social-security organisation and competent authority. Board approval or employee consent does not replace statutory registration, contribution, nomination, deposit or claim procedure.

Stamp duty and registration alerts

Contribution records and statutory returns ordinarily do not require registration, but nominations, settlements, assignments, security documents and business-transfer instruments may have separate State stamp or registration implications. Preserve the distinction between benefit filing and instrument validity.

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

Reconcile employee master, wage base, contribution file, challan, bank debit, return, nomination and benefit claim. For exits, deaths, injuries and transfers, create an event-date checklist with owner, statutory clock, documentary dependency and payment evidence.

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 designated social-security authority, competent authority, tribunal or appellate forum. Track assessment, determination, recovery, benefit rejection and appeal dates independently; a contractual forum clause cannot defeat the statutory remedy.

Arbitration and mediation interface

Mediation may narrow factual or computation disputes but cannot waive mandatory contributions, statutory benefit eligibility, recovery powers or offences. Any settlement must identify what remains subject to authority approval or statutory adjudication.

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 Code on Social Security, 2020, the commencement notification, the applicable Central or State Rules and any later instrument effective on the event date.

How is the appropriate Government identified?

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

Can a company policy override the statutory protection?

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

What evidence should be retained?

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

Do the Central Rules apply to every establishment?

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

How should a historical event be tested?

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

What happens when portal practice conflicts with the statute?

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

Can criminal and monetary consequences arise together?

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

Is a contractor arrangement enough to shift liability?

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

What is the first professional review step?

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

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

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

What is the operational focus of section 2 - Definitions?

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

What is the operational focus of section 3 - Registration and cancellation of an establishment?

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 14 for this chapter?

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

What is review control 15 for this chapter?

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

[← Previous: Miscellaneous](#)[Next: Social Security Organisations →](#)

finin2min.com | Labour & Manpower Law Publication Series | Educational and professional reference | Review date 2026-07-18 | Verify event-date law before acting.