Issue 4/20, June 17, 2026

HR & Labour Laws Insights

NEW LABOUR CODES

Made easy..

WHAT EVERY BOSS AND EMPLOYEE MUST KNOW

ISSUE HIGHLIGHTS

- **Digital Inspections:** How Labour Authorities Can Audit Records Online
- **Appointment Letters:** Format, Mandatory Clauses & Best Practices
- **NAPS & NATS Schemes:** Opportunities for Employers & Apprentices
- **Compliance Readiness Under India's New Labour Code Framework**

CODES
MADE
SIMPLE
PRACTICAL
POWERFUL

Upcoming Book
"Decoding New Labour Codes"

Weekly Insights by DSB Law Group – Employment Laws Division

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INSPECTION THROUGH DIGITAL RECORDS UNDER LABOUR CODES

The new labour codes usher in a technology-driven compliance framework. Inspectors can now access, verify and analyse employer records digitally. This promotes transparency, reduces physical visits and ensures data-driven enforcement.

- TRANSPARENCY IN COMPLIANCE
- DATA-DRIVEN ENFORCEMENT
- REDUCED PHYSICAL VISITS
- EASE OF DOING BUSINESS

WHAT AUTHORITIES CAN ACCESS DIGITALLY?

EMPLOYEE RECORDS
Contracts, appointment letters, attendance, wages, wage registers, leave records, relieving letters, etc.

STATUTORY REGISTERS & RETURNS
PF, ESIC, Bonus, Gratuity, LWF, PT, Professional Tax, Annual Returns and other statutory filings.

PAYROLL & WAGE DATA
Salary structures, wage payments, overtime, deductions and reimbursements.

HEALTH, SAFETY & WORKING CONDITIONS
Risk assessments, safety training, accident records, welfare facilities and reports.

LICENSES & APPROVALS
Factory license, contractor registration, apprenticeship approvals and other permissions.

OTHER RELEVANT DOCUMENTS
Standing orders, HR policies, notices, settlements, disciplinary records, etc.

HOW DIGITAL INSPECTIONS WORK?

01 DATA ACCESS
Inspectors access records through government portals and integrated digital systems.

02 DOCUMENT SCRUTINY
Records are reviewed, verified and cross-validated digitally.

03 RISK & DATA ANALYTICS
AI/analytics tools identify non-compliance patterns, anomalies and high-risk establishments.

04 ONLINE COMMUNICATION
Notices, queries and replies are issued and submitted electronically.

05 TARGETED PHYSICAL VISIT
Physical inspection only when required based on risk, data or complaints.

06 DIGITAL REPORTING
Inspection report generated and shared online with actions and timelines.

WHAT EMPLOYERS SHOULD DO

- Maintain accurate and updated digital records
- Ensure timely filing of returns and disclosures
- Use only authorised government portals
- Ensure data consistency across all platforms
- Train HR & compliance teams on digital recordkeeping practices
- Conduct internal compliance audits regularly

NAPS & NATS SCHEMES

OPPORTUNITIES FOR EMPLOYERS & APPRENTICES

WHAT ARE THESE SCHEMES?

Government initiatives that help organizations hire and train apprentices while providing financial support and creating employment opportunities.

NAPS — NATIONAL APPRENTICESHIP PROMOTION SCHEME

FOR: TRADE APPRENTICES

GOVERNMENT SUPPORT

25% OF STIPEND

UP TO ₹1,500 PER APPRENTICE / MONTH

EMPLOYER BENEFITS

- ✓ Lower Training Cost
- ✓ Access to Young Talent
- ✓ Build Skilled Workforce
- ✓ Easy Registration

NATS — NATIONAL APPRENTICESHIP TRAINING SCHEME

FOR: GRADUATE & DIPLOMA APPRENTICES

GOVERNMENT SUPPORT

50% STIPEND REIMBURSEMENT

EMPLOYER BENEFITS

- ✓ Train Future Employees
- ✓ Industry-Academia Connect
- ✓ Technical Talent Pipeline
- ✓ Reduced Hiring Cost

WHY EMPLOYERS SHOULD CARE

₹1,500 / MONTH

MAXIMUM REIMBURSEMENT UNDER NAPS

50%

STIPEND REIMBURSEMENT UNDER NATS

WIN-WIN

EMPLOYERS GET TRAINED TALENT. APPRENTICES GET INDUSTRY EXPERIENCE.

KEY TAKEAWAY | TRAIN TALENT. REDUCE COSTS. BUILD FUTURE WORKFORCE.

CONTRACT LABOUR
UNDER INDIA'S NEW LABOUR CODES

FROM OUTSOURCING RESPONSIBILITY TO DEMONSTRATING GOVERNANCE

The new labour code environment places greater emphasis on accountability, compliance visibility, worker traceability and contractor governance. Organizations can outsource operations, but not regulatory responsibility.

THREE STRATEGIC SHIFTS

01

ACCOUNTABILITY

Principal employer accountability cannot be contracted away.

Contractor defaults in wages, social security or statutory obligations may expose principal employers to regulatory action.

Governance and oversight are now non-negotiable.

02

VISIBILITY

Compliance is now digitally traceable.

Worker records, UAN, ESIC, employment documentation and contributions must be visible, verifiable and auditable.

Digital inspections are increasing transparency and accountability.

03

RISK MANAGEMENT

Safety obligations and contractor monitoring remain critical.

Workplace safety, welfare facilities and statutory compliance require continuous monitoring regardless of contractor engagement.

DELEGATION VS LIABILITY

DELEGATED	NOT DELEGATED
Contractor Management	Legal Accountability
Payroll Processing	Regulatory Liability
Record Administration	Statutory Responsibility
Operational Execution	Compliance Exposure

QUESTIONS FOR LEADERSHIP

Can contractor wage records be verified instantly?

Are PF and ESI deposits independently monitored?

Can labour records be produced digitally within 24 hours?

Is contractor compliance reviewed monthly?

Is accountability clearly documented?

KEY TAKEAWAY

CONTRACT LABOUR IS NO LONGER JUST A PROCUREMENT DECISION.

IT IS A COMPLIANCE, GOVERNANCE AND REPUTATION ISSUE.

NEXT WEEK

01 LABOUR DUE DILIGENCE: THE MOST IGNORED DEAL BREAKER

02 WHY INVESTORS ARE INCREASINGLY REVIEWING LABOUR COMPLIANCE

APPOINTMENT LETTERS: FORMAT, MANDATORY CLAUSES & BEST PRACTICES

WILL YOUR CURRENT APPOINTMENT LETTER MEET THE NEW REQUIREMENTS?

The Occupational Safety, Health and Working Conditions (OSH) Rules propose a standardized appointment letter format containing additional employee and establishment information.

Employers may need to review and update their existing templates to remain compliant.

KEY OBJECTIVES

- Transparent Employment Terms
- Better Employee Protection
- Standardized Documentation
- Improved Compliance Framework

KEY INFORMATION TO BE INCLUDED

1 EMPLOYEE DETAILS

- Employee Name
- Father's Name
- Aadhaar Number
- Date of Joining
- Designation
- Category of Skill

2 EMPLOYMENT & WAGE DETAILS

- Wage Structure as per Code on Wages, 2019
- Other Allowances (including accommodation, as applicable)
- Broad Nature of Duties
- Avenue for achieving higher wages / higher position (Growth / Promotion options, basis for increments, promotions etc.)

3 COMPLIANCE DETAILS

- Labour Identification Number (LIN) of the establishment
- Universal Account Number (UAN) / Insurance Number (ESIC)
- Applicability of Social Security – EPFO & ESIC benefits
- Health Check-up
- Any other information

WHAT'S NEW?

THESE DETAILS MAY BECOME MANDATORY

- Aadhaar Number
- Labour Identification Number (LIN)
- UAN / ESIC Details
- Career Growth & Promotion Framework
- Social Security Coverage Information

WHY THIS MATTERS

Many organizations currently do not include several of these details in appointment letters. **Once implemented, employers may need to revise templates, onboarding processes, and HR documentation practices.**

- ENSURES LEGAL COMPLIANCE
- BUILDS EMPLOYEE TRUST & CONFIDENCE
- REDUCES RISK OF NON-COMPLIANCE
- SUPPORTS ORGANIZATIONAL GROWTH & GOVERNANCE
- STRENGTHENS EMPLOYER BRAND

APPOINTMENT LETTER

Ref No. : ____________________ Date : ______________________

To,

____

____

____

Subject: Appointment as _______________________

Dear _________________ ,

EMPLOYMENT CATEGORY
(Please ✓ Applicable)

- ☐ Permanent Employee
- ☐ Fixed Term Employee
- ☐ Probationary Employee
- ☐ Trainee

We are pleased to appoint you as ____________________ on the terms and conditions set out in this letter. Your employment with us shall be governed by the provisions of the applicable Labour Codes, Rules and Regulations as amended from time to time and the Company Policies.

1. EMPLOYEE INFORMATION

Employee Name	:	______________
Father / Spouse Name	:	______________
Date of Birth	:	______________
Employee ID	:	______________
Designation	:	______________
Department	:	______________
Reporting To	:	______________
Date of Joining	:	______________
Place of Posting	:	______________

2. COMPENSATION STRUCTURE (COST TO COMPANY)

Component	Monthly (₹)	Annual (₹)
Basic Wage	—	—
House Rent Allowance (HRA)	—	—
Special Allowance	—	—
Conveyance Allowance	—	—
Other Allowances	—	—
Gross Salary (A)	—	—
Employer PF Contribution	—	—
Employer ESIC Contribution (if applicable)	—	—
Other Benefits	—	—
Total CTC (A)	—	—

Note: Basic Wage portion shall not be less than 50% of total remuneration as per applicable Wage Code provisions.

3. STATUTORY REGISTRATION DETAILS

Particulars	Details
PAN	______________
Aadhaar No.	______________
UAN	______________
PF Number	______________
ESIC Number (if applicable)	______________
Bank Name & A/c No.	______________

4. WORKING HOURS

- 8 Hours per Day
- 48 Hours per Week
- Weekly Off: Sunday
- Overtime will be paid as per applicable labour laws.

5. LEAVE ENTITLEMENT

- Earned Leave
- Casual Leave
- Sick Leave
- National Holidays
- Festival Holidays

As per Company Policy and applicable law.

6. SOCIAL SECURITY BENEFITS

You shall be covered under the following statutory benefits as per applicable laws:

- Provident Fund (PF)
- Employee State Insurance (ESI) (where applicable)
- Gratuity
- Maternity Benefit
- Employee Compensation
- Any other applicable benefits

7. PROBATION

You shall be on probation for a period of Six (6) Months from the date of joining. Upon satisfactory completion, your services may be confirmed in writing. The probation period may be extended at the sole discretion of the Company.

8. JOB RESPONSIBILITIES

You shall diligently perform the duties assigned to you and comply with all Company policies, procedures, operational guidelines and lawful instructions issued by management from time to time.

We welcome you to the organization and look forward to a long and mutually rewarding association.

For ______________________

____

Authorized Signatory

Name : ______________

Designation : ______________

Date : ______________

LABOUR DUE DILIGENCE: THE MOST IGNORED DEAL BREAKER

Behind every successful deal is a workforce reality.
Ignore it, and the deal may collapse.

01 WHY LABOUR DUE DILIGENCE MATTERS

Today, labour compliance is not merely an HR concern.
It directly affects:

- Deal Valuation
- Regulatory Compliance
- Investor Confidence
- Post-Acquisition Integration
- ESG Ratings

A hidden workforce issue can quickly become a costly business problem after the transaction closes.

02 CONTRACT LABOUR: A RISKY GREY ZONE IN INDIAN M&A

The Contract Labour (Regulation and Abolition) Act, 1970 restricts the engagement of contract labour in certain core activities.

Buyers inheriting non-compliant workforce arrangements may unknowingly acquire significant legal and financial liabilities.

Courts may also determine that contract workers are effectively employees of the principal employer based on the nature of the relationship.

KEY DUE DILIGENCE QUESTIONS

1. Is the work of a perennial nature?
2. Does supervision and control rest with the principal employer?
3. Is the contractor properly registered under the CLRA Act?
4. Are wages paid directly or indirectly by the principal employer?

POTENTIAL CONSEQUENCES

- Workforce Absorption Risks
- Unexpected Employment Liabilities
- Regulatory Penalties
- Increased Transaction Costs
- Reduced Deal Value

KEY MESSAGE

Labour compliance is no longer a post-deal issue.

It is a pre-deal necessity.

IDENTIFY RISKS EARLY | PROTECT DEAL VALUE | BUILD INVESTOR CONFIDENCE

THE HIDDEN COST OF IGNORING WORKPLACE SAFETY

WHY THIS MATTERS

Workplace accidents are not merely safety incidents—they can trigger significant financial losses, legal liabilities, regulatory scrutiny, and long-term reputational damage.

Under the Occupational Safety, Health and Working Conditions Code, employers are expected to maintain safe workplaces and comply with statutory safety obligations.

KEY MESSAGE

A workplace accident rarely ends with the incident itself. It often initiates a chain reaction of financial, legal, operational, and reputational consequences.

EMPLOYER CHECKLIST

- [x] Conduct regular safety audits
- [x] Maintain safety registers and records
- [x] Provide employee safety training
- [x] Investigate near-miss incidents
- [x] Ensure PPE compliance
- [x] Review contractor safety practices

COSTS MOST LIKELY TO IMPACT BUSINESSES

01 FINANCIAL LOSSES

- Medical expenses and compensation
- Production downtime
- Equipment damage
- Insurance premium increases
- Loss of productivity

02 LITIGATION RISKS

- Labour department investigations
- Employee compensation claims
- Regulatory penalties
- Director liability exposure
- Court proceedings

03 REPUTATIONAL DAMAGE

- Negative media coverage
- Loss of customer trust
- Investor concerns
- Difficulty attracting talent
- Brand value erosion

04 OPERATIONAL DISRUPTION

- Site shutdowns
- Inspection orders
- Corrective action mandates
- Delayed projects

05 INCREASED REGULATORY SCRUTINY

- Frequent inspections
- Compliance audits
- Record verification
- Enhanced reporting obligations

HOW SAFETY FAILURES ESCALATE

01 Unsafe Condition Identified

↓

02 Workplace Accident Occurs

↓

03 Employee Complaint / Incident Report

↓

04 Regulatory Investigation

↓

05 Penalties, Claims & Reputational Impact

IMPORTANT FOR EMPLOYERS

- Even minor incidents can attract regulatory attention.
- Safety records are often the first documents inspected.
- Poor safety culture increases legal exposure.
- Prevention costs significantly less than accident recovery.

POSSIBLE OUTCOMES

Compensation Claims	Regulatory Penalties	Criminal Liability	Business Interruption	Reputational Harm

KEY TAKEAWAY

Investing in workplace safety is not a compliance expense—it is a business protection strategy.

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- Founded in **1967** by **Shri K.M. Gupta,** DSB Law Group has evolved from a specialized **Labour Laws** and taxation practice into a full service multidisciplinary legal and business advisory firm.

- Under the leadership of **Shri Dinesh Gupta,** the firm has expanded into corporate law, banking, NBFC, tax and governance frameworks combining legal precision with strategic insight.

- With decades of experience, DSB Law Group delivers forward-thinking, practical solutions tailored to evolving business environments. Our expertise spans regulatory compliance, operational strategy, and business expansion helping clients navigate complexity with clarity and confidence.

- We partner with enterprises across sectors to build scalable, compliant, and sustainable growth strategies.

At DSB Law Group, we are committed to excellence, integrity, and building enduring partnerships.

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