

# **New labour codes will bring new appointment letters with Aadhaar, job growth path for all employees**

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- **Under the Occupational Safety, Health and Working Conditions Code, 2020' ('OSH Code"), it is mandatory for an employer to issue an appointment letter to an employee in a specified format. The appointment letter issued to existing employees must meet the format prescribed by the government. The new appointment letter mandates mentioning of Aadhaar number, UAN, career growth options etc.**

The 4 new Labour Codes aim at standardising definitions, simplifying procedures and ensuring wider coverage of the workforce. The new laws, awaiting effective notification date, will consolidate and replace the current 29 central labour regulations.

One of the codes 'The Occupational Safety, Health and Working Conditions Code, 2020' ('OSH Code") and Rules has introduced specific provisions relating to the issue of appointment letter and has prescribed formats for the same (section 6 of the OSH Code read with Rule 7 of the OSH Rules). The 13 existing regulations do not have specific provisions related to issuance, format of appointment letter.

An appointment letter is a legal contract between the employer and the employee. It is issued by the employer, confirming the job role/position of the employee in the organisation and detailing the terms and conditions of employment.

As indicated above, under the OSH Code, an employer has to mandatorily issue a letter of appointment in a format that may be prescribed by the appropriate government authority to every employee on his/her appointment in the establishment.

The OSH Code further states that if any employee has not been issued "such an appointment letter on or before the commencement of the Code", then the employer should issue one within three months of the commencement of the Code. This is in contrast with the present scenario wherein no format is prescribed.

Thus, even if an employee has already been issued an appointment letter, prior to the new laws coming into effect, then a new appointment letter will have to be issued within three months of effective date of new law. The new appointment letter will have to be in the format prescribed by the Code.

Information that will have to be mentioned in the appointment letter

As per the OSH Rules, the following information needs to be mentioned in the appointment letter -

- (i) Name of employee;
- (ii) Father's name;

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- (iii) Aadhaar number;
- (iv) Labour Identification Number (LIN) of the establishment;
- (v) Universal Account Number (UAN)/Insurance Number (ESIC);
- (vi) Designation;
- (vii) Category of skill;
- (viii) Date of joining;
- (ix) Wages as per Code on wages 2019;
- (x) Other allowance, including accommodation (as applicable);
- (xi) Avenue for achieving higher wages/higher position i.e., what are the growth/promotion options available to an employee;
- (Xii) Applicability of social security - Employees Provident Fund Organisation and ESIC benefits;
- (xiii) Health check-up;
- (xiv) Broad nature of duties to be performed; and
- (xv) Any other information.

Certain aspects such as Aadhaar Number, Labour Identification Number (LIN), Universal Account Number (UAN), avenue for achieving higher wages/higher position (basis for increments, promotions etc.), which are not currently included under the appointment letter will now have to be mandatorily included.

Apart from the above, the appointment letter and the clauses therein will also have to be reviewed with respect to social security, gratuity, etc. so as to realign and reflect the changes required under the other Labour Codes besides OSH. Necessary modifications will also need to be made to include and communicate specific benefits available to women employees and fixed term employees as applicable.

This is a welcome step as it will bring in more transparency and introduce standardisation in the content to be mentioned in an appointment letter.

Further, while issuing an appointment letter the employer should also refer to the OSH Code and Rules notified by the respective states and any other state laws, such as the Shop and Establishment Act, to ensure that all applicable provisions are complied with.

One should also take note of the fact that non-compliance with the provisions under the OSH Code and Rules will attract stringent penalties on the employer, ranging from Rs 2 lakh to 3 lakh. Continued non-compliance would also attract additional penalties of Rs 2,000 for each day such contravention continues.

Hence, it is imperative for employers to watch out for the notification of the effective date of the Labour Codes, identify and understand the changes required under the same, be in a state of readiness to ensure compliance, and also keep their employees informed.

