

PRESENTATION ON CODE ON SOCIAL SECURITY- 2020

Date:06-10-2020

Government of Karnataka

Department of Labour

The following existing 9 Legislations are consolidated into Social Security Code

- The Employees Provident Funds and Miscellaneous Provisions Act 1952
- The Employees State Insurance Act 1948
- The Maternity Benefit Act 1961
- The Building and Other Construction Workers Welfare Cess Act 1996
- The Payment of Gratuity Act 1972
- Employment Exchanges (compulsory notification of vacancies) Act 1959
- The Cine Workers Welfare Fund Act-2008
- The Employee's Compensation Act 1923
- The Unorganized Workers Social Security Act,2008.

The Framework of the Code

Chapters	Sections	Schedules
XIV	164	07

	Sections	Content	Important Features
Chapter-I	1-3	Preliminary	<p>1) This Chapter deals with title extent Commencement and application</p> <p>2) Definition</p> <p>3)Registration and Cancellation of Establishment</p> <ul style="list-style-type: none"> • 91 concepts have been defined • New category of workers has been included namely Gig workers and Platform workers. • Wages Definition has been revised. • Definition of Contract Labour and Career Center have been added • The Code does not come into force automatically-a notification has to be issued for this purposes.

Chapter-II	4-13	Deals with the different social security organizations.	<ul style="list-style-type: none">• This Chapter makes provisions for constituting<ul style="list-style-type: none">i) Central Board for PF.ii) The National Security Board for Unorganized workers.iii) The State Unorganized workers Social Security Board.iv) The Building and Other Construction Workers Welfare Board.
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Chapter-III

14-23

Deals with
Employees
Provident Fund
Organization
(EPFO)

- EPFO's coverage is applicable to all establishments having 20 or more workers-earlier only scheduled employments work covered.
- Option is given to establishments having less than 20 workers to join EPFO.
- There is a provision for bringing workers under the category of self employed under EPFO. Penalty has been increased from Rs. 10,000 to 1,00,000 and 1 to 3 years imprisonment – similarly subsequent failure attracts fine of 3,00,000 rupees or 2 to 5 years imprisonment.

Chapter-IV

24-53

Deals with ESIC

- No Change in the number of persons for making ESIC applicable i.e. 10 workers.
- Voluntary registration has been allowed for establishments with less than 10 workers under the code.
- Establishments in hazardous sectors can be linked to ESIC even if only one worker.
- The Scheme has been extended from 566 districts to 740 districts i.e. all the districts in India.
- Employer of a plantation can opt for registration by giving willingness.

Chapter-V

53-58

Deals with
Gratuity

- Provision for Gratuity has been made for Fixed Term Employee – No minimum service period.
- In case of working journalists the minimum continuous service is 3 years instead of 5 years.
- Option to obtain an insurance for discharging the liability for payment towards gratuity is liberalized, insurance can be obtained from any insurance company regulated by IRDA.

Chapter-VI

59-72

Deals with
Maternity
Benefits

There are no notable
changes

Chapter-VII

73-99

Deals with
Employees
Compensation

- The definition of dependant is marginally expanded to include Grand parents if no Parent of the employee is alive – earlier it was only paternal grand parents who were eligible.
- In cases of Occupational diseases – uniform period of employment of 6 months has been proposed – earlier it could be less than 6 months in some types of industries.
- Provision has been made to pay compensation to an employee / member of his family as a result of collapse of house provided by the employer in a plantation.
- The minimum limit of compensation of 1,20,000 and 1,40,000 in cases of death and permanent disability is removed. So also the base salary of Rs. 8,000 is removed.

Chapter-VIII	100-108	Social Security and Cess in Respect of Building and other Construction Workers	<ul style="list-style-type: none">• Provision has been made for the establishment of building and other construction workers welfare board to exercise the functions under the chapter.• The chairman of the board has to be nominated by the State Government – earlier it was the Central Government.• There is no change in the cess amount that can be collected – not less than 1% and not exceeding 2%.
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Chapter-IX

109-114

Unorganized
workers gig
workers and
platform workers.

- Coverage is provided for gig, platform workers and unorganized workers under the ambit of social security Scheme.
- The code requires that all unorganized workers, gig workers or platform worker has to be registered.
- Self declaration has to be submitted (earlier there was no provision for electronically submitting self declaration now it is there).
- Aadhaar number is compulsory for registration earlier it was not there.
- The code also makes provision for setting up call centers or helplines to help the unorganized workers (earlier there was only provision for facilitation centers).

Chapter-X

115-121

Finance and
Accounts

- Provision has been made empowering the social security organizations to invest the money vested in it.

Chapter-XI

122-132

Authorities,
Assessment,
Compliance and
Recovery

- The code makes provision for appointment of Inspectors cum-Facilitators.
- An inspection scheme for generation of web based inspection may be made by notification.
- Assignment of unique number to each establishment for the purpose inspection.
- Timely uploading of inspection reports.
- The Inspector cum-facilitator has to act as an advisor.
- Records can be maintained electronically or otherwise.
- Provision has been made for recovering the amount as arrears of land revenue.

Chapter-XII

133-138

Offences and
Penalties

- The punishments have been increased almost 10 times.
- Failure to pay contribution – upto 3 years imprisonment (however shall not be less than 1 year with 1 lakh fine if the offence is non payment of employees contribution deducted).
- Failure to pay gratuity – imprisonment upto 1 year and fine upto 50,000 rupees.
- Other offences – upto 6 months or fine which may extent to 50,000 rupees.
- There is opportunity for compounding of offences.
- Prior opportunity before prosecution is a must.

Chapter-XIII

139-140

Employment
Information and
Monitoring

- Employer before filling up any vacancy may be required to report about the vacancy to the career center.

Chapter-XIV	141-164	Miscellaneous	<ul style="list-style-type: none">• Makes Provision for establishment of Central and State Social Security Fund.• Aadhaar card is proof of Identity for registration or seeking benefits by unorganized worker.• The liability in case of transfer of an establishment is fixed under the code.
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- The First Schedule – Applicability
- The Second Schedule – List of Persons who are Employees within the meaning of the third proviso to clause (26) of Section 2
- The Third Schedule – List of Occupational Diseases
- The Fourth Schedule – List of Injuries Deemed to result in permanent partial and total disablement
- The Fifth Schedule – Matters that may be provided in the schemes
- The Sixth Schedule – Factors for working out lump sum Equivalent of compensation amount in case of permanent Disablement and Death
- The Seventh Schedule – Classification of Aggregators

Thank You