



INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

CHHATRAPATI SAMBHAJINAGAR BRANCH OF ICAI, WIRC

NEWS LETTER FOR
JANUARY 2026



ICAI - SET UP BY AN ACT OF PARLIAMENT

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Chairman's Message

Dear Esteemed Members and Dear Students,

As we step into the New Year 2026, I extend my warm wishes to all members, students, and stakeholders for a year filled with professional growth, good health, and purposeful achievements. The month of December 2025 concluded on an inspiring note, marked by an exceptional level of engagement, outreach, and learning initiatives undertaken by the Branch.

December witnessed an extensive **Career Counseling drive across schools and educational institutions**, where our dedicated members guided students on career planning, professional ethics, and the opportunities offered by the Chartered Accountancy profession. These programs reflect our continued commitment to shaping future professionals and contributing meaningfully to society through knowledge sharing.

The Branch also successfully conducted several **professional development programs**, including a **half-day seminar on Cyber Psychology**, a **one-day training program for Peer Reviewers**, and seminars on **Cyber Security, IPR, Labour Code, and emerging professional opportunities for**

Chartered Accountants. These programs were thoughtfully curated to address contemporary challenges, regulatory developments, and evolving practice areas.



In addition, student-focused initiatives such as **Mock Tests for Foundation and Intermediate students**, along with **Investor Awareness and Financial & Tax Literacy programs**, further strengthened our mission of education, awareness, and professional excellence.

I sincerely appreciate the efforts of all speakers, coordinators, volunteers, and managing committee members whose dedication made these initiatives successful. As we begin 2026, let us continue to work together with renewed energy, embracing learning, innovation, and service to the profession and society at large.

Warm regards,
CA Mahesh Indani
Chairman, CSN Branch of ICAI (WIRC)

Photos and Activities for the Month December 2025



Dated 1 Dec 2025, Career Counseling at NIJAM PATEL VIDYALAY , Beed by CA. Kavita Nath

Date 2 Dec 2025, Career Counseling at Rodeshwer Vidyalaya Beed by CA. Kavita Nath



Dated 3 Dec 2025, Career Counseling at RYAN INTERNATIONAL SCHOOL, ITKHEDA by CA. Khushaboo Kabra

Dated 4 Dec 2025, Career Counseling at Bal Vidya mandir high school, Parbhani by CA. Komal Mantri



Dated 4 Dec 2025, Half day Seminar on Cyber Psychology , Presentation of Memento to Speaker Mr. Raakesh kriplani by Branch Secretary CA. Anand Totla

Dated 6 Dec 2025, Career Counseling at Gujarathi high school, Nanded by CA. Komal Mantri





Dated 6 Dec 2025, Career Counseling at people high school, Nanded by CA. Komal Mantri

Dated 6 Dec 2025, Career Counseling at Pearl Acedamy, Chhatrapati Smabhajinagar by CA. Kavita Nath



Dated 6 Dec 2025, one day Training Program for Peer Reviewers by CA. Ramlaxman Nolakha

Dated 15 Dec 2025,
Career Counselling at
DNYANBHARATI
VIDYA MANDIR ,
NANDED by CA. Komal
Mantri.



Dated 15 Dec 2025, Career Counseling at
Dr Narayanrao bhalerao highschool,
Nanded by CA. Komal Mantri

Dated 16 Dec 2025, Career
Counseling at Andhra
samithi telugu high school,
Nanded by CA. Komal Mantri





Dated 16 Dec 2025, Career Counseling at MALIK AMBER SCHOOL by CA. Mohd Numan

Dated 16 Dec 2025, Career Counseling at Vidya Vikas Public School, Nanded by CA. Komal Mantri



Dated 17 Dec 2025, Career Counseling at Rani laxmibai high school, Nanded by CA. Komal Mantri

Dated 17 Dec 2025,
Career Counseling at
Shivaji high school,
Nanded by CA. Komal
Mantri



Dated 18 Dec 2025, Career
Counseling at Jilah Parishad High
school Vishnupuri, Nanded by CA.
Komal Mantri

Dated 20 Dec 2025, Career
Counseling at Allama Shibli
school, Chhatrapati
Sambhajinagar by CA. Mohd
Numan





Dated 22 Dec 2025, Career Counseling at central primary and secondary school, Chhatrapati Sambhajnagar by CA. Khushaboo Kabra

Dated 22 Dec 25, One Day Seminar Cyber Security, IPR and Labour Code , Floral Welcome of Speaker Mr. Hritik Mishra By Branch Chairman CA. Mahesh Indani.



Dated 23 Dec 2025, One day Seminar on Emerging Professional Opportunities for Chartered Accountants , Floral Welcome of Speaker CA. Kanchan Rathi by Branch Treasurer CA. Rafeeqe Pathan

Dated 23 Dec 2025, Career Counseling at Dr zaker hussain jr college, Chhatrapati Sambhajinagar by CA. Mohd. Numan



Dated 23 Dec 2025, Career Counseling at Deogiri Institute of Mgt Studies by CA. Kavita Nath

Dated 23 Dec 2025, Investor Awareness Program at Deogiri Institute of Mgt Studies by CA. Kavita Nath





Dated 23 Dec 2025, Financial Tax Literacy at Deogiri Institute of Mgt Studies by CA. Kavita Nath

Dated 24 Dec 2025, Financial Tax Literacy at Heartsap Orange Farm School, Gadegaon by CA. Kavita Nath



Dated 26 Dec 2025, Career Counseling at Iqra udru girls high school, Chhatrapati Sambhajinagar by CA. Mohd Numan

Dated 31 Dec 2025, Career Counseling at Chate School by CA. Komal Rathi



Intellectual Property Rights (IPR): Transforming Ideas into Valuable Business Assets

- CA Chetan Gattani

In the rapidly evolving global economy, intellectual capital has emerged as a key driver of growth and competitiveness. Businesses today are no longer valued only by their physical assets such as land, machinery, or inventory. Instead, ideas, innovation, creativity, technology, and brand identity play a decisive role in determining long-term success. This is where Intellectual Property Rights (IPR) assume critical importance.

Intellectual Property Rights provide legal recognition and protection to creations of the human intellect, enabling innovators and creators to derive commercial benefits from their efforts while safeguarding them from unauthorized exploitation.

What is Intellectual Property?

Intellectual Property (IP) refers to property that arises from human creativity and intellectual effort. It includes inventions, literary and artistic works, designs, symbols, names, and images used in commerce.

Unlike tangible assets, IP is intangible in nature, yet it often constitutes one of the most valuable assets owned by individuals and organizations.

Broadly, Intellectual Property is divided into two main categories:

1. Copyright

Covers literary, artistic, dramatic, musical, and scientific works, including:

- Books and publications
- Paintings, photographs, and artistic creations
- Films and sound recordings
- Computer software and digital content

2. Industrial Property

Includes:

- Patents
- Trademarks
- Industrial Designs
- Geographical Indications

- Semiconductor Integrated Circuit Layout Designs
- Protection of Plant Varieties
- Trade Secrets

Each of these rights serves a specific purpose and caters to different forms of innovation and creativity.

IPR in the Age of Startups and Innovation

With the rise of startups, digital platforms, and technology-driven businesses, Intellectual Property Rights have gained unprecedented relevance. Modern enterprises often operate with minimal physical infrastructure, but possess highly valuable intellectual assets such as proprietary technology, unique branding, or innovative processes.

Investors and funding agencies increasingly evaluate:

- Patent portfolios
- Registered trademarks
- Copyright ownership
- Brand reputation

before committing funds. As a result, IPR has become a critical factor in attracting angel investors, venture capitalists, and private equity players.

For startups, IPR offers:

- Protection against imitation
- Competitive market advantage
- Increased valuation
- Credibility before stakeholders

In many cases, intellectual property becomes the core asset around which the entire business is built.

IPR as an Intangible Asset

Under Indian law, Intellectual Property is recognized as an intangible asset under:

- The Income-tax Act
- The Companies Act
- Accounting Standards such as AS 26 and Ind AS 38

Proper identification, recognition, and valuation of IPR not only improve compliance but also strengthen financial statements and enhance enterprise value. In the digital economy, intangible assets often outperform physical assets in terms of profitability and scalability.

Importance and Commercial Relevance of IPR

Protecting Intellectual Property is essential for multiple reasons:

- It grants exclusive legal rights to the creator or owner
- It prevents unauthorized copying, manufacturing, or distribution
- It allows commercialization through licensing, franchising, or sale
- It helps build goodwill and brand equity
- It adds value to business profiles and enhances competitiveness
- It establishes legal ownership through registration certificates

IPR enables businesses to monetize innovation, making creativity economically rewarding.

Legal Framework Governing IPR in India

India has a comprehensive legal structure for protection of Intellectual Property, including:

- The Patent Act, 1970
- The Trade Marks Act, 1999

- The Copyright Act, 1957
- The Designs Act, 2000
- The Geographical Indications of Goods Act, 1999
- The Semiconductor Integrated Circuits Layout-Design Act, 2000
- The Protection of Plant Varieties and Farmers' Rights Act, 2001
- Protection of Trade Secrets through contractual and common law remedies

These laws ensure balanced protection for innovators while promoting fair competition and public interest.

Trademarks: Safeguarding Brand Identity

A Trademark protects names, words, logos, symbols, labels, and brand identities that distinguish goods or services of one business from another. Trademarks help consumers identify the source of products and build trust.

Well-known examples such as Coca-Cola, Colgate, and TVS demonstrate

the power of branding. A registered trademark:

- Confirms ownership of the brand
- Prevents misuse or imitation
- Strengthens marketing and advertising efforts
- Enhances customer loyalty

Trademark registration involves processes such as Vienna Codification, examination by the Registry, and handling objections under:

- Section 9 (absolute grounds for refusal)
- Section 11 (relative grounds for refusal)

Copyright: Protecting Creative Expression

Copyright provides protection to original literary, artistic, musical, and digital works once they are expressed in a tangible form. It does not protect ideas, but rather the expression of ideas.

Copyright grants a bundle of rights, including:

- Reproduction
- Publication
- Adaptation

- Public communication

These rights can be exercised independently, offering creators flexibility in commercial exploitation.

Patents: Encouraging Technological Advancement

A Patent is an exclusive right granted by the government for an invention that is:

- New
- Non-obvious
- Useful

In return for public disclosure of the invention, the patent holder receives legal protection for a limited period. Patents can be licensed or assigned, making them powerful commercial tools.

Historical inventions such as the telephone, Bluetooth technology, and industrial food innovations demonstrate the transformative role of patents in societal development.

Industrial Designs: Protecting Visual Appeal

Industrial Designs protect the aesthetic aspects of products such as shape, pattern, configuration, and

ornamentation. These features significantly influence consumer purchasing decisions.

Examples include:

- Bottle shapes
- Mobile phone designs
- Decorative articles
- Automobile designs

A registered design provides exclusivity and enhances product differentiation.

**Geographical Indications (GI):
Preserving Regional Identity**

Geographical Indications identify products originating from a specific region, possessing qualities or reputation due to their geographical origin. Examples include Darjeeling Tea, Basmati Rice, Paithani Sarees, and Kanchipuram Silk.

GI protection not only safeguards traditional knowledge but also promotes rural development and cultural heritage.

Other Specialized IPRs

- Semiconductor Integrated Circuit Layout Designs protect

microchip designs essential to modern electronics

- Protection of Plant Varieties safeguards farmers' and breeders' rights and encourages agricultural innovation

Role of Chartered Accountants in IPR

Chartered Accountants play a vital role in:

- Identification and classification of IPR
- Valuation of intangible assets
- Tax and accounting treatment
- Advisory services for startups and innovators
- Strategic structuring of IP commercialization

With growing awareness and regulatory focus, IPR advisory has emerged as a significant professional opportunity for CAs.

Data Analytics: New Career Opportunities for Chartered Accountants

- CA Minal Sharma

The accounting profession is undergoing a significant transformation. With increasing volumes of data, rapid digitization, and the integration of Artificial Intelligence (AI), **Data Analytics has emerged as a powerful tool redefining the role of Chartered Accountants.** Far from being a completely new concept, data analytics builds upon the analytical skills that CAs have been using for decades—now enhanced by technology, scale, and speed.

This session on “**Data Analytics - New Career Opportunities for Chartered Accountants**” provided valuable insights into how CAs can leverage analytics to deliver higher value services, improve accuracy, and create new revenue streams.

Understanding Data Analytics - A CA's Perspective

Data Analytics can be defined as the **systematic examination of data to identify patterns, draw conclusions,**

and support informed decision-making. For Chartered Accountants, this is not an unfamiliar activity.

Traditional CA work already includes:

- Ratio analysis
- Variance investigation
- Cash flow projections
- Management advisory

These activities align closely with the four types of analytics:

- **Descriptive Analytics** - What happened?
- **Diagnostic Analytics** - Why did it happen?
- **Predictive Analytics** - What is likely to happen?
- **Prescriptive Analytics** - What should be done?

The difference today lies in the **scale and efficiency.** Instead of analyzing samples, technology allows analysis of **entire data populations,** resulting in deeper insights and reduced risk.

The Paradigm Shift: From Sampling to Full Population Testing

Traditionally, audits and reviews relied on **sample-based testing**, typically covering 5% of transactions, with conclusions extrapolated for the entire population. This approach carried inherent risks of undetected errors or anomalies.

With data analytics:

- 100% of transactions can be tested
- Findings are based on actual data, not assumptions
- Risk of missing errors is significantly reduced

The fundamental question now is: **“When you can test everything, why test anything less?”**

Why Chartered Accountants Have a Natural Advantage

One of the most important takeaways from the session was that **domain expertise is the most difficult skill to acquire in data science—and Chartered Accountants already possess it.**

CAs bring:

- Deep regulatory knowledge (Income Tax, GST, Companies Act, RBI norms)
- Strong professional ethics and fiduciary responsibility
- Practical business understanding from years of client interaction
- A solid analytical foundation

These strengths position CAs uniquely to apply analytics meaningfully, rather than merely producing numbers or dashboards.

Revenue Opportunities Through Data Analytics

Data Analytics opens doors to **high-value professional services**, such as:

- Audit analytics with full population testing
- GST reconciliation and compliance analytics
- Client dashboards and MIS reporting
- Fraud detection and forensic analytics
- Predictive financial analysis and advisory

Studies indicate:

- Significant reduction in errors through AI-enabled analytics
- Substantial time savings in routine accounting and audit tasks
- Growing acceptance of AI tools across the accounting profession

Analytics is no longer optional—it is becoming a **competitive necessity**.

Start Free, Scale Later - The Golden Rule

A key highlight of the session was the emphasis on **starting with free or low-cost tools**. Contrary to popular belief, expensive enterprise software is not mandatory for most CA practices.

Recommended Starter Toolkit (₹0 Investment)

1. Excel Power Query

Power Query addresses one of the biggest challenges in analytics—**data cleaning and preparation**. It enables:

- Automated bank reconciliations
- GST data consolidation and mismatch identification
- Multi-company data combination

- One-click refresh of recurring reports

Once set up, repetitive monthly tasks can be completed in minutes.

2. Power BI Desktop

Power BI Desktop is a **free, enterprise-grade analytics tool** that offers:

- Advanced visualizations
- Interactive dashboards with drill-down capabilities
- Ability to handle large datasets
- Seamless integration with accounting software

It enables CAs to move beyond static reports and tell compelling data-driven stories.

3. Google Colab (Python)

Google Colab allows professionals to run Python analytics in a browser without any installation. With pre-installed libraries and Google Drive integration, it is ideal for:

- Advanced analytical procedures
- Fraud detection techniques such as Benford's Law
- Large dataset analysis

The Role of Artificial Intelligence in Analytics

AI is rapidly reshaping accounting workflows by:

- Accelerating bank reconciliations
- Improving accuracy in expense categorization
- Assisting in drafting financial statements
- Enhancing analytical insights

However, the session emphasized that **AI is only as good as the instructions given to it**. Effective prompting and professional judgment remain critical. Outputs generated by AI must always be verified and validated.

A Structured Analytics Workflow

To effectively implement analytics, a structured approach is essential:

1. Define the objective clearly
2. Collect and clean relevant data
3. Analyze data to identify patterns
4. Visualize insights for clarity
5. Communicate findings effectively

Good practices include documenting workflows, automating recurring tasks, and keeping visuals simple and focused.

Real-Life Case Study: Transforming Audit Through Analytics

The session showcased a practical case study of a manufacturing company with large transaction volumes. Traditional manual methods were time-consuming and risk-prone.

By adopting analytics:

- Audit time was reduced significantly
- Hidden GST mismatches were identified
- Multiple anomalies were detected
- Client satisfaction increased, leading to referrals

This demonstrated how analytics not only improves efficiency but also enhances professional value.

Institutional Support and Learning Path

The Institute of Chartered Accountants of India (ICAI) actively

supports this transformation through initiatives such as:

- AI-based tools tailored for Indian regulations
- Specialized certification courses
- Information Systems Audit programs
- Forensic Accounting and Fraud Detection courses

A phased learning approach—starting with free tools and gradually moving to advanced certifications—was strongly recommended.

Subsidies and Incentives for MSMEs and the Hospitality Sector in Maharashtra: A Comprehensive Overview

- CA Sachin Tulsian

Micro, Small and Medium Enterprises (MSMEs) are universally acknowledged as the backbone of the Indian economy. They play a vital role in employment generation, industrial output, exports, and regional development. Recognising their importance, both the Central Government and the Government of Maharashtra have introduced a wide range of subsidies, incentives, and policy support mechanisms to encourage growth, investment, and sustainability of MSMEs.

The seminar on "Subsidies and Incentives for MSMEs and Hospitality Sector in Maharashtra", organised at the Chhatrapati Sambhajnagar Branch of ICAI, provided an in-depth understanding of the policy framework, incentive structures, and the evolving professional opportunities for Chartered Accountants in this domain.

The MSME Universe in India

India is home to approximately 12 crore MSME enterprises, out of which around 6.82 crore are registered on the Udyam portal. The composition of registered MSMEs is largely skewed towards micro enterprises, reflecting the grassroots entrepreneurial base of the economy.

The MSME sector:

- Contributes nearly 30% of India's GDP
- Accounts for approximately 45% of India's total exports
- Contributes around 40% of manufacturing output
- Generates employment for nearly 30 crore people across industries

These figures underline the strategic importance of MSMEs in achieving inclusive and sustainable economic growth.

Key Challenges Faced by MSMEs

Despite their economic significance, MSMEs face several structural and operational challenges, such as:

- Limited access to finance due to absence of collateral security
- Delayed realization of receivables from customers
- Increasing competition from large corporates and global players
- Shortage of skilled manpower to operate modern technologies

Recognising that the success of MSMEs is directly linked to the success of the Indian economy, the Government has made MSME development a central policy priority.

MSMEs as a Core Pillar of Economic Policy

In recent policy announcements, MSMEs have been identified as one of the four pillars of the Indian economy, alongside:

- Agriculture
- Investments
- Exports

Major policy initiatives include:

- Broadening and rationalisation of MSME definitions
- Enhancement of collateral-free credit under CGTMSE
- Special loan schemes for first-time entrepreneurs
- Introduction of customised credit cards for micro enterprises
- Increased credit availability for exporter MSMEs

These measures aim to improve liquidity, encourage entrepreneurship, and promote formalisation.

Revised Definition of MSMEs - Conceptual Clarity

The revised MSME definition (applicable to both manufacturing and service enterprises) is based on:

- Investment in plant and machinery or equipment
- Turnover thresholds

For manufacturing enterprises, investment includes only tangible assets such as plant and machinery (excluding land, building, furniture, fittings, and GST). Historical cost is considered for valuation.

Certain activities are excluded from MSME classification, such as:

- Forestry and logging
- Fishing and aquaculture
- Wholesale and retail trade (except for priority sector lending benefits)
- Household and domestic employment activities

Correct classification is critical, as eligibility for subsidies and incentives depends directly on MSME status.

Benefits of MSME Registration

MSME registration acts as a gateway to multiple statutory, financial, and commercial benefits, including:

- Registration on the Government e-Marketplace (GeM)
- Access to TReDS platform for receivables financing
- Coverage under MSME Samadhan for delayed payments
- Priority sector lending benefits from banks
- Eligibility for CGTMSE collateral-free loans
- Machinery finance through SIDBI at concessional rates

- Compliance benefits under Section 43B(h) of the Income-tax Act

For enterprises, Udyam registration is therefore not optional but essential.

Understanding Subsidies and Incentives

Government subsidies and incentives are designed to reduce the effective cost of investment and operations. These may be:

- Front-ended subsidies, where benefits are provided upfront
- Back-ended subsidies, where benefits are received post-investment
- Credit-linked subsidies, tied to bank finance
- Non-credit-linked subsidies, independent of loan structure

Maharashtra offers a well-structured mix of incentives aimed at promoting industrial dispersal and balanced regional development.

Economic Overview: Maharashtra as an Investment Destination

Maharashtra continues to be one of India's most attractive investment destinations due to:

- Strong industrial base
- Robust infrastructure
- Skilled workforce
- Pro-business policy environment

Major infrastructure initiatives such as PM MITRA Parks, Samruddhi Mahamarg, new MIDCs, ports, logistics hubs, and high-speed rail corridors are expected to significantly boost MSME growth across regions.

Package Scheme of Incentives (PSI) - 2019

The Package Scheme of Incentives (PSI) 2019 is a flagship scheme of the Government of Maharashtra with a total budget allocation of ₹3,000 crores.

Objectives of PSI 2019

- Promote sustainable industrial growth
- Encourage industries in underdeveloped regions
- Generate local employment

- Improve the industrial and investment climate

The scheme applies to new units as well as expansion projects and covers investments in land, building, plant and machinery, and related costs.

Key Features of PSI 2019 for MSMEs

- Maharashtra divided into Zone A, B, C, D, D+, No Industry Area, and Aspirational Districts
- Capital subsidy ranging from 30% to 100% of Fixed Capital Investment (FCI) depending on location
- Incentives available for 7 to 10 years
- Subsidies are back-ended and non-credit-linked
- Special thrust sector incentives for EVs, agro-processing, biotechnology, electronics, medical devices, and IT manufacturing

Additional benefits are available for food and agro-processing units.

Expansion Units under PSI 2019

Existing units can claim incentives on expansion subject to:

- Minimum 25% additional investment over previous FCI
- At least 25% increase in production capacity
- Minimum 10% increase in employment

This policy encourages modernization, capacity enhancement, and job creation.

Procedural Requirements and Claim Process

Claiming PSI subsidy involves:

- NA land acquisition and stamp duty exemption (where applicable)
- Approved building plans
- Udyam registration
- Pollution Control Board consents
- Bank appraisal of the project
- Timely filing of applications and annual claims

Strict adherence to timelines and documentation is essential to avoid rejection.

Role of Chartered Accountants in Subsidy Advisory

Chartered Accountants play a crucial role in:

- Identifying suitable subsidy schemes
- Advising clients on policy eligibility
- Preparing detailed project reports
- Filing subsidy applications and annual claims
- Issuing statutory certificates
- Liaising with Government departments

Subsidy advisory has emerged as a specialised, knowledge-driven, and high-value professional practice area for CAs.

Proposed Maharashtra Industrial Policy - 2025

The proposed Maharashtra Industries, Investment and Services Policy - 2025 aims to:

- Make Maharashtra a USD 1 trillion economy by 2030
- Achieve USD 5 trillion economy status by 2047
- Promote smart manufacturing and high-value services

- Generate large-scale employment
 - Ensure inclusive and sustainable growth
- fiscal incentives, subject to compliance with policy conditions.

The policy proposes revised MSME definitions, updated incentive baskets, and enhanced coverage for both manufacturing and service sectors.

Maharashtra Tourism Policy - 2024

Tourism has been identified as a priority sector for economic development. Maharashtra recorded 15.5 crore tourist visits in 2024 and aims to attract investments of ₹1,00,000 crores over the next decade.

Key Objectives

- Double tourist inflow over 10 years
- Create approximately 18 lakh direct and indirect jobs
- Encourage private sector investment
- Develop world-class tourism infrastructure

Eligible tourism units classified as MSMEs are entitled to capital subsidies, interest subvention, and

Opportunities in Overseas Accounting and Taxation: Indian Chartered Accountants in the Global Financial Ecosystem

- CA Kanchan Bhattad Rathi

The global accounting and taxation landscape is undergoing a fundamental transformation. What was once perceived as “outsourced back-office work” has now evolved into **strategic global finance operations**, with India at its core. Chartered Accountants in India are no longer limited to domestic compliance roles—they are increasingly becoming integral contributors to **global accounting, taxation, and financial decision-making**.

The session on “**Opportunities in Overseas Accounting and Taxation**”, delivered by **CA Kanchan Bhattad Rathi (US Enrolled Agent)**, provided a compelling and realistic perspective on how Indian CAs can position themselves as trusted global finance partners rather than mere service providers.

The Reality of Global Work Today

A common perception persists that high-value global accounting work happens only outside India. However,

the reality is quite the opposite. Some of the **most critical accounting and financial decisions for US and global companies are already being executed in India**.

India today hosts:

- Over **1,700 Global Capability Centres (GCCs)**
- Nearly **1.9 million professionals**
- Annual revenues of approximately **USD 64.6 billion**
- Strong projected growth leading up to 2030

The real question for professionals is no longer *whether global opportunities exist*, but rather: **Are we actively participating in this transformation—or merely observing it from the sidelines?**

Accounting in GCCs: Beyond Debits and Credits

Modern global accounting is no longer limited to bookkeeping or transaction processing. The role of finance

professionals has expanded significantly.

Accounting in *GCCs* today involves:

- Designing financial systems that support global operations
- Building teams capable of closing books faster and more accurately
- Supporting CFOs with real-time insights
- Transforming finance from a cost centre into a **value driver**

This evolution underscores why the role of Chartered Accountants is becoming increasingly strategic.

***GCCs*: The Backbone of Global Finance Operations**

Today, **60-70% of Fortune 500 companies** rely on *GCCs* for their finance and accounting operations. Finance is the most mature and trusted vertical within *GCC* ecosystems.

Key functions handled by *GCCs* include:

- Month-end and year-end close
- Financial Planning & Analysis (FP&A)

- Direct and indirect taxation
- Treasury and cash management
- Audit and compliance support
- Environmental, Social, and Governance (ESG) reporting

What began as back-office support has now become the **strategic nerve centre of global finance**.

From Cost Arbitrage to Capability Arbitrage

The evolution of outsourcing can be summarized simply:

- Earlier: Cost reduction through low-cost labour
- Now: Capability enhancement through skilled professionals

Three critical factors have driven this shift:

1. **Talent** - India now offers world-class *CAs*, *CPAs*, analysts, and technologists
2. **Technology** - Early adoption of cloud *ERPs*, *RPA*, *AI*, and analytics
3. **Trust** - Global *CFOs* have learned that when responsibility is given to Indian teams, reliability follows

GCCs are no longer “support functions”; they are **decision-making hubs**.

Outsourcing Is About Trust, Not Tasks

One of the most powerful insights from the session was this simple truth:

Global clients do not outsource tasks—they outsource trust.

In overseas accounting:

- One error can be remembered for years
- Delays or miscommunication damage credibility faster than lack of knowledge
- Clear Service Level Agreements (SLAs) and disciplined reviews are non-negotiable

For Chartered Accountants, this resonates deeply, as professional trust is the cornerstone of practice.

Developing a Global Professional Mindset

Technical expertise alone is not sufficient for global work. The biggest challenge in overseas accounting is

developing the right **professional mindset**.

Global professionals are expected to:

- Own numbers completely
- Own timelines without reminders
- Own responsibility end-to-end

This mindset shift—from executing tasks to owning outcomes—is what builds cross-border trust.

Why Overseas Outsourcing Is Growing Rapidly

The US accounting industry is facing:

- Severe talent shortages
- Declining number of accounting graduates and CPA candidates
- Increasing regulatory and compliance burdens

In such an environment, outsourcing is no longer optional—it is essential. Global firms are choosing **capability-based partnerships** over local hiring, especially when work can be scaled efficiently and reliably through Indian teams.

The New Outsourcing Model

The traditional outsourcing model focused on low-value activities such as

data entry and posting. The new model emphasizes ownership and accountability.

Old Model

- Data entry
- Checklist-based work
- Limited responsibility

New Model

- Ownership of month-end close
- Tax-ready books
- CFO dashboards
- Audit and compliance support

This shift dramatically enhances both billing potential and professional stature.

Why Indian Chartered Accountants Are Preferred

Indian CAs are increasingly preferred in overseas accounting due to:

- Strong accounting fundamentals
- High discipline with deadlines
- Exposure to multiple regulatory frameworks
- Effective English communication
- Ethical and professional rigor

India's GCCs now support advanced areas such as AI-driven analytics, audit support, and complex tax operations.

How a CA Firm Can Enter Overseas Outsourcing

A structured operating model is essential for sustainable growth.

Step 1: Choose One Niche

- Bookkeeping
- Tax preparation support
- MIS and reporting

Step 2: Build Strong SOPs

- Month-end checklists
- Review layers
- Error logs

Step 3: Start with Pilot Clients

- One or two overseas firms
- Clearly defined scope
- Fixed SLAs

Step 4: Scale Gradually

- Hire slowly
 - Train deeply
 - Review thoroughly
-

Beyond Bookkeeping: CFO-Led MIS Services

One of the highest value opportunities lies in **CFO and MIS outsourcing**, including:

- Budget vs actual analysis
- Cash flow forecasting
- Variance analysis
- Board-level reporting

These services allow firms to move from hourly billing to **monthly retainer-based revenue models**.

Understanding the US Tax Framework

US taxation is administered by the **Internal Revenue Service (IRS)** and operates at both federal and state levels.

Common US tax forms include:

- **Form 1040** - Individual returns
- **Form 1120** - Corporate returns
- **Form 1065** - Partnership returns

A strong understanding of deductions, credits, and multi-state taxation is essential for success in US tax outsourcing.

Reskilling: The Gateway to Global Tax Opportunities

To succeed in overseas taxation, reskilling is critical. Key areas include:

- US GAAP and payroll
- Entity taxation
- Sales and use tax
- Multi-state compliance

The **Enrolled Agent (EA)** credential is a powerful signal of US tax specialization and significantly enhances credibility for India-based professionals.

Beyond the US: Other Global Markets

Opportunities are not limited to the US alone.

United Kingdom

- Demand for ACCA professionals
- VAT compliance and advisory
- Technology-driven compliance under Making Tax Digital

Australia

- GST and BAS reporting
- Cloud accounting (Xero, MYOB)
- Payroll and compliance outsourcing

Middle East (UAE)

- VAT compliance since 2018
- Advisory roles in ERP and cross-border taxation
- IFRS-based reporting

- Cybersecurity measures including encryption and multi-factor authentication

Data security is not merely compliance—it is a trust-building mechanism.

Precision: The Foundation of Global Trust

In overseas accounting, precision is non-negotiable:

- Zero reconciliation differences
- Consistency across books, tax returns, MIS, and audit schedules
- Error-rate monitoring and continuous improvement

Speed may impress once, but **accuracy builds trust forever.**

The Shift from Execution to Perspective

Modern global accounting goes beyond recording transactions. It focuses on:

- Interpreting data
- Providing forward-looking insights
- Linking numbers to business decisions
- Creating value rather than just reporting accuracy

This perspective transforms accountants into strategic partners.

Data Security and Compliance

Protecting sensitive financial and tax data is critical. Overseas clients expect strict adherence to:

- Data confidentiality norms
- Security frameworks such as SOC controls

New Labour Codes in India: A Paradigm Shift in Employment, Wages, Industrial Relations and Social Security

- Adv. Sagar S. Vidwauns

India's labour law framework has undergone the most comprehensive reform since Independence with the introduction of the **New Labour Codes**. These reforms aim to simplify, consolidate, and modernise India's complex labour law regime, which earlier consisted of numerous fragmented legislations with overlapping provisions and inconsistent compliance requirements.

The webinar on "**New Labour Codes**", held in November 2025, provided an in-depth analysis of the structure, objectives, and practical implications of the four Labour Codes and highlighted how these changes will significantly impact employers, employees, professionals, and regulators alike.

Background and Rationale for Labour Law Reforms

Prior to the introduction of the Labour Codes, India's labour laws were governed by **29 Central legislations**,

many of which were enacted decades ago. Over time, these laws became:

- Complex and difficult to interpret
- Compliance-heavy with multiple registrations and filings
- Misaligned with modern employment practices
- Inadequate for emerging work models such as gig and platform work

The Government therefore undertook a comprehensive consolidation exercise to:

- Improve **ease of doing business**
- Provide **universal social security**
- Reduce multiplicity of laws and compliances
- Balance the interests of employers and workers

This resulted in the enactment of **four comprehensive Labour Codes**.

Overview of the Four Labour Codes

The 29 existing Central labour laws have been consolidated into the following four Codes:

1. **Code on Wages, 2019**
2. **Industrial Relations Code, 2020**
3. **Occupational Safety, Health and Working Conditions Code, 2020**
4. **Social Security Code, 2020**

Each Code addresses a specific dimension of employment and labour welfare.

Code on Wages, 2019

Legislations Merged

- Minimum Wages Act
- Payment of Wages Act
- Payment of Bonus Act

Broader Applicability

The Code on Wages applies to **all employees across organised and unorganised sectors**, without any wage ceiling for filing claims. This is a significant departure from earlier laws, which imposed a wage limit of ₹24,000 per month.

Bonus Act applicability continues for establishments employing **20 or more**

employees, subject to prescribed exemptions.

Revised Definition of Employee and Worker

The Code provides a **uniform definition of "employee"**, covering managerial, supervisory, technical, and clerical roles. Only supervisory employees earning above **₹15,000 per month** are excluded from the definition of "worker".

This change ensures:

- Uniform wage protection
- Reduced ambiguity in classification
- Wider coverage of statutory benefits

Unified Definition of Wages

One of the most impactful changes is the introduction of a **uniform definition of wages** across all labour laws.

- Allowances exceeding **50% of total remuneration** will be treated as wages
- Exclusions such as HRA, bonus, overtime, and gratuity are capped at 50%

Impact:

This redefinition has a direct impact on:

- EPF and ESI contributions
- Gratuity computation
- Minimum wage compliance
- Cost-to-company (CTC) structuring

- Minimum wages to be revised at least once every **5 years**
- Central Government empowered to notify a **National Floor Level Minimum Wage**
- States cannot prescribe wages below the national minimum

Equal Pay and Non-Discrimination

The Code expands the principle of equal remuneration beyond gender-based discrimination to cover **all forms of discrimination**. However, restrictions relating to recruitment-stage discrimination have been relaxed.

Inspection and Penalties

- Inspectors redesignated as **Inspector-cum-Facilitators**
- Introduction of **web-based inspections**
- Enhanced penalties up to **₹1,00,000** and imprisonment for repeat offences

Final Settlement and Claims

- Full and final settlement must be paid **within 2 days** of termination, including resignation
- Time limit for filing wage-related claims increased to **3 years**

Industrial Relations Code, 2020

Legislations Merged

- Industrial Disputes Act, 1947
- Industrial Employment (Standing Orders) Act, 1946
- Trade Unions Act, 1926

Minimum Wages Framework

Revised Definitions

The Code redefines:

- **Worker** - salary up to ₹18,000

- **Employer** - expanded to include occupier, manager, contractor, and legal representatives
- **Industry** - broader scope excluding sovereign and charitable activities

The definition of **industrial dispute** now explicitly includes dismissal, retrenchment, and termination.

Standing Orders and Establishment Thresholds

- Standing Orders mandatory only for establishments with **300 or more workers** (earlier 100)
- Establishments with fewer than 300 workers can lay off, retrench, or close operations **without prior government approval**

Fixed Term Employment (FTE)

The Code formally recognises **Fixed Term Employment**, providing:

- Equal wages and statutory benefits
- Gratuity eligibility after **1 year**
- Exclusion from retrenchment on completion of contract

This provides flexibility to employers while safeguarding employee rights.

Trade Union Recognition

- Introduction of **Negotiating Union / Negotiating Council**
- Union with **51% support** recognised as negotiating union
- Strike notice of **14 days** mandatory across all establishments

Reskilling Fund

Employers must contribute **15 days' last drawn wages** for retrenched workers towards a reskilling fund—aimed at improving employability.

Occupational Safety, Health and Working Conditions Code, 2020

Legislations Merged

13 labour laws including:

- Factories Act
- Mines Act
- Contract Labour Act
- Inter-State Migrant Workmen Act
- Motor Transport Workers Act

- Beedi & Cigar Workers Act
- Cine Workers Act

Expanded Coverage

- Factory definition revised:
 - 20 workers with power
 - 40 workers without power
- Exclusions provided for hotels, restaurants, and IT establishments

The Code expands coverage to:

- Audio-visual and film production
- Metro railways
- Media and newspaper establishments

Working Hours and Employment Conditions

- Maximum 6 working days per week
- Overtime payable at twice the daily wages
- Women permitted to work night shifts (7 p.m. to 6 a.m.) with consent and safeguards

Contract and Inter-State Migrant Workers

- Expanded definition of inter-state migrant workers
- Principal employer made directly responsible for wage payments
- Welfare facilities mandatory where contract labour is deployed

Safety, Welfare and Penalties

- Employees obligated to follow safety protocols
- Severe penalties for violations:
 - Death-related offences: imprisonment up to 2 years or fine up to ₹5 lakh
 - Employer violations: fines up to ₹3 lakh

Social Security Code, 2020

Legislations Merged

- EPF Act
- ESI Act
- Payment of Gratuity Act
- Maternity Benefit Act
- Employees' Compensation Act

- Unorganised Workers' Social Security Act

Single Registration System

The Code introduces **single registration** for establishments, replacing multiple registrations under different laws.

EPF, ESI and Gratuity Reforms

- Voluntary ESI registration permitted
- ESI coverage may extend even to a **single employee** in hazardous work
- Fixed-term employees eligible for gratuity without minimum service requirement
- Medical bonus under maternity benefit increased to **₹3,500**

Gig and Platform Workers

For the first time, the Code formally recognises:

- Gig workers
- Platform workers

Key provisions include:

- Mandatory registration
- Social security schemes
- Aggregators to contribute **1-2% of turnover**, capped at 5% of payouts

Role of Professionals and Employers

The New Labour Codes significantly enhance the role of:

- Chartered Accountants
- HR professionals
- Labour law consultants

Key responsibilities include:

- Wage structuring and compliance
- Advisory on fixed-term employment
- EPF, ESI, and gratuity planning
- Labour audit and documentation
- Risk mitigation and penalty avoidance

The Code on Wages, 2019: Myths, Facts and Practical Implications

The **Code on Wages, 2019** is the first of the four Labour Codes to be enacted and forms the foundation of India's restructured labour law framework. Despite its progressive intent, the Code has been surrounded by numerous misconceptions among employers, employees, and even professionals. These myths often lead to resistance, fear, and incorrect compliance practices.

The webinar on "**Myths and Facts - The Code on Wages, 2019**" aimed to demystify these misconceptions and provide clarity on the actual provisions of the Code, its objectives, and its practical impact.

Why the Code on Wages Was Introduced

Prior to the Code, wage-related laws in India were fragmented across multiple legislations such as:

- The Minimum Wages Act, 1948
- The Payment of Wages Act, 1936
- The Payment of Bonus Act, 1965

This resulted in:

- Multiple definitions of wages
- Limited coverage due to sector-based applicability
- Wage ceilings for claims and benefits
- Uneven protection for unorganised workers

The Code on Wages seeks to **universalise wage protection**, bring **uniformity**, and enhance **social security coverage** for all employees.

Myth 1: Certain Categories like Data Entry Operators Are Not Covered

Myth:

Data Entry Operators and similar employees are not entitled to minimum wages.

Reality:

The Code has **done away with the concept of "scheduled employment"**. Minimum wages are now **universally applicable to all employees**, irrespective of:

- Sector
- Designation
- Nature of work

This ensures that no category of employee remains outside minimum wage protection.

Myth 2: Daily Wage Workers Are Not Eligible for Bonus

Myth:

Only permanent employees are eligible for bonus.

Reality:

Bonus is payable to **every employee who has worked for at least 30 days in an accounting year**, irrespective of whether the employee is:

- Permanent
- Temporary
- Casual
- Daily wage based

This significantly expands the scope of bonus coverage.

Myth 3: Floor Wage Will Reduce State Minimum Wages

Myth:

Introduction of floor wage will result in reduction of minimum wages fixed by States.

Reality:

The Code clearly provides that **States**

cannot reduce existing minimum wages if they are already higher than the notified floor wage. The floor wage acts as a **protective minimum threshold**, not a wage suppression tool.

Myth 4: Revised Definition of Wages Will Reduce Take-Home Pay

Myth:

The new definition of wages will reduce employees' earnings.

Reality:

The revised definition ensures **transparency and uniformity**. If allowances exceed **50% of total remuneration**, the excess amount is added back to wages.

This:

- Increases the base for PF, gratuity, and bonus
- Strengthens long-term social security
- Prevents artificial wage structuring

The Code does **not reduce wages**; instead, it enhances statutory benefits.

Myth 5: Employers Can Make Excessive Deductions

Myth:

The Code allows employers to deduct excessive amounts from wages.

Reality:

The Code places a **uniform cap of 50% on total deductions** from wages. Earlier, deductions under cooperative societies could go up to **75%**.

This change offers **greater protection to employees** and ensures fair wage payments.

Myth 6: Minimum Wages Will Be Arbitrarily Fixed by the Central Government

Myth:

The Central Government will arbitrarily control wage fixation.

Reality:

Both **Central and State Governments** will fix minimum wages within their respective jurisdictions. Wage fixation must:

- Be above the floor wage
- Involve consultation with employers' and workers' representatives

The process remains **balanced, consultative, and transparent.**

Myth 7: Inspectors Will Only Support Employers

Myth:

Inspector-cum-Facilitators will work only in favour of employers.

Reality:

Inspectors retain enforcement powers while also being responsible for:

- Creating awareness among workers
- Guiding employers on compliance

Their role is **facilitative, not biased**, ensuring smoother compliance and reduced litigation.

Myth 8: Overtime Rights Are Being Diluted

Myth:

Flexible working hours will deprive employees of overtime wages.

Reality:

Flexibility does **not affect minimum wages.**

Employees working beyond normal hours are entitled to **overtime at not**

less than twice the normal wage rate.

Overtime protections remain fully intact.

Myth 9: Transgender Persons Are Not Covered

Myth:

Transgender employees are excluded from benefits.

Reality:

The Code expressly prohibits discrimination on grounds of **gender, including transgender**, in:

- Recruitment
- Wages
- Conditions of employment

This reinforces inclusivity and equality in the workplace.

Myth 10: Compounding Lets Employers Escape Punishment

Myth:

Compounding of offences allows employers to avoid penalties.

Reality:

The Code introduces:

- **Enhanced penalties**

- **Compounding only for first-time offences**

This balances enforcement with corrective compliance and reduces unnecessary litigation without diluting accountability.

Myth 11: Only Permanent Employees Are Covered

Myth:

The Code applies only to permanent staff.

Reality:

The Code applies to **all employees**, including:

- Full-time
- Part-time
- Temporary
- Casual
- Contractual workers

This universal coverage is one of the most significant reforms.

Myth 12: Code Benefits Only Organised Sector Workers

Myth:

Unorganised sector workers are excluded.

Reality:

The Code applies to **both organised and unorganised sectors**, ensuring:

- Minimum wages
- Timely payment
- Equal pay for equal work

This is a major step towards universal labour protection.

- Labour audits
- Risk mitigation and litigation support
- Advising on cost implications under the new Code

The Code on Wages creates **new professional opportunities in advisory and compliance services.**

Practical Implications for Employers

Employers must:

- Revisit wage structures
- Recalculate statutory contributions
- Ensure deduction limits are complied with
- Review bonus eligibility
- Update payroll systems

Non-compliance may lead to enhanced penalties and reputational risk.

Role of Chartered Accountants and Professionals

Chartered Accountants play a critical role in:

- Wage structuring advisory
- Payroll and statutory compliance

Code on Social Security, 2020: Myths, Facts and the Road to Universal Social Protection

The **Code on Social Security, 2020** represents one of the most ambitious reforms in India's labour law history. For the first time, social security has been envisioned not merely as a benefit for organized sector employees, but as a **universal right** extending to unorganized, gig, and platform workers. However, like other labour codes, the Social Security Code has been surrounded by myths, apprehensions, and misunderstandings.

The webinar on "**Myths and Facts - Code on Social Security, 2020**" aimed to address these concerns by separating perception from reality and explaining how the Code lays a structured, phased, and inclusive framework for social security in India.

Why a New Social Security Code Was Needed

Prior to this Code, social security laws in India were fragmented across multiple legislations such as:

- Employees' Provident Funds and Miscellaneous Provisions Act
- Employees' State Insurance Act

- Payment of Gratuity Act
- Maternity Benefit Act
- Employees' Compensation Act
- Unorganised Workers' Social Security Act

These laws suffered from:

- Limited sectoral coverage
- Exclusion of informal workers
- Multiple registrations and authorities
- Overlapping definitions and compliance

The Social Security Code consolidates these laws to ensure **simplicity, wider coverage, and portability of benefits.**

Myth 1: The Code Does Not Provide Any Roadmap for Universal Social Security

Reality:

The Code explicitly provides for social security coverage across:

- Organised sector workers
- Unorganised workers

- Gig and platform workers

EPF applicability is expanded by removing schedule-based restrictions, while ESI is made applicable pan-India. Dedicated provisions enable Central and State Governments to frame welfare schemes for unorganised, gig, and platform workers, marking a historic shift towards universalisation.

Myth 2: Informal Women Workers Will Not Get Maternity Benefits

Reality:

The Code empowers the Central Government to notify welfare schemes for unorganised workers, specifically including:

- Health benefits
- Maternity benefits
- Life and disability cover

This ensures that maternity protection is no longer limited to women employed in formal establishments.

Myth 3: Gratuity Will Not Be Paid Immediately After Termination

Reality:

Section 56(3) of the Code mandates

that gratuity must be paid **within 30 days** from the date it becomes payable. Any delay attracts **interest liability**, strengthening employee protection and improving enforcement compared to earlier regimes.

Myth 4: The 60-Day Appeal Period for Gratuity Will Cause Delays

Reality:

The 60-day appeal window under Section 56(8) mirrors provisions of the Payment of Gratuity Act and upholds **principles of natural justice**. It provides adequate time to appeal without diluting employees' rights.

Myth 5: Nursing Breaks for Working Mothers Have Been Restricted

Reality:

The Code retains the existing provisions of the Maternity Benefit Act. Nursing breaks and maternity entitlements remain unchanged, ensuring that child health and women's employment rights are fully protected.

Myth 6: Centralisation of Cess Collection Will Lead to Delays

Reality:

While the Code allows States to designate suitable agencies for cess collection, the funds remain under **State control**. This flexibility improves administrative efficiency without centralising fund ownership.

Myth 7: Trade Union Concerns Over Cess Misuse Are Ignored

Reality:

The government clarified that cess collection continues to be under State or local authorities. States retain full control over utilisation, ensuring decentralisation and accountability.

Myth 8: Cess Funds Are Underutilised and Not Audited

Reality:

The Code maintains the existing accountability framework, where utilisation and monitoring of cess funds remain a **State responsibility**. While underutilisation is acknowledged, the Code does not dilute oversight mechanisms.

Myth 9: There Are No Detailed Schemes for Unorganised Workers

Reality:

The Code follows a **federal and flexible approach**, empowering both Central and State Governments to frame schemes based on local needs and fiscal capacity. Uniformity is not forced, allowing progressive implementation.

Myth 10: Universalising All Benefits Will Harm Competitiveness

Reality:

The government has adopted a **gradualist approach**, initially notifying only 11 schemes. Remaining benefits will be introduced through rules in a phased manner, balancing worker welfare with economic competitiveness.

Myth 11: Beedi Workers Have Been Ignored

Reality:

The Code includes beedi workers within the unorganised workers' welfare framework. Section 106(4)(iv) specifically provides for education and housing schemes, ensuring continued protection.

Myth 12: State-Level Variations Will Dilute Worker Protection

Reality:

India's federal structure allows both Central and State Governments to frame schemes. Central residuary powers ensure minimum standards, while States retain flexibility to design locally relevant benefits.

Myth 13: Informal Workers Will Never Achieve Parity with Formal Workers

Reality:

The Code establishes a **broad enabling framework**. While immediate parity may not be feasible, the design allows phased expansion of benefits as administrative capacity and fiscal space improve.

Myth 14: Gig and Platform Workers Have Been Given Only Symbolic Recognition

Reality:

For the first time, gig and platform workers are legally recognised and covered under Sections 109-114. The Code mandates:

- Registration of workers

- Creation of a Social Security Fund
- Aggregator contributions (1-2% of turnover, capped at 5% of payouts)
- Benefits including life, disability, health, maternity, and old-age protection

This is substantive, not symbolic recognition.

Myth 15: Social Security Exists Only on Paper

Reality:

The Code has already been enacted by Parliament. Once notified, statutory benefits such as EPF, ESI, gratuity, maternity benefits, and compensation will become operational for eligible workers.

Myth 16: New Wage Structure Will Increase Employer Costs Significantly

Reality:

While the definition of wages is rationalised, **contribution rates remain unchanged**. The broader base improves transparency without automatically increasing employer financial burden.

Myth 17: Employers Will Face Excessive Financial Burden

Reality:

The Code simplifies compliance through:

- Unified definitions
- Single registration
- Integrated digital returns

These measures reduce long-term administrative costs and compliance complexity.

Myth 18: Only Permanent Workers Are Eligible for Social Security

Reality:

The Code extends benefits to:

- Fixed-term employees
- Contract workers
- Gig and platform workers
- Unorganised workers

Social security is no longer limited to permanent employment relationships.

Myth 19: Digital Registration Will Exclude Rural and Illiterate Workers

Reality:

Multiple registration channels are provided, including:

- Facilitation centres
- CSCs
- Trade unions
- Field officers

This ensures inclusivity and prevents digital exclusion.

Myth 20: Inspections Will Become More Punitive

Reality:

The Code introduces **faceless, randomised, and technology-driven inspections**, improving transparency and reducing inspector discretion and harassment.

Practical Implications for Employers and Professionals

Employers must:

- Re-evaluate workforce classification
- Ensure unified registration
- Review gratuity, PF, ESI, and maternity compliance
- Prepare for gig and platform worker obligations

Chartered Accountants and professionals play a key role in:

- Social security advisory
- Compliance structuring
- Labour audits
- Risk management and cost optimisation

Industrial Relations Code, 2020: Myths, Facts and the Future of Industrial Harmony in India

The **Industrial Relations (IR) Code, 2020** represents a significant reform in India's labour law framework, aiming to modernise industrial relations, strengthen collective bargaining, and promote industrial peace while balancing the interests of workers and employers. However, the Code has been widely misunderstood, leading to concerns that it weakens workers' rights and promotes "hire-and-fire" practices.

The webinar on "**Myths and Facts - Industrial Relations Code, 2020**" sought to clarify these misconceptions by explaining the actual statutory provisions and their intended impact on employment stability, trade union functioning, and dispute resolution mechanisms.

Why the Industrial Relations Code Was Introduced

Before the IR Code, industrial relations in India were governed by three major legislations:

- Industrial Disputes Act, 1947
- Trade Unions Act, 1926

- Industrial Employment (Standing Orders) Act, 1946

Over time, these laws became:

- Fragmented and overlapping
- Procedurally complex
- Slow in dispute resolution
- Unsuitable for modern employment practices

The IR Code consolidates these laws to ensure **clarity, speed, transparency, and industrial harmony.**

Myth 1: The IR Code Takes Away Workers' Right to Form Trade Unions

Reality:

The right to form trade unions is **fully retained**. In fact, the Code strengthens trade unions by granting them a **statutory right to recognition**. Mandatory recognition enhances their bargaining power and institutional relevance.

Myth 2: All Workers Now Need Government Permission to Go on Strike

Reality:

The Code introduces a **prior strike notice requirement** to facilitate conciliation before conflict escalates. This mechanism benefits both employers and workers by enabling dispute resolution through dialogue rather than confrontation.

Myth 3: The Code Bans All Strikes

Reality:

There is **no blanket ban on strikes**. The Code regulates strikes to ensure orderly conduct and reduce sudden disruptions. Regulation should not be mistaken for prohibition.

Myth 4: Employers Can Retrench Workers Freely

Reality:

The requirement of **prior notice and retrenchment compensation** has been retained. Retrenchment remains a regulated process, ensuring protection for workers against arbitrary termination.

Myth 5: Trade Unions Lose Their Grievance Redressal Role

Reality:

Mandatory recognition of trade unions strengthens collective bargaining. The Code also mandates **Grievance Redressal Committees (GRCs)**, ensuring time-bound resolution of worker grievances through bipartite mechanisms.

Myth 6: The Code Ends Job Security for Permanent Workers

Reality:

The rights of permanent workers are **fully protected**. The Code does not dilute job security but rationalises procedures to promote industrial stability.

Myth 7: Fixed-Term Employment (FTE) Is Exploitative

Reality:

Fixed-Term Employment provides flexibility while ensuring fairness. FTE workers are entitled to:

- Same wages as permanent workers
- Same statutory benefits

- Proportionate gratuity after one year of continuous service

This model benefits both employers and employees by offering flexibility without exploitation.

Myth 8: Units with Less Than 300 Workers Can Fire Employees Without Restriction

Reality:

The increased threshold encourages employers to hire workers directly, promoting **formalisation of employment**. Even in such units:

- One-month notice before retrenchment is mandatory
 - Retrenchment compensation is compulsory
 - Workers are entitled to **15 days' wages from the Reskilling Fund**
-

Myth 9: Conciliation Mechanism Has Been Abolished

Reality:

Conciliation has been **strengthened, not abolished**. It is now compulsory in all strike notices, ensuring early intervention and dispute resolution.

Myth 10: Labour Courts Are Abolished

Reality:

Labour Courts are merged into **Industrial Tribunals with two members**, enabling faster adjudication and reducing pendency of cases.

Myth 11: The Code Promotes "Hire-and-Fire" Culture

Reality:

Retrenchment and closure are **strictly regulated**. Notice, compensation, and reskilling provisions ensure fairness and accountability.

Myth 12: Workers Cannot Collectively Bargain or Protest

Reality:

The Code mandates recognition of a **sole negotiating union or council**, strengthening structured collective bargaining and reducing inter-union rivalry.

Myth 13: Industry Closure No Longer Needs Government Approval

Reality:

Establishments employing **300 or more workers** still require prior

government approval for closure, along with payment of compensation.

Myth 14: Trade Unions Lose Legal Importance

Reality:

Trade unions gain enhanced legal status through mandatory recognition and structured bargaining mechanisms.

Myth 15: Workers' Participation in Management Is Removed

Reality:

Bipartite forums such as **Works Committees** and **Grievance Committees** are retained, ensuring continued worker participation in management processes.

Myth 16: Penalties for Employer Violations Are Removed

Reality:

Penal provisions are not diluted; instead, they are **strengthened** to ensure compliance and accountability.

Myth 17: The Code Centralises All Labour Powers

Reality:

Labour remains a **Concurrent Subject**. Jurisdiction between Central and State Governments is clearly defined, preserving federal balance.

Myth 18: Justice Delivery Will Be Delayed

Reality:

With two-member Industrial Tribunals, dispute resolution is expected to be **faster and more effective**.

Myth 19: The Code Favours Employers Only

Reality:

The Code seeks to balance interests by protecting workers' rights while promoting industrial harmony and ease of doing business.

Myth 20: Sales Promotion Employees Are Not Covered

Reality:

Sales promotion employees are **explicitly recognised as employees** and covered under the IR Code.

Myth 21: Journalists Are Freelancers and Not Employees

Reality:

A "Working Journalist" employed in a newspaper or news agency is legally recognised as an **employee entitled to labour protections**.

Practical Implications for Employers and Professionals

Employers must:

- Review standing orders and HR policies
- Ensure compliance with retrenchment and closure norms
- Establish grievance redressal mechanisms
- Recognise and engage with trade unions appropriately

Chartered Accountants and professionals play a vital role in:

- Labour law advisory
- Compliance audits
- Risk assessment and mitigation
- Cost planning and workforce structuring

Occupational Safety, Health and Working Conditions Code, 2020: Myths, Facts and the New Framework for Workplace Safety in India

The **Occupational Safety, Health and Working Conditions (OSH) Code, 2020** represents a landmark reform in India's labour law architecture. By consolidating **13 existing labour legislations** into a single, unified Code, it seeks to modernise workplace safety norms, expand coverage, simplify compliance, and ensure dignity, health, and welfare for workers across sectors.

Despite its progressive intent, the OSH Code has been subject to several myths and misconceptions—particularly around dilution of worker protections, relaxed penalties, and excessive flexibility favouring employers. The webinar on **"Myths and Facts - OSH Code, 2020"** aimed to clarify these concerns and present the true statutory position.

Why the OSH Code Was Introduced

Earlier, occupational safety and working conditions were governed by multiple fragmented laws such as:

- Factories Act

- Contract Labour (Regulation & Abolition) Act
- Inter-State Migrant Workmen Act
- Mines Act
- Motor Transport Workers Act
- Beedi & Cigar Workers Act
- Cine Workers Act

These laws resulted in:

- Overlapping definitions and compliances
- Sector-specific silos
- Limited coverage for modern industries
- Compliance complexity and enforcement challenges

The OSH Code consolidates and harmonises these laws to ensure **uniform safety standards, ease of compliance, and expanded worker coverage.**

Myth 1: Raising the Factory Threshold Excludes Workers from Safety Protection

Myth:

Increasing the factory definition

threshold from 10 workers with power / 20 without power to 20 with power / 40 without power will deprive workers of safety benefits.

Reality:

Safety, health, and welfare provisions under the OSH Code apply to **all establishments employing 10 or more workers**. The threshold change only affects factory registration, not worker protection.

Myth 2: Increasing Contract Labour Licensing Threshold Harms Contract Workers

Myth:

Raising the licensing threshold for contract labour from 20 to 50 removes protection for contract workers.

Reality:

All establishments with **10 or more employees** must comply with safety and welfare standards. The higher licensing threshold is for **administrative ease** and does not dilute worker entitlements.

Myth 3: Allowing 12-Hour Workdays Will Exploit Workers

Myth:

Flexibility in working hours permits exploitation.

Reality:

The Code retains **8 hours per day and 48 hours per week** as the standard. Any extension is permitted only with **overtime wages at twice the ordinary rate**, ensuring financial protection.

Myth 4: Allowing Women to Work at Night Is Unsafe

Myth:

Night shifts for women compromise safety.

Reality:

The Code ensures women's **right to work in all establishments and night shifts**, subject to:

- Adequate safety measures
- Transport facilities
- Security arrangements

This promotes gender equality while ensuring safeguards.

Myth 5: Inspector-Cum-Facilitators Weaken Enforcement

Myth:

Replacing inspectors with facilitators reduces accountability.

Reality:

The new system introduces **technology-based, transparent inspections** while retaining enforcement powers. The facilitator role improves compliance through guidance without compromising accountability.

Myth 6: Welfare Facilities Apply Only to Large Establishments

Myth:

Only large factories must provide welfare facilities.

Reality:

The Code mandates health and welfare facilities for **all establishments employing 10 or more workers**, expanding coverage significantly.

Myth 7: Consolidation of 13 Laws Dilutes Workers' Rights

Myth:

Merging laws weakens protection.

Reality:

The Code **harmonises and strengthens** worker protections by removing inconsistencies while preserving core rights related to safety, health, and welfare.

Myth 8: Migrant Worker Portability Will Not Work

Myth:

Portability of benefits for migrant workers is impractical.

Reality:

The Code introduces **digital registration and Aadhaar-linked portability**, enabling migrant workers to access benefits across states—addressing a long-standing gap.

Myth 9: Compounding of Offences Lets Employers Escape Liability

Myth:

Employers can avoid punishment through compounding.

Reality:

Only **minor procedural offences** are compoundable. Serious safety violations attract **severe penalties and criminal prosecution**, ensuring strong deterrence.

Myth 10: State Rule-Making Will Dilute Worker Protection

Myth:

State powers will weaken safeguards.

Reality:

The Code provides a **uniform national framework**, while allowing states to address local conditions—ensuring both consistency and regional adaptability.

Myth 11: Employer Duties Apply Only to Regular Workers

Myth: Contract workers are excluded.

Reality:

The Code explicitly extends safety and welfare obligations to **contract workers and inter-state migrant workers**, ensuring inclusive protection.

Myth 12: Allowing Women in Hazardous Occupations Is Unsafe

Myth:

Women should be restricted from hazardous work.

Reality:

The Code allows women to work in any occupation **with adequate safety arrangements**, reinforcing equality without compromising safety.

Myth 13: Fixed-Term Employees Are Not Protected

Myth:

Fixed-term workers are excluded from benefits.

Reality:

Fixed-term employees are fully covered and entitled to:

- Appointment letters
 - Annual health check-ups
 - Safety and welfare benefits
-

Myth 14: Penalties Have Been Reduced in Favour of Employers

Myth:

The OSH Code favours employers by lowering penalties.

Reality:

Penalties are **rationalised**, not diluted. Minor offences are compoundable, but serious violations attract **heavy fines and imprisonment**.

Myth 15: No Welfare Provisions for Transgender Workers

Myth: Transgender workers are ignored.

Reality:

For the first time, the Code recognises **transgender workers** and mandates:

- Separate toilets

- Bathing and rest facilities
 - Dignity and privacy at workplace
-

Myth 16: Drivers Are Not Covered

Myth: Drivers and motor transport workers are excluded.

Reality:

Motor Transport Workers, including drivers, are **fully covered**, with provisions for:

- Working hours
 - Rest intervals
 - Safety and welfare
-

Myth 17: Contract Workers Do Not Get Welfare Facilities

Myth: Contract workers remain unprotected.

Reality:

The Code strengthens welfare obligations by making the **principal employer responsible** for providing welfare facilities to contract workers.

Myth 18: Stuntmen and Dubbing Artists Are Excluded

Myth: Audio-visual workers are ignored.

Reality:

Stuntmen and dubbing artists are now recognised as **audio-visual workers** and entitled to safety, health, and welfare benefits under the Code.

Practical Implications for Employers and Professionals

Employers must:

- Review safety and welfare policies
- Ensure compliance across all worker categories
- Upgrade inspection preparedness
- Implement digital registrations and records

Chartered Accountants and professionals play a key role in:

- Labour compliance audits
- Advisory on cost and compliance impact
- Risk mitigation and penalty avoidance
- Policy and documentation review