

B.D.ARORA&ASSOCIATES, ADVOCATES

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17-B,Shastri Nagar,JyotiColony,Ludhiana.

CircularNo.104/2026

Dated: 11.05.2026

Dear friends,

The State Govt. of Punjab has issued notification No.Labour-Lab0MIWA/I/2021-4L(260032)/166 dated 1.5.2026 wherein they have increased the minimum wages w.e.f.1.5.2026 @ 15% for unskilled, semi-skilled, skilled and highly skilled category of workers. Earlier, the increase of minimum wage rate was same for all the categories but now, since the increase against each category is 15%, so the category wise increase in wages is as hereunder:

- Unskilled 1759.60/-
- Semi-Skilled 1876.60/-
- Skilled 2010.60/-
- Highly Skilled 2502.36/-

<u>Categories of employees:-</u>	W.E.F. 01/09/2025 MONTHLY DAILY PER HOUR	W.E.F. 01/05/2026 MONTHLY DAILY PER HOUR
<u>Un-skilled:</u> (Gate-Keeper, Peon, Chowkidar, Sweeper(without machine or electric gadget Rickshaw Puller, Poster Paster, Board Boy, Gardener, Rehri Wala, Labourer, under Matriculate Peon, Helper, Waterman, Oilman, Beldar Masalchi, Kneader, Guide, Pantryman, Hawker, Lab boy, Mazdoor, Loader-Unloader, Ward boy, Operation Theater, Lady Ward Attendant Laundryman.	11726.40 451.01 56.37	13486.00 518.69 64.83
<u>Semi-skilled:</u> Sweeper who has experience of two Years or those sweepers whose electrical machine Like vacuum cleaner etc. Kinariwala, Assistant Machine Man, Assistant Mistry, Assistant Electrician, Assistant Welder, Assistant Fitter, Junior Operator, Assistant Moulder, Boiler Attendant, Assistant Bearer, Assistant Halwai, Book Binder, Book Stitcher, Brusher, Washer, Assistant Wireman, Shaver, Buffer, Assistant Mixer Man, Weaver, Assistant Achar Murabba Maker, E.C.G./E.E.G/X-ray Attendant etc.	12506.40 481.01 60.12	14383.00 553.19 69.14
<u>Skilled</u> (Security Guard (Persons who have obtained training under Rule 5(1) of the Punjab Private Security Agencies (Regulation) Rules, 2007, Sewer man, Concrete and Mixer, Daffedar, Head Mali, Head Survey Khalasi, Tar Sprayer, Bajri Spreader, Boiler Man, Hammer Man, Jumper Man, Hobee Driver, Thatcher, Boatman, Glass Blower, Grinding Man, Mason, Electroplater, Electrician, Pump	13403.40 515.51 64.43	15414.00 592.84 74.10

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Attendant, Welder, Wireman, Turner, Gratuation Man, Candy Plant Operation, Refrigeration Mechanic, Moulder, Machine man, Engineer (Diploma Holder), Chief Chemist Rigger, Spinning Master, Black Smith, Carpenter, Camera Man, Die Maker, Video Film Maker, Photographer, Auxiliary Nurse-cum-Midwife (ANM), Assistant Dispenser, Junior Radiographer, Floor Washer, White Washer, Painter, Polish man, Buffing man, Cutter, Tailor, Artist, Lathe Man, Design Cutter, Clerk, Time Keeper, Salesman, Office Assistant, Storekeeper, Accountant, Steno-typist, Data Entry Operation, Computer Operator, Light Vehicle Driver and Conductor as defined in M.V. Act.		
Highly Skilled: Security Supervisor (who has obtained training as per syllabus approved by Deptt. of Technical Education and Industrial Training vide their letter dated 6.8.2009), Graduate in any discipline or any undergraduate with Diploma/certificate Course in Stenography or Diploma in Computer Applications/Accountancy or Supervisory Staff who have to take independent decisions, Graduate Clerk, Sweeping Machine Operator or Sewer man with two years experience, heavy vehicle Drivers i.e. Truck, Tempo, Tractor, Bus Bulldozer, Crane Operator, Road Rollers and Harvester Combine Operator, Loco Shunt Operator, Dozer Operator, JCB Operators, Radiographer, Assistant Ophthalmic Technician, Audiology Technician, X-ray/E.C.G./E.E.G, Pharmacist, Lady Health Visitor, Nursing Superintendent, Staff Nurse, Dietician, Medical Social Worker, Demonstrator, Deputy Chief Pharmacist, House Surgeon, Radiology Superintendent, Brick Layer, Stone Chistler, Water Pump Driver, Diesel/Electric Mixer Driver, Plumber, Well Sinker, Plasterer etc.	14098.64 542.25 67.78	16601.00 638.50 79.81

The Central Government has notified Central Rules vide its notification dated 08.05.2026 for all the 4 new labour codes which are:-

1. The Code on Wages, 2019
2. The Industrial Relation Codes, 2020
3. The Occupation, Safety, Health and Working Condition Code, 2020
4. The Code on Social Security, 2020

As such, all the new labour codes are now operational. The key aspects are as under:

1. In the definition of wages, there is an inclusion and exclusion clause. This means, the components of inclusion clause will be part of wages and the components of exclusion clause will not form part of wages.

Inclusion clause:

- Basic Pay
- Dearness Allowance
- Retaining Allowance

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The following components fall under Exclusion Clause:

- Bonus
- Value of any amenity like house accommodation, supply of light, water, medical and attendance etc
- Employer share of EPF and the interest accrued thereon
- Conveyance Allowance
- Any sum paid to the employed person to defray special expenses as per nature of his employment
- HRA
- Amount payable under any award or settlement
- Overtime Allowance
- Commission payable to the employees

2. It must be kept in mind that the components mentioned in the exclusion clause are specific. No extra component should be added in the Perks apart from the components mentioned in the exclusion clause otherwise the said component will be considered as part of basic wage. Further no ESI and EPF deductions should be made on these components.
3. Now, for simple understanding, the fixation of basic wage rate and to arrive at the ratio of 50-50, the components of exclusion clause should be equivalent to that of inclusion clause.

For Example: If the total amount of basic wage + DA + retaining allowance is Rs.10,000/- and the total amount of perks which comes under exclusion clause is Rs.11,000/- then the total amount comes out to Rs.21,000/- and the 50% of this amount is Rs.10,500/- then the excess amount of Rs.500/- will be added in the basic wage rate.

4. From the above example it is, thus, clear that the amounts in inclusion clause and exclusion clause either should be same or the amounts in exclusion clause may be less also.
5. Payment to an employee including payment of bonus has to be made through cheque/electronic mode.
6. The last day of payment of wages has been fixed as 7th of every month. Earlier there were 2 different dates which were 7th (upto 1000 workers), 10th above 1000 workers.
7. As per code on wages the Payment of Bonus Act which was earlier applicable on 10 employees will now be applicable on 20 employees.
8. The bonus is payable to the contractor's employees also.

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I am mentioning hereunder the **financial impact** with the new definition of wages.

And now the financial impact will be on the following amount:-

1. With the increase in the basic wage rate the amount of gratuity will increase
2. Amount of EPF and ESI contribution will increase
3. Total wage rate and CTC of employee will increase
4. If the employer is paying encashment of earned leave on basic wage rate, then, it will also cause financial impact

Other relevant matters to be considered:

Gratuity:

- i) There are certain doubts regarding gratuity and rumors are that the gratuity will be applicable on the employees who work for less than 5 years. There is no such amendment. A regular employee will be entitled to gratuity if he works for 5 years with the employer.
- ii) However in case of contractual/fixed period employee the gratuity is payable to such employee after completion of his one year of service and in case his service is less than one year, then, he is not entitled to gratuity.

Other Key Points:

- iii) All employees of contractors, fixed period employees are entitled to benefits of social security i.e. ESI, EPF, bonus, leave with wages and gratuity.
- iv) Issuance of appointment letter to the employees/workers, even to workers of contractor is a must and that too in a specific format.
- v) Under Occupational, Health and Safety code there is a provision for registration of establishment employing Minimum 10 employees and up to 20 employees by visiting site of Invest Punjab.
- vi) If any establishment is employing 5 employees or less then, there is no need for such establishment to maintain any record under labour laws. But the said establishment should pay minimum wages to its employees as per code on wages.
- vii) In case the provisions of ESI and EPF are applicable and the employment strength has reduced to 5 or 6 employees then proper records are to be maintained to comply under the relevant Act.

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In case of any difficulty or for further details, kindly contact the undersigned either personally meet between 5.00 p.m. to 7.30 p.m. and it is assured that full cooperation will be extended at all levels.

Thanking you,

Yours Sincerely,

Anil Arora
Advocate

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