

MCQ Question · mcqquestion.com

Casual and Contingent Labour Rights in India

Free · Share

Casual and Contingent Labour Rights in India

India runs on casual labour. Construction sites, farms and factory floors hire people day to day, with no fixed contract.

Many people assume these workers get the same legal protection as regular staff. That is wrong.

This lesson shows which rights reach every worker. It also shows which rights depend on the size of the employer or on a government notification.



Casual construction workers near the Golden Temple, Amritsar. Photo: Adam Jones, Wikimedia Commons, CC BY-SA 2.0.

Who is a casual worker?

What makes a worker casual?

A **casual worker** is hired for a short period, often day to day. The job carries no promise of continued work.

A **regular employee** has a fixed appointment, defined service conditions and stronger job security.

The law does not hand every casual worker the same rights as a regular employee.

Sources: pib.gov.in

> **Quick check 1.** Every casual worker in India automatically gets EPF coverage. *(True or False?)* See answer ↓

Why is EPF coverage not automatic?

What is the 20-employee rule?

The EPF Act of 1952 applies to factories and notified classes of establishment with **20 or more employees**. The wage limit is ₹15,000 a month.

Below that number, the Act does not apply by default.

This is the most-tested fact in the topic.

Sources: pib.gov.in

Does an establishment stay covered if staff numbers fall?

Yes. Section 1(5) says a covered establishment stays under the Act. This holds even if its headcount later drops below twenty.

So the threshold works like a one-way door.

Sources: advocatekhoj.com

Under 20 persons	Act not applied by default
20 or more persons	Establishment covered
Headcount falls later	Still covered

> **Quick check 2.** An establishment covered by the EPF Act drops out if its staff falls below 20. *(True or False?)* See answer ↓

What about wages, hours and overtime?

Who got minimum wages before 2025?

The Minimum Wages Act, 1948 applied only to **scheduled employments**. In the Central sphere there were 45 of them, such as agriculture and road construction.

PIB says such coverage reached roughly 30 percent of the workforce.

A casual worker outside a scheduled employment could miss out.

Sources: labour.gov.in; pib.gov.in

What does the Code on Wages change?

Section 5 of the Code on Wages, 2019 gives **every employee** a right to minimum wages. It covers organised and unorganised work alike.

PIB says this helps casual workers, daily wagers and migrant labour.

Timely payment and limits on deductions now apply to all employees. Earlier they covered only those earning up to ₹24,000 a month.

Sources: pib.gov.in

How is overtime paid?

Under Section 14 of the Code on Wages, overtime pay must be at least **twice the normal wage**. It applies to work beyond regular hours.

This protection is tied to the work done. It does not need EPF's 20-employee count.

The Codes now fold the Factories Act, 1948 and the Contract Labour (Regulation and Abolition) Act, 1970 into one framework.

Sources: pib.gov.in

> **Quick check 3.** Overtime pay under the Code on Wages must be at least twice the normal wage. *(True or False?)* See answer ↓

Can wages be forced into bank accounts?

What did the 2017 amendment add?

The Payment of Wages Act, 1936 let employers pay in cash, by cheque or by bank credit.

The **Payment of Wages (Amendment) Act, 2017** added a power. The appropriate Government can name establishments that must pay **only by cheque or bank credit**.

PIB gives its effective date as 28 December 2016.

Sources: pib.gov.in

Did the Centre use that power?

Yes. The Centre notified the rule for industrial or other establishments in the Central sphere on **26 April 2017**.

The change pushes wage payment into formal banking. It cuts cash leakage and eases direct benefit transfer.

Sources: pib.gov.in

> **Quick check 4.** The government can require some establishments to pay wages only by bank credit. *(True or False?)* See answer ↓

What pattern links these rules?

Protection	What it depends on
EPF coverage	20 or more persons in the establishment
Minimum wages (old law)	Scheduled employment
Bank-only wage payment	A government notification

Protection	What it depends on
Overtime at twice the wage	Work beyond regular hours

Why do exam statements on “all casual workers” fail?

Most protections attach to the **establishment, the industry or a notification**. They do not attach to every worker by default.

A statement that “all casual workers” get something is usually false.

Check the condition first.

Sources: pib.gov.in

How do the four Labour Codes change this?

Which Codes came into force?

Four Codes took effect on **21 November 2025**. They are the Code on Wages, the Industrial Relations Code, the Code on Social Security and the OSH Code, all passed in 2019-2020.

They rationalise **29 central labour laws**.

The Payment of Wages Act and the Minimum Wages Act sit among the laws folded into the Code on Wages.

Sources: pib.gov.in

What do the Codes add for fixed-term and gig workers?

Fixed-term employees get equal wages and benefits as permanent staff. Gratuity now needs one year of service instead of five.

The Social Security Code defines **gig work, platform work and aggregators** for the first time. Aggregators pay 1 to 2 percent of annual turnover, capped at 5 percent of what they pay such workers.

Sources: pib.gov.in

What written rights do workers now get?

Before the Codes, there were **no mandatory appointment letters**. Now every worker must get one. The written proof supports transparency and job security.

Every worker can take **annual leave** after 180 days of work in a year.

Employers must give a free annual health check-up to workers above 40 years.

Sources: pib.gov.in

Who gets social security under the Code?

Under the Code on Social Security, 2020, **all workers**, including gig and platform workers, are to get social security cover. PIB lists PF, ESIC and insurance among the benefits.

Before the Codes, social security coverage was limited.

For a casual worker, this widens the old EPF picture a great deal.

Sources: pib.gov.in

> **Quick check 5.** Under the Labour Codes, fixed-term employees must wait five years for gratuity. *(True or False?)* See answer ↓

What should you remember?

What are the key exam pointers?

EPF needs 20 or more persons, and the coverage sticks.

The **2017 amendment** let governments order bank-only wages. The Centre acted on 26 April 2017.

Overtime is at twice the normal wage under the Code on Wages.

The **four Labour Codes** took effect on 21 November 2025 and replace 29 laws.

Sources: pib.gov.in

Previous year question

UPSC CSP 2021, GS Paper I, Question 2 asked about casual workers in India. It gave three statements. Automatic EPF coverage was wrong. Overtime and working-hours protection was right. The bank-payment notification power was right too. The correct answer is **2 and 3 only**.

Practice MCQ

Practice MCQs

1. Which of the following statements about legal protections for casual workers in India is correct? [UPSC CSP 2021-style, Hard]

A. All casual workers automatically get EPF coverage regardless of establishment size.

B. Overtime pay and EPF coverage both require the same 20-employee threshold.

C. EPF coverage depends on establishment size, but working-hours/overtime protection and the wage-payment notification power do not.

D. None of these protections can ever apply to casual workers, only to permanent staff.

See answer ↓

2. Under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, an establishment becomes covered once it employs how many persons?

A. 10 or more

B. 20 or more

C. 100 or more

D. 50 or more

See answer ↓

3. In which year was the Payment of Wages Act, 1936 amended to let the government notify that an establishment must pay wages only by cheque or bank credit?

A. 1976

B. 2005

C. 1996

D. 2017

See answer ↓

4. Which law caps daily/weekly working hours and mandates overtime pay, and applies to casual workers in covered factories?

A. The Companies Act, 2013

B. The Indian Contract Act, 1872

C. The Factories Act, 1948

D. The Right to Information Act, 2005

See answer ↓

5. The four Labour Codes (Wages, Industrial Relations, Social Security, and Occupational Safety, Health and Working Conditions), replacing 29 older central labour laws, came into force on which date?

A. 15 August 2024

B. 26 January 2026

C. 1 April 2021

D. 21 November 2025

See answer ↓

Answer Key

1. **C.**
   EPF coverage depends on the size of the establishment. Working-hours and overtime protection does not use that 20-person count. So only the third statement holds. "All casual workers" and "never" are both too strong.
   Sources: PIB: Labour Codes · PIB: EPF.
   ↑ Q1
2. **B.**
   The EPF Act of 1952 applies once an establishment has 20 or more persons. Once covered, it stays covered even if staff later falls below twenty. Ten, fifty and one hundred are not the threshold.
   Sources: PIB: Labour Codes · PIB: EPF.
   ↑ Q2
3. **D.**
   The 2017 amendment let governments name establishments that must pay only by cheque or bank credit. The Centre used this power on 26 April 2017. The years 1976, 1996 and 2005 are not linked to this change.
   Sources: PIB: Labour Codes · PIB: EPF.
   ↑ Q3
4. **C.**
   The Factories Act, 1948 deals with working hours and overtime in factories. The Contract Labour Act, 1970 covers contract workers. The Companies Act, the Contract Act and the RTI Act deal with other subjects. Under the Code on Wages, overtime is now at least twice the normal wage.
   Sources: PIB: Labour Codes · PIB: EPF.
   ↑ Q4
5. **D.**
   Four Labour Codes took effect on 21 November 2025. They rationalise 29 central labour laws. The other dates are not linked to the Codes.
   Sources: PIB: Labour Codes · PIB: EPF.
   ↑ Q5

Quick-check answers

1. **False.** EPF depends on the size of the establishment, not on the worker alone. ↑ 1
2. **False.** Section 1(5) keeps it covered even if the number falls below twenty. ↑ 2
3. **True.** Section 14 sets overtime at not less than twice the normal wage. ↑ 3
4. **True.** The 2017 amendment gave the appropriate Government this power. ↑ 4
5. **False.** The Code on Social Security cut the wait to one year. ↑ 5

Curated by Arsalan Zuberi · mcqquestion.com

Scan to read online

https://mcqquestion.com/articles/indeco0305-casual-contingent-labour-rights-india/