



JSA Prism Employment Law

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Gujarat updates its social security framework: Key amendments to gratuity, maternity, and worker welfare rules

In exercise of its powers under sub-section (1) of Section 154 and sub-section (1) of Section 156 of the Code on Social Security, 2020¹ (“**SS Code**”), the State of Gujarat, *vide* notification dated August 18, 2025, released the Code on Social Security (Gujarat) (Amendment) Rules, 2025² (“**Amendment Rules**”). The Amendment Rules amend the Code on Social Security (Gujarat) Rules, 2023³ (“**2023 Rules**”) and lay down the procedure and manner for implementation of the SS Code in the State.

The SS Code consolidates and replaces 9 (nine) existing social security laws, including *inter alia* the Employee’s Compensation Act, 1923, the Employees’ State Insurance Act, 1948, the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952, the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959, the Maternity Benefit Act, 1961, the Payment of Gratuity Act, 1972, the Cine-Workers Welfare Fund Act, 1981, the Building and Other Construction Workers’ Welfare Cess Act, 1996, and the Unorganised Workers’ Social Security Act, 2008. The SS Code empowers Central and State governments to formulate welfare schemes for workers with an aim to ensure their access to equitable social security benefits provided thereunder. The SS Code provides coverage to all workers, including those in the unorganised sector, and provides a uniform framework for social security benefits across sectors and employment structures.

Key highlights under the 2023 Rules

To operationalise and localise the provisions under the SS Code within the State of Gujarat, the 2023 Rules highlight various provisions including gratuity, maternity, workers’ compensation, social security for unorganised workers and building workers. The key highlights of the 2023 Rules are as follows:

Simplification of gratuity rules

The 2023 Rules lay down a unified process for employees, nominees and legal heirs to apply for payment of gratuity through prescribed standardised forms. Employers are mandated to notify the applicant within 15 (fifteen) days regarding the status of their application. If the claim for gratuity is found admissible, the employee/nominee/legal heir is entitled to receive gratuity within 30 (thirty) days from the date of application and the employer is required to

¹ Notification No. CG-DL-E-29092020-222111

² Notification No. No. GR/2025/116/PGA/172021/24659/M3

³ Notification No. No. GR/2023/158/PGA/172021/24659/M3

issue a notice for the same. If the claim is found inadmissible, reasons for the same are to be conveyed in another notice.

The 2023 Rules specify that an employer is required to intimate details of gratuity payments made to eligible employees to the competent authority of the area. In addition to the above, the 2023 Rules allow applicants to apply to the competent authority for issuing a direction against the employer in case the employer refuses to accept a nomination or specifies an amount less than what is payable in the notice or fails to issue the notice granting admissibility within the specified time. The 2023 Rules also set out the procedure to be followed by the competent authority to assess applications for issuance of direction against the employer, in any of the above cases.

Appeal mechanism for disputes relating to maternity benefit

The SS Code as well as extant laws on maternity enables female employees to approach the inspector-cum-facilitator to make a complaint against the employer in the event of delayed payments or illegal dismissal during her approved absence from work under applicable maternity laws. Female employees aggrieved by the order of the inspector-cum-facilitator may prefer an appeal against such an order before the competent authority prescribed in that area. The 2023 Rules outline a comprehensive procedure for preferring an appeal against any such decision passed by the inspector-cum-facilitator.

The 2023 Rules require employers to supply to female employees at their request, the forms appended under the SS Code free of cost. Under the 2023 Rules, non-submission of any notice, appeal or complaint in prescribed formats by any female employee does not disentitle them from their right to maternity benefit.

Entitlement of social security to construction workers

The 2023 Rules establish the structure and functioning of the Gujarat Building and other Construction Workers Welfare Board ("**Building Workers Board**"). The constitution of the Building Workers Board under the SS Code is for matters relating to collection of cess for the purposes of social security and welfare of building workers. The composition of the Building Workers Board along with provisions such as term of office, resignation, time limit, manner of paying cess, have been elaborated under the 2023 Rules.

The 2023 Rules provide further clarity on the functioning and responsibilities of Building Workers Board, including *inter alia* the implementation of welfare schemes for building workers and their family members. It introduces a fixed fee for appeal applications, mandates electronic payment of cess and specifies timelines and formats for filing of returns.

Welfare of unorganised workers

The 2023 Rules outlined the constitution of the Gujarat State Unorganised Workers' Social Security Board ("**Unorganised Workers Board**"). They also delineate its functions, including but not limited to, framing and monitoring the execution of social security schemes for unorganised sector workers, reviewing registration of and issue of cards to such workers, review expenditure from funds under various schemes.

The 2023 Rules lay down the procedure for the Unorganised Workers Board to discharge its assigned functions, including *inter alia* constitution of advisory committee(s), term and representation in its composition, resignation of members, salary and allowances, meetings and decision-making, quorum and attendance process. By providing a comprehensive mechanism for the Unorganised Workers Board's functioning, the 2023 Rules act as a bridge between policy and grassroots-level implementation.

Revisions introduced by the Amendment Rules

The State of Gujarat has issued the Amendment Rules which supersede and add to the 2023 Rules, in drafting provisions on gratuity, maternity benefits, social security for unorganised workers and welfare of building workers, in alignment with the evolving national framework. The Amendment Rules introduce the following amendments:

1. fixed-term employees are eligible to receive gratuity upon completion of a minimum period of 1 (one) year of continuous service. This is in alignment with the 2018 amendment to the Industrial Employment (Standing Orders) Central Rules, 1946⁴. It entitles fixed-term employees to gratuity at a pro-rated basis, corresponding to their service period, even if it is less than 5 (five) years as required under the Payment of Gratuity Act, 1972. A similar model of pro-rated gratuity benefit is provided to fixed-term employees in the State of Delhi as well;
2. employers are mandated to deposit (in addition to the compensation amount stipulated under the SS Code), a sum of INR 15,000 (Indian Rupees fifteen thousand) or higher, as prescribed, with the competent authority, to be disbursed towards the funeral expenses of an employee who met with a fatal accident/injury during the course of employment, resulting in death. In addition to this, the employer is also required to deposit the actual transport charges from the place of death/accident/hospital to the native place/where the rituals are being undertaken for the deceased employee, as calculated by the competent authority. The abovementioned expenses have to be deposited with the competent authority in the area within 48 (forty-eight) hours of the employee's death;
3. As required under the SS Code, the Amendment Rules mandate the Building Workers Board to:
 - a) make required premium payments for the group insurance scheme of the beneficiaries;
 - b) frame educational schemes for the benefit of children of the beneficiaries; and
 - c) undertake medical expenses on behalf of the beneficiary or such other notified dependents in the treatment of major ailments.

Beneficiaries refer to building and other construction workers who are registered under the Building Workers Board;

4. The Unorganised Workers Board must conduct its meeting every 3 (three) months, replacing the earlier requirement of every 4 (four) months under the 2023 Rules.
5. The State Government is required to frame and notify a detailed policy expounding on the terms for social security organisations to raise loans or constitute provident fund or other benefit funds for the officers and staff of these organisations.
6. The Amendment Rules have included a column for witnesses' declaration in the gratuity nomination/fresh nomination/modification of nomination form, i.e., Form-IV. This serves as a tool for strengthening the authenticity of nomination forms that are submitted.

Conclusion

The State Government of Gujarat has taken a proactive stance in aligning State-level labour welfare mechanisms with national reforms. These rules consolidate and supersede the existing regulations by streamlining compliance measures and electronic submissions for nominations and gratuity claims, extending benefits to fixed-term employees, and establishing dedicated welfare boards for building workers and unorganised sector workers.

Similar to Gujarat, other States like Karnataka, Maharashtra and Uttar Pradesh have also notified their draft rules under the SS Code. The States of Karnataka, Rajasthan and Telangana have taken active steps in setting up specialised frameworks for gig and platform-based workers, focusing on fair and transparent contracts while ensuring protection against discrimination and equitable social security benefits. The Gujarat Government is presently focused on

⁴ Notification No. G.S.R. 235(E)

facilitating compliance with the SS Code and is yet to outline a robust framework targeted at addressing gig and platform worker vulnerabilities.

Employment Practice

JSA has a team of experienced employment law specialists who work with clients from a wide range of sectors, to tackle local and cross-border, contentious and non-contentious employment law issues. Our key areas of advice include (a) advising on boardroom disputes including issues with directors, both executive and non-executive; (b) providing support for business restructuring and turnaround transactions, addressing employment and labour aspects of a deal, to minimize associated risks and ensure legal compliance; (c) providing transaction support with reference to employment law aspects of all corporate finance transactions, including the transfer of undertakings, transfer of accumulated employee benefits of outgoing employees to a new employer, redundancies, and dismissals; (d) advising on compliance and investigations, including creating compliance programs and policy, compliance evaluation assessment, procedure development and providing support for conducting internal investigations into alleged wrongful conduct; (e) designing, documenting, reviewing, and operating all types of employee benefit plans and arrangements, including incentive, bonus and severance programs; and (f) advising on international employment issues, including immigration, residency, social security benefits, taxation issues, Indian laws applicable to spouses and children of expatriates, and other legal requirements that arise when sending employees to India and recruiting from India, including body shopping situations.

JSA also has significant experience in assisting employers to ensure that they provide focused and proactive counselling to comply with the obligations placed on employees under the prevention of sexual harassment regime in India. We advise and assist clients in cases involving sexual harassment at the workplace, intra-office consensual relationships, including drafting of prevention of sexual harassment (POSH) policies, participating in POSH proceedings, conducting training for employees as well as Internal Complaints Committee members, and acting as external members of POSH Committees

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14 Practices and
12 Ranked Lawyers



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22 Ranked Lawyers



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