

PIB Headquarters



New Labour Codes Ensure Security and Protection for Bidi & Cigar Workers

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Key Takeaways

- No employer shall pay any employee less than the **minimum wage**
- **Floor wages** will be fixed by the Government
- **Limited normal working hours** to prevent employees from being overworked
- Employers shall issue **wage slips** and Formalization through **appointment letters**
- Pan-India **extension of ESIC coverage** and **Improved Bonus** Provisions
- **Free annual health check-ups, Annual Leave with wages** and **Prohibition of Gender Discrimination**

Introduction

With the recent implementation of the Labour Codes, the *Occupational Safety, Health and Working Conditions Code 2020 (OSHWC Code)*, the *Code on Social Security 2020*, the *Industrial Relations Code 2020* and the *Code on Wages 2019*, **India's bidi and cigar workforce benefits from an expanded system of wage protection, social-security coverage and workplace safeguards.** The sector, now more formalized, moves forward with a stronger regulatory foundation that brings **greater stability to workers' livelihoods across India.**

Shift from Old Framework to Modern Reforms

Under the previous Bidi and Cigar Workers (Conditions of Employment) Act, 1966, workers in the sector operated under a narrower set of protections. A normal working day could extend up to nine hours, though weekly work hours were capped at 48 hours. Eligibility for annual leave with wages required a worker to complete 240 days of work in a calendar year. There was also no provision for medical examinations.

These gaps have been addressed in the new Occupational Safety, Health and Working Conditions (OSHWC) Code, 2020, where the normal working day is uniformly fixed at eight hours while retaining the weekly limit of 48 hours. It mandates that **overtime be compensated at double the wage rate.**

Improved Provisions for Bidi & Cigar Workers



Aspect	Before (Bidi and Cigar Workers Conditions of Employment Act, 1966)	After (OSHWC Code, 2020)
Working Hours	9 hrs/day; Max 48 hrs/week	Uniformly fixed at 8 hrs/day & 48 hrs/week (Overtime at double wages)
Leave with Wages	Annual leave with wages after 240 days work in a calendar year	Annual leave with wages after 180 days work in a calendar year More worker-friendly
Medical Examination	No such provision	Free annual health check-ups

Annual leave with wages is now available after 180 days of work in a calendar year, making leave entitlements more worker friendly. In addition, employees are now entitled **to free annual health check-ups**.

Strengthened Welfare Measures for Bidi & Cigar Workers

Wage and Payment Protection

The new Labour Codes bring not only improved financial stability to bidi and cigar workers but also reduce vulnerabilities, and support a more dignified and stable livelihood across the sector.

- **Universalization of minimum wages:** Under the new provisions, **no employer shall pay any employee less than the minimum wage notified by the Government**. Previously, minimum wages applied only to scheduled employments, but now it covers all employees. The government shall review or revise minimum rates of wages ordinarily at interval not exceeding five years. The government shall fix minimum rate of wages for timework, piece work for different wage period i.e. by hours, day or by month taking into account the skill of employee taking into account arduousness of work.
- **Floor Wages:** Floor wages will be fixed by the Central government considering the minimum living standards of an employee including food, clothing etc. The central government will revise the floor wage at regular interval. It will reduce the migration of labour from one state to another due to similar wages.
- **Overtime Wages:** Employers must pay employees at **least twice the normal wage rate for any work beyond normal working hours**.
- **Time Limit for Payment of Wages:** Another important safeguard is the **time-bound payment of wages**. The employer shall pay or cause to be paid wages to all the employees under the following prescribed strict timelines:

Sl.	Type of Employee	Time Limit for Payment of Wages
1.	Daily-wage employee	End of the shift
2.	Weekly-rated employee	Before the weekly holiday

3.	Fortnightly-rated employee	Within 2 days of the end of the fortnight
4.	Monthly-rated employee	Within 7 days of the next month
5.	On termination or resignation	Within 2 working days

The provisions relating to **timely payment of wages and un-authorised deductions from wages**, which was earlier applicable only in respect of employees drawing wages upto ₹24,000 per month, **is made applicable to all employees irrespective of wage Ceiling.**

- **Responsibility for Payment of Dues:** Employers shall pay wages to the employees employed by them. In case where such employer fails to make such payment in accordance with the stated provisions, then, the company or firm or association or any other person who is the proprietor of the establishment, under which the employee is employed, shall be responsible for the unpaid wages.
- **Fixing Hours of Work for a Normal Working Day:** The provision limits normal working hours to prevent employees from being overworked without adequate compensation, thus protecting health and work-life balance. The working hours/day without overtime can be 8 hours, 9.5 hours or 12 hours per week subject to 48 hours of work in a week with number of 1, 2 or 3 paid holidays per week respectively. For normal working hours, workers' consent is not required. However, workers' consent is required for overtime hours for which wage is paid twice the normal rate of wage.
- **Issuance of Wage Slips:** Employers shall issue wage slips electronically or in physical form to the employee on or before payment of wages.

Social Security Benefits

The new provisions have **expanded social protection** for bidi and cigar workers, giving them **stronger security and better workplace safeguards**. These measures will build **stability and bring dignity** into workers' lives by ensuring a more inclusive support mechanism.

- **Extension of coverage of ESIC:** A key reform is the **pan-India extension of ESIC coverage, with the concept of "notified areas" removed**. Establishments with less than 10 persons, may opt for voluntary membership introduced in ESI with mutual consent of employer and employee.
- **Limitation Period:** The **limitation period for filing of claims by an employee has been extended to three years**, as against the existing time varying from six months to two years.
- **Improved Bonus Provisions:** **Bonus shall be paid to every employee drawing wages** within the limit fixed by the government and who has worked for at least 30 days in an accounting year. The annual bonus shall be a minimum of eight and one-third percent and may go up to 20% of the wages earned by the employee.
- **Formalization through appointment letters:** **Every employee will get appointment letters** in the prescribed format specifying the details of the employee, designation, category, details of the wages, details of social security etc.



- **Expansion of “Family” definition:** In case of a female employee, **the definition of family has been extended to include parents-in-law** (father-in-law and mother-in-law), based on income levels prescribed by the Government.

Safer, Healthier & Inclusive Workplaces

The Labour Codes also strengthen workplace **safety and wellbeing** for bidi and cigar workers. They ensure **better health protections, safer facilities, and stronger support during accidents**. These reforms support **healthier & inclusive working environments** and help workers access better care and support ensuring a secure livelihood.

- **Inclusion of Accidental Compensation:** The scope of **employee compensation now includes accidents occurring during commuting**, from his residence to the place of employment, or returning from place of his employment to his residence after performing duty.
- **Free annual health check-ups:** Every employee will be eligible for free annual health check-ups.
- **Annual Leave with wages:** The workers employed in an establishment are entitled for **paid leave in a calendar year on working for 180 days or more in such calendar year** (working days being reduced from 240 days to 180 days).
- **Health, safety and welfare facilities:** The Government will prescribe **provisions for cleanliness, drinking water, toilets, rest rooms, canteen** etc. and standards on occupational safety and health for workplaces relating to beedi and cigar.
- **Prohibition of Gender Discrimination:** **Employers shall not discriminate on ground of gender** in matter relating to recruitment, wages, or conditions of employment in respect of the same work or work of a similar nature done by employees.

Conclusion

With **stronger wage protection, safety and health standards, and expanded social-security entitlements**, the Codes mark a decisive shift towards **safeguarding the well-being and dignity of workers** in the bidi & cigar sector. The robust provisions **prohibiting gender-based discrimination will help uplift women workers**. Together, these reforms **illuminate a future where every bidi and cigar worker is recognised, protected, and empowered** to lead a life of greater security and dignity.

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