

TRIHDI – Transformation, Reforms & Innovation in Human Development Initiatives.

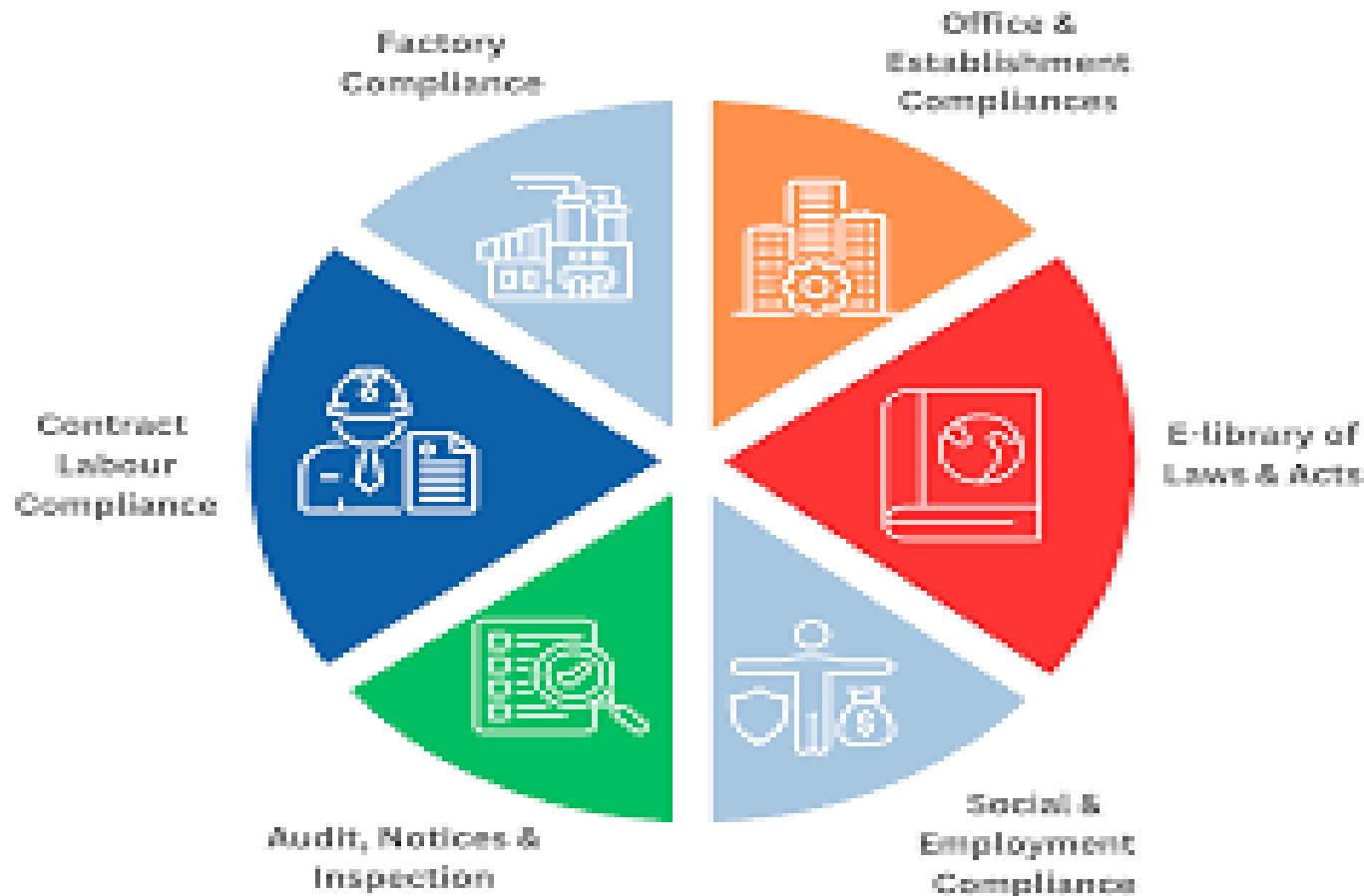
Simplifying Compliance, Empowering



Awareness to Compliance



Introduction to Compliance



What is Labour Law Compliance ?

Definition

- Labour law (employment/industrial law) is a set of rules governing the relationship between employers, employees, and trade unions. It ensures fair treatment, industrial peace, and social justice in the workplace.

Key Areas

- **Wages & Payment:** Minimum wages, equal pay, bonus, gratuity
- **Working Conditions:** Hours, safety, health, welfare
- **Social Security:** PF, ESI, maternity benefits, pension, insurance
- **Employment Relations:** Contracts, termination, layoffs, dispute resolution
- **Worker Protection:** Ban on child labour, prevention of exploitation, gender equality

Roles of Labour Law:

1. **Protective Role** – Safeguards the interests of employees.
2. **Regulatory Role** – Provides guidelines for employers to manage workforce lawfully.

Major Labour Laws in India

- Factories Act, 1948
- Industrial Disputes Act, 1947
- Employees' Provident Funds Act, 1952
- Employees' State Insurance Act, 1948
- Minimum Wages Act, 1948
- Code on Wages, 2019
- Industrial Relations Code, 2020
- Social Security Code, 2020
- Occupational Safety, Health & Working Conditions Code, 2020
- **Conclusion**
- **Labour law forms the foundation of employee rights and employer responsibilities, balancing economic growth with worker welfare.**

HR Challenges for MSMEs

1. Compliance with Labour Laws

- Limited awareness of changing labour codes and regulations.
- Risk of penalties for non-compliance with PF, ESI, gratuity, minimum wages, etc.

2. Payroll & Benefits Management

- Challenges in accurate payroll processing and statutory deductions.
- Limited resources to provide competitive benefits.

Compliance Activities



EMPLOYMENT LAW

Stay updated on federal, state, and local labor regulations.

POLICIES & PROCEDURES

Develop and enforce clear workplace guidelines.

HEALTH & SAFETY

Ensure a secure, hazard-free work environment.



COMPENSATION & BENEFITS

Offer fair pay, perks, and legal entitlements.

WORKPLACE DIVERSITY

Promote inclusion, equal opportunity, and anti-bias practices.

DOCUMENTATION

Maintain accurate and compliant employee records.

Always Follow under compliance

Mandatory Documents

- Required Registration certificate/ License
- Legal Abstract Display of notice board
- First aid box
- Fire Extinguishers/Alarms
- Emergency contact no.

State Minimum wages Applicability, Benefits & Risk

- **Applicability**
- Governed by the **Minimum Wages Act, 1948** (now covered under the **Code on Wages, 2019**, but state rules still apply until fully implemented).
- Applicable to:
 - All **scheduled employments** notified by the state government.
 - **Factories, shops, commercial establishments, construction, agriculture, etc.**
- Every state notifies **minimum wage rates** based on:
- **Skill category** (unskilled, semi-skilled, skilled, highly skilled).
- **Nature of work** (industrial, agricultural, etc.).
- **Zone / Area** (metro, urban, rural).
- **Applies irrespective of establishment size** (even if only one employee).

Benefits :

- **Industrial peace** – reduced disputes related to wages.
- **Compliance recognition** – builds employer's credibility.
- Better **employee retention** in MSMEs when fair wages are paid.

Fine and penalties on non compliance : Legal Penalties:

- Fine up to **₹500** for first offence.
- Imprisonment up to **6 months** or fine up to **₹5000** (for repeat/default offences).

Recovery Proceedings:

- Inspector/Labour Officer can initiate recovery of short-paid wages.

Reputational Risk:

- Complaints to labour department may damage employer's goodwill.

EPF Act Applicability, Benefits & Risk (Employees' Provident Fund)

EPF Applicability:

The Act applies to every establishment which is a factory engaged in any industry specified in Schedule I of the Act and where 20 or more persons are employed on any day of the preceding 12 months.

(Section 1(3)(a) और (b))।

Once the Act becomes applicable to an establishment, it continues to apply, even if the number of employees falls below 20 later.

Wages Ceiling limit :- 15000/-

Benefits :

- Retirement savings for employees
- Employer & employee both contribute
- Tax benefits for employees
- Improves employee loyalty & retention
- Pension to member @completion of 10 year service after the attaining age 58 year

Fine and penalties on non compliance :

- Interest and damages up to 12%Annum
- imprisonment for up to 1 year, or
- Fine up to ₹5,000, or both.

ESIC Act Applicability ,Benefits & Risk (Employees' State Insurance)

ESIC Applicability :

- The ESIC Act, 1948 applies to all non-seasonal factories and other establishments where 10 or more persons are employed direct or indirect on any day during the preceding 12 months. (In some states, the threshold is 20 employees.)
- These establishments must have employees whose monthly wages do not exceed Rs. 21,000 (Rs. 25,000 for persons with disabilities) to be covered under the scheme.
- Temporary, casual, and part-time workers are also covered under the scheme.

Benefits:

- Medical care for employees & family
- Sickness benefits (cash during illness)
- Maternity benefit (full pay during leave)
- Accident & disability cover
- Funeral expenses support

Fine and penalties on non compliance :

- Interest at 12% per annum
- Damages on Delayed Payments:
 - Less than 2 months: 5% of contribution amount
 - 2 to 4 months: 10%
 - 4 to 6 months: 15%
 - Above 6 months: 25%
- Employers failing to register with ESIC may be fined up to ₹5,000.
- Deducting employee ESIC contributions but not depositing them is a criminal offense punishable by imprisonment up to 2 years and/or a fine.

Payment of Bonus Act Applicability, eligibility, Risk & Benefits

Bonus Applicability :

- The Bonus Act applies to every factory, and to every other establishment employing 20 or more persons on any day during an accounting year.
- It covers establishments in all sectors including manufacturing, services, hotel, cinema, etc.

Eligibility:

- Employees drawing a salary of up to ₹21,000 per month (this limit varies by state) are eligible for bonus.
- Employees should have worked for at least 30 days during the accounting year to qualify.
- Employees dismissed for misconduct or convicted under a criminal offense may be ineligible.
- The Act mandates payment of a minimum bonus of 8.33% and a maximum of 20% of salary or wages earned in the accounting year as per profit declaration by organization.

Benefits:

- Provides financial reward and recognition to employees based on the company's profitability and productivity.
- Helps improve employee morale and retention by ensuring a share in profits.
- Regulates bonus payments to avoid arbitrary or discriminatory practices.

Fine and penalties on non compliance :

- who fail to pay the statutory bonus face fines up to ₹1,000 and/or imprisonment up to 6 months.
- Employee dissatisfaction, labor unrest, and damage to the employer's reputation.

Gratuity Act Applicability & eligibility & Benefit

ESIC Applicability :

- The Act applies to factories, mines, oilfields, plantations, ports, railway companies, shops, or other establishments employing 10 or more persons on any day during the preceding 12 months.
- Once applicable, even if the number of employees falls below 10 later, the Act continues to apply.

Eligibility:

An employee is eligible for gratuity if he/she has completed 5(4 year 240 day and 8 hours) or more years of continuous service with the same employer.

- In case of an employee's death or disablement, the 5-year service requirement is waived.
- Continuous service includes periods of authorized leave, sickness, strike, layoff, or suspension.

Benefits:

- Gratuity is a lump sum payment given by the employer to an employee as gratitude for the service rendered.
- The gratuity amount payable by private-sector employers is capped at ₹20 lakh.

Fine and penalties on non compliance :

- If an employer makes false statements or false representations to avoid the payment of gratuity, they can be punished with:
 - Imprisonment for up to 6 months, or
 - A fine up to ₹10,000, or both.
- If an employer defaults or fails to comply with the provisions of the Act, they are punishable with:
 - Imprisonment for 3 months to 1 year, or
 - A fine ranging from ₹10,000 to ₹20,000, or both.

MP LWF Act Applicability, Eligibility, Benefit & Risk

The Madhya Pradesh Labour Welfare Fund (MPLWF) Act applies to all establishments or employers operating in the state of Madhya Pradesh that employ one or more workers. This includes industries, factories, and businesses of all sizes. Both employers and employees contribute to the fund under the Act's mandate.

Applicability & Eligibility

- The MPLWF Act is applicable across the entire state of Madhya Pradesh.
- It covers all establishments employing one or more employees during the preceding twelve months.
- Employees in managerial or supervisory roles earning more than Rs. 10,000 per month are generally excluded.
- The definition of "employee" covers skilled, unskilled, manual, clerical, supervisory, or technical workers but excludes certain managerial categories as noted.
- Employers are responsible for contributions both directly and through agents or supervisors.

Benefits

- The MPLWF provides financial support for welfare schemes improving workers' quality of life.
- Benefits include affordable housing, medical care, education support, and recreational activities for workers and their families.
- These welfare measures aim to enhance job satisfaction, reduce turnover, and boost worker morale and productivity.
- By improving worker welfare, the Act supports stable industrial growth and a better working environment.

Fine and penalties on non compliance :

- Under the MPLWF Act, if any person **contravenes provisions** of the Act or rules:
- **Fine up to ₹500 on first offence.**
- **For continuing/default offences: fine up to ₹5 per day.**

Risk of Non-Compliance under various labor law's

- Heavy fines & legal action
- Disqualification in government tenders or working with Large Cap Industries.
- Employee dissatisfaction & attrition
- Damage to company reputation

Government Support by EPF Employment Linked Incentive (ELI) Scheme

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For Employees

- Financial Incentive will be provided to the First-time employees registered with EPFO.
- Employee will receive an incentive of One month's EPF Wage up to Rs. 15,000/-.
- Incentive Amount will be disbursed in 2 Installments.
- First Installment will be payable on completion of 6 months of service.
- Second Installment will be payable on completion of 12 months of service and completion of a Financial Literacy Programme.
- Financial Incentive will be provided to the Employee in their Aadhaar-linked Bank Account

For Employer

- The employer will also get a financial incentive for the creation of a job.
- The government will provide an incentive up to Rs. 3,000/- per month for two years for per employee.
- Manufacturing Sector Employer will receive the benefit for 4 years.
- Incentive to the Employer will be disbursed as per the EPF wage slab of the Employee as mentioned below :-
 - Rs. 1,000/- per month Incentive for up to Rs. 10,000/- per month Salary.
 - Rs. 2,000/- per month Incentive for more than Rs. 10,000/- and up to Rs. 20,000/- per month Salary.
 - Rs. 3,000/- per month Incentive for more than Rs. 20,000/- and up to Rs. 1 lakh per month salary.
- Applicability** : Applicable for jobs created between 1 August 2025 and 31 July 2027.
- Encourages MSMEs to hire more workers
- Incentive to the Employer will be disbursed directly in the PAN Card-linked bank Account.

Government Support under ESIC SPREE Scheme:

- **SPREE 2025** The Scheme for Promotion of Registration of Employers and Employees (SPREE) 2025, approved by the Employees' State Insurance Corporation (ESIC), is a special initiative aimed at expanding social security coverage under the ESI Act. The scheme will be active from 1st July to 31st December 2025 and provides a one-time opportunity for unregistered employers and employees—including contractual and temporary workers—to enroll without facing inspections or demands for past dues.
- **Under SPREE 2025:**
- Employers can register their units and employees digitally through the ESIC portal, Shram Suvidha and MCA portal. Registration will be considered valid from the date declared by the employer. No contribution or benefit will apply for periods prior to registration. No inspection or demand for past records will be made for the pre-registration period.

About TRIHD

- Established in: 2019
- Company turnover :- Up to 5Cr.
- Covered location : Pan MP
- Expertise: HR Outsourcing, Compliance, Licensing-Liaising ,Payroll & Staffing
- Vision: Hassle-free HR & Compliance for Every Business
- Leadership: Mr. Tarun Shukla (PG in HRM from symbiosis with specialization in Labour law) 17+year expertise in compliance management

Why Outsource HR with TRIHDI?

- Single window solution under one roof subject to HR, Payroll, Licensing- Liaising and compliances
- Hassle-free PF & ESIC other Factory/establishment/Contractor compliances
- Timely filing return under the various labor act
- Help in availing Government benefits
- Zero penalty risk
- Reduce your labour cost
- Affordable HR support

TRIHD Services for our clients

- Payroll Processing & HR Activities
- PF & ESIC Registration + Monthly Filing
- Maintain legal Register, notice board, aware to labor law update.
- Legal notice closer and inspection handling
- Gov. body Liaising Support
- Labor Law Compliances & Licensing and liaising under various act.
- Staffing & Workforce Solutions on outsource model .

Case Example – MSME Client

Before TriHDI:

- PF & ESIC and Labor law return filing missing and delays
- Non understanding of required compliance
- Unknown about business risk
- Govt. notices and penalties

After TriHDI:

- 100% Timely Compliance, Legal accuracy
- Aware to labor law updates
- Complete mandatory register ,Return filling and license
- Avoid penalties and reduce legal risk
- Achieved cost savings by payroll setup

Partner with TriHDI

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Thanks to All
Team HDI