

Employment & Labour Compliance Review

The Labour Codes & Maharashtra: employer readiness, compliance and transition.

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Labour Codes, Maharashtra rulemaking and employer transition
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A practical 90-day employer readiness programme

EXECUTIVE BRIEFING

The transition has moved from preparation to execution.

The four Labour Codes took effect on 21 November 2025. Maharashtra continues to publish its 2026 State rules as draft rules. Employers should therefore distinguish Code-level duties that are already operative from procedural detail still moving through State rulemaking.

4

LABOUR CODES
effective 21 Nov 2025

50%

WAGE TEST
allowance add-back discipline

90

DAYS
implementation sprint

01

Wages
salary architecture
and exit pay

02

Workforce
letters,
classification,
standing orders

03

Governance
POSH, grievance,
discipline

04

Security
PF, ESI, gratuity,
maternity

05

Operations
contract labour and
OSH

The compliance architecture: five linked systems, not five isolated checklists.

WHAT IS OPERATIVE NOW

Code-level obligations including the statutory wage definition, universal minimum-wage framework, appointment-letter duty under the OSHWC Code, grievance-redressal architecture and standing-order threshold must be treated as live where the relevant provisions apply.

WHAT REMAINS TRANSITIONAL

Maharashtra’s portal continued, as at 1 September 2026, to identify its State rules under the four Codes as draft rules. Transitional advice therefore requires checking the operative Codes, current Central/State rules and any saving/transition directions together.

Management response: three immediate controls

LEGAL MAP

Maintain a dated register separating operative Code provisions, applicable existing rules and draft State rules.

OWNER

Assign each obligation to HR, payroll, compliance, procurement or operations - with one accountable owner.

CHANGE CONTROL

Before changing policy or payroll logic, verify the latest Central and Maharashtra notifications and transition directions.

01 | WAGES

Payroll architecture under the statutory wage definition

The 50% mechanism is not simply a “basic salary must equal 50%” rule. It is an inclusion/add-back mechanism within the statutory definition of wages. Payroll models should be tested against the actual components used in remuneration.

MANAGEMENT TEST

CORE / INCLUDED WAGE COMPONENTS	EXCLUDED ALLOWANCES - TEST 50% BOUNDARY
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Where statutory exclusions exceed the prescribed boundary, the excess is added back to “wages” for Code purposes.

Salary structure	Basic pay, DA, retaining allowance and excluded components	Run employee-level simulations; identify allowance-heavy models.
Minimum wages	Applicable notified rate by category/location	Map every role and location; create escalation when rates change.
Wage periods	Daily / weekly / fortnightly / monthly timing rules	Align payroll calendar and exception workflow.
Exit wages	Due wages on resignation, dismissal or termination	Trigger payment within two working days; separate this from broader F&F; items.

CRUX implementation question

Does the payroll engine calculate statutory “wages” independently of the CTC label used in the offer letter? If not, the organisation may be carrying hidden gratuity, bonus, contribution or exit-payment exposure.

Before payroll sign-off

STRUCTURE Can every salary component be mapped to the statutory wage definition and the exclusion/add-back mechanism?	THRESHOLD Is the applicable minimum-wage category and location verified for every affected role?	EXIT Can payroll release wages due on separation within the statutory timeline without waiting for unrelated F&F; disputes?
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02 | WORKFORCE

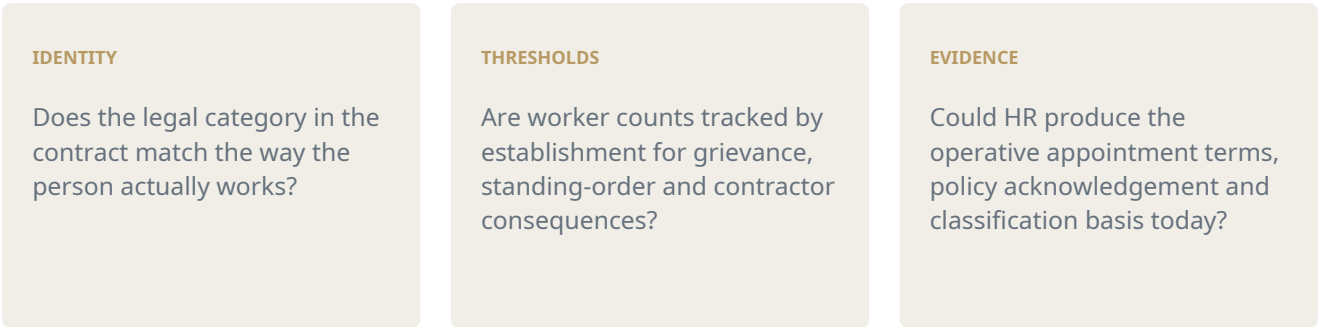
Hiring, classification and industrial-relations architecture

The Codes increase the cost of informal HR administration. Appointment documentation, worker classification, standing orders and grievance systems need to be aligned with how the workforce actually operates.



Appointment letters	OSHC Code s.6(1)(f) requires a letter of appointment to every employee, with prescribed information.	Use a controlled template; do not treat an offer email as the whole employment record.
Grievance committee	IR Code s.4 applies to industrial establishments employing 20 or more workers.	Check equal employer/worker representation and proportionate women representation.
Standing orders	IR Code Chapter IV applies at 300 or more workers in an industrial establishment.	Determine whether model standing orders are adopted or certification/modification is required.
Contractor model	Substance of supervision, integration and contractual structure remains central.	Maintain vendor diligence, wage/payment evidence, statutory registrations and escalation rights.

Workforce-control questions



03 | WORKPLACE GOVERNANCE

POSH is a board-level control environment, not a poster on a wall

Recent decisions reinforce jurisdiction, constitution and procedural integrity. The practical risk is not only whether an Internal Committee exists, but whether it can lawfully receive, inquire into and conclude a complaint.

	LOW	MODERATE	HIGH	CRITICAL
Committee constitution				
Jurisdiction mapping				
Procedure / hearing				
Records / reporting				

Dr. Sohail Malik v. Union of India, 2025 INSC 1415 (SC, 10 Dec 2025)	The Supreme Court held that the Internal Committee at the aggrieved woman’s workplace can entertain a complaint even where the respondent works in a different department; the statutory scheme was not read as confining jurisdiction to the respondent’s workplace.	Map complaint intake and cross-entity / cross-department escalation rather than rejecting jurisdiction mechanically.
Prachi Sanjay Jadhav v. MCGM, 2026:BHC-OS:9229-DB (Bom HC, 9 Apr 2026)	After BMC constituted the POSH committee, the Court directed it to follow the POSH procedure and grant the petitioner a hearing before passing an order.	Constitution is only step one; process, hearing and reasoned completion matter.
Aureliano Fernandes v. State of Goa (SC continuing compliance proceedings)	The Supreme Court’s continuing POSH compliance directions have kept institutional constitution and enforcement under national judicial scrutiny.	Audit committee composition, training, website/disclosure obligations and annual reporting.

LEADERSHIP FILE TEST

A mature POSH file should allow leadership to verify three things quickly: lawful committee constitution, a defensible jurisdiction route for the complaint, and a complete procedural record from intake through hearing, reasoned outcome, reporting and implementation.

04 | SOCIAL SECURITY + OPERATIONS

One workforce, multiple statutory interfaces

Payroll, benefits, maternity, ESI/PF, gratuity, contractor governance and occupational-safety obligations should be reconciled against the same worker master data.

01

Master data

worker category,
location, pay

02

Coverage

PF / ESI / gratuity /
maternity

03

Contractors

registration, wage and
contribution evidence

04

OSH

risk, training, health
and records

SOCIAL-SECURITY CONTROL

Create one coverage matrix by employee category and establishment. Reconcile payroll definitions, contribution bases, fixed-term treatment, maternity benefits and gratuity exposure. Do not allow separate HR, payroll and finance spreadsheets to become competing legal records.

CONTRACT LABOUR + OSH CONTROL

Vendor onboarding should capture licence/registration status, wage and contribution evidence, headcount thresholds, incident reporting, indemnity and audit rights. The principal employer's operational control should be documented, not assumed.

Red-flag test

If the organisation cannot produce, within one working day, a reliable list of every person working at each establishment, their legal engagement category, wage basis, statutory coverage and contractor/principal-employer relationship, the compliance architecture is not yet

Operating-control test

MASTER DATA

One employee/worker ID should reconcile HR, payroll, benefits and statutory coverage records.

VENDORS

Contractor invoices should not be processed without the evidence package required by the organisation's compliance matrix.

INCIDENTS

Safety, wage and contribution exceptions should have an owner, deadline, escalation route and documentary closure.

05 | DISCIPLINE + EXITS

The exit file should be litigation-ready before the dispute begins

A defensible exit is a chronology: contract, misconduct/performance record, process, decision, payroll, statutory payments and documents. The two-working-day wage rule should be built into offboarding without confusing “wages due” with every disputed full-and-final component.

01

Record

contract + policies + evidence

02

Process

notice / enquiry / hearing

03

Decision

reasoned and proportionate

04

Close

wages + statutory dues + documents

Bharat Aviation Pvt. Ltd. v. Rahul Sudhindra Soni, WP 334/2026, decided 5 May 2026	At the interim stage, the Bombay High Court set aside a direction compelling relieving/service documents where the employee had resigned in breach of a specialised-training service bond and the resignation had not been accepted.	Do not overread the case as a universal right to withhold exit documents. Enforceability depends on the contract, reasonableness, facts and procedural posture.
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Exit-file essentials

PROCESS

Is the chronology capable of showing notice, opportunity, decision and proportionality?

MONEY

Are wages due, statutory benefits and genuinely disputed contractual amounts separated rather than bundled together?

DOCUMENTS

Is the decision on relieving/service documentation anchored in the contract, applicable law and the actual procedural posture?

06 | 90-DAY PLAN

From legal inventory to operating control

The goal is not a binder of policies. It is a system in which payroll, HR, managers, procurement and compliance act on the same legal assumptions.

0-30 DAYS

DIAGNOSE

- Workforce census
- Payroll wage-definition simulation
- Threshold map
- POSH / grievance constitution audit
- Contractor register

31-60 DAYS

REMEDiate

- Appointment templates
- Payroll rules
- Standing-order / grievance gaps
- POSH process pack
- Vendor clauses and evidence

61-90 DAYS

OPERATE

- Manager training
- Exception dashboard
- Quarterly sampling
- Exit-control checklist
- Board / leadership reporting

MANAGEMENT OUTPUT

By day 90, the organisation should have one reconciled workforce dataset, a documented threshold map, remediated templates/policies, a live exception dashboard and named owners for recurring compliance controls.

PRIMARY-SOURCE REGISTER

What this Review was checked against

The publication deliberately distinguishes primary legal sources from commentary. The list below identifies the principal authorities used for the propositions in this issue.

- 01 Commencement: Ministry of Labour & Employment notifications dated 21 November 2025; PIB release dated 21 November 2025 confirming the four Labour Codes were made effective from that date.
- 02 Maharashtra rulemaking: Maharashtra Labour Department Labour Code portal and Notifications pages, last updated 1 September 2026, listing 2026 State rules under the four Codes as draft rules.
- 03 Code on Wages, 2019: s.2(y) wage definition; s.5 minimum wages; s.17 payment of wages on resignation/dismissal/termination. Ministry Compliance Handbook for Employers (2026) cross-checked for operational summary.
- 04 Industrial Relations Code, 2020: s.4 Grievance Redressal Committee; Chapter IV / s.28 standing-orders threshold of 300 workers.
- 05 OSHWC Code, 2020: s.6(1)(f) appointment-letter duty.
- 06 POSH cases: Dr. Sohail Malik v. Union of India, 2025 INSC 1415; Prachi Sanjay Jadhav v. Municipal Corporation of Greater Mumbai, 2026:BHC-OS:9229-DB; Aureliano Fernandes v. State of Goa, continuing Supreme Court compliance proceedings.
- 07 Employment bond: Bharat Aviation Pvt. Ltd. v. Rahul Sudhindra Soni, Writ Petition No.334 of 2026, Bombay High Court, decided 5 May 2026.

HOW TO USE THIS ISSUE

Use the Review as a board/HR diagnostic: identify the proposition, confirm whether it is operative or transitional, assign an owner, and obtain current matter-specific advice before implementation.

Editorial standard

This Review is decision-support, not a substitute for a current matter-specific opinion. Before implementation, verify the latest Central and Maharashtra notifications, rules, wage rates, thresholds and judicial developments applicable to the establishment.