

INDIA'S NEW LABOUR CODES (2025):

Issued for: Corporate Employers, HR Leaders, Compliance Teams, Legal Counsels

1. Background: Why Labour Codes?

India has replaced 29 Central labour laws with **4 integrated Labour Codes** to simplify, modernise and unify labour regulation. The key objectives are:

- **Elimination of overlapping definitions** (wages, employer, worker, establishment)
- **Uniformity across wage, safety, IR, and social security systems**
- **Ease of doing business** through reduced paperwork and single-registration frameworks
- **Improved wage protection & timely payments**
- **Expanded coverage** to gig, platform & unorganised workers
- **Flexibility for employers** through fixed-term employment (FTE) and higher IR thresholds
- **Stronger worker protections** (appointment letters, night shift safety, standardised leave)

The Four Labour Codes

1. **Code on Wages, 2019**
2. **Industrial Relations Code, 2020**
3. **Social Security Code, 2020**
4. **OSHC Code, 2020** (Occupational Safety, Health and Working Conditions)

Effective Date

All four Codes substantively enforced from 21 November 2025, except certain PF, ESI and procedural rule-based provisions.

- **Central position:** The Government of India has notified the four Codes to be effective 21st Nov 2025.
- **State rules:** Because labour is a concurrent subject, each State/UT must notify Rules under the Codes for many operational procedures. Some States have final notified rules, many have published draft rules, and a few are yet to pre-publish drafts. There is no single authoritative consolidated public list of final notifications for all 36 States/UTs.

Complete List of 29 Repealed Labour Acts

A. Wage Laws (4 Acts Repealed → Merged into Code on Wages, 2019)

1. **Payment of Wages Act, 1936**
 2. **Minimum Wages Act, 1948**
 3. **Payment of Bonus Act, 1965**
 4. **Equal Remuneration Act, 1976**
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B. Industrial Relations Laws (3 Acts Repealed → Merged into Industrial Relations Code, 2020)

1. **Industrial Disputes Act, 1947**
 2. **Trade Unions Act, 1926**
 3. **Industrial Employment (Standing Orders) Act, 1946**
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C. Safety, Health & Working Conditions Laws (13 Acts Repealed → Merged into OSH Code, 2020)

Here are the **complete 13 Acts**:

1. **Factories Act, 1948**
2. **Mines Act, 1952**
3. **Dock Workers (Safety, Health and Welfare) Act, 1986**
4. **Contract Labour (Regulation and Abolition) Act, 1970**
5. **Inter-State Migrant Workmen Act, 1979**
6. **Plantations Labour Act, 1951**
7. **Working Journalists and Other Newspaper Employees Act, 1955**
8. **Working Journalists (Fixation of Rates of Wages) Act, 1958**
9. **Motor Transport Workers Act, 1961**
10. **Beedi and Cigar Workers (Conditions of Employment) Act, 1966**

11. **Cine Workers and Cinema Theatre Workers Act, 1981**
 12. **Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 (BOCW Act)**
 13. **Building and Other Construction Workers Cess Act, 1996**
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D. Social Security Laws (9 Acts Repealed → Merged into Social Security Code, 2020)

Here are all 9 Acts:

1. **Employees' State Insurance Act, 1948 (ESI Act)**
 2. **Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (EPF Act)**
 3. **Employees' Compensation Act, 1923**
 4. **Maternity Benefit Act, 1961**
 5. **Payment of Gratuity Act, 1972**
 6. **Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959**
 7. **Cine Workers Welfare Fund Act, 1981**
 8. **Unorganised Workers' Social Security Act, 2008**
 9. **Building and Other Construction Workers Welfare Cess Act, 1996** (Note: Often counted under Social Security category due to welfare fund)
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Total: 4 + 3 + 13 + 9 = 29 Acts Repealed

2. What Is Implemented & What Is Not?

A. IMPLEMENTED (Effective 21-11-2025)

All major substantive provisions across all Codes:

Wage & Employment Provisions

- Uniform **wage definition** + mandatory **50% rule**
- Universal applicability of minimum wages to all categories of employees
- F&F settlement within **2 working days**
- Stricter penalties (up to Rs. 1 lakh and imprisonment)

Industrial Relations

- **60 days' strike notice** applicable to all industries
- Threshold for retrenchment/layoff approval increased to **300 workers**
- **Reskilling fund** (15 days' wages)
- Fixed-term employment (FTE) fully formalised
- Negotiating union / council rules implemented

Social Security

- Gig & platform workers recognised
- FTE gratuity after **1 year**
- Maternity benefit amendments (medical bonus cap removed)
- Creche requirement (50+ women workers)

OSH & Working Conditions

- **Mandatory appointment letters** for all categories
 - New factory thresholds (20 with power / 40 without power)
 - Women allowed in **night shifts (7 PM – 6 AM)** with safety conditions
 - Leave eligibility reduced to **180 days**
 - Contract labour: **50-worker threshold & core activity prohibition**
 - Inter-state migrant worker definition updated
 - Mandatory welfare Officer 250+
 - Mandatory safety officers 500+ workers. Hazardous Factory/BOCW: 250. 100 in Mines.
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B. NOT IMPLEMENTED YET (Old Rules Continue)

These require Central/State **Rules** which are still pending:

Area	Status
PF Scheme changes under SSC	✗ Not Notified
New ESI framework	✗ Deferred to 20-11-2026
Bonus wage ceiling	✗ Continue Rs. 21,000
Registers, forms & returns	✗ Continue existing formats
Gratuity procedural rules for FTE	✗ Pending
Contractor licensing rules	✗ Continue under old CLRA
Working hour templates	✗ State rules awaited

Conclusion:

Substantive changes apply; procedural aspects continue under old laws until State rules are notified.

3. Detailed Analysis – Code-by-Code

A. Code on Wages, 2019

1. Uniform Definition of Wages (50% Rule)

Wages = Basic + DA + Retaining allowance

All other components (HRA, overtime, bonus, PF contribution, commissions, allowances) = **Exclusions**

50% Cap:

If exclusions exceed 50% of CTC → excess must be added back to “wages”.

Key Impact

- Basic must be **minimum 50%** of CTC.
 - PF, gratuity, bonus, retrenchment compensation all increase.
 - HRA cannot be counted for minimum wages.
 - Requires **salary restructuring**.
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2. Minimum Wages – Now Universal

Applies to:

- White-collar staff
 - Supervisors
 - Managers
 - Contract employees
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3. Payment of Wages

- Monthly wages: pay by **7th**
 - F&F settlement: **within 2 working days**
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4. Bonus

- Wage ceiling continues at **Rs. 21,000** (notified ceiling pending)
 - Sexual harassment conviction = disqualification
 - Principal employer liable for bonus to contract workers
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5. Penalties

- Up to **Rs. 1 lakh + 3 months’ imprisonment** for repeat offences
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6. Compliance

- Payslips mandatory
 - Old registers/forms continue until new Rules notified
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B. Social Security Code, 2020

1. PF – Not Yet Notified

Continue under:

- EPF Act 1952
- EPS 1995
- EDLI Scheme

2. ESI – Deferred to 20-11-2026

3. Key Provisions in Force

- *Gig, Platform & Unorganised Workers*
 - First-time legal recognition
 - National database (NDUW)
- *Gratuity*
 - FTE employees eligible after **1 year**
 - Journalists: **3 years**
- *Maternity Benefit*
 - Medical bonus cap removed
 - For multi-state employers → Central Govt = appropriate govt
- *Creche*
 - Applicable to establishments with **50+ women**
 - Shared/common creche allowed

C. OSHWC Code, 2020

1. Appointment Letters – Compulsory

For:

- Permanent employees
- Contract labour
- Apprentices
- FTE employees
- Trainees

2. Factory Definition

Type	Earlier	New
With power	10 workers	20 workers
Without power	20 workers	40 workers

3. Contract Labour

Area	Earlier	Under Code
Threshold	20 workers	50 workers
Core activity	Allowed (limited restrictions)	Prohibited
Welfare facilities	Contractor	Principal Employer

Non-core activities include housekeeping, canteen, loading/unloading, drivers, security, etc.

4. Inter-State Migrant Workers

Coverage includes:

- ≥ 10 migrant workers
- All employees < Rs. 18,000 brought from another state

5. Leave

Eligibility for annual leave reduced from **240** → **180 days (As per Maharashtra Rule 90 days)**

6. Women in Night Shifts

Permitted with:

- Consent
- Safe transport
- Security & CCTV
- Emergency protocols
- Workplace supervision

7. Safety/Welfare Officers

- Canteen: **100+ employees**
- Welfare Officer: **250+ employees**
- Safety Officer: **500+ employees** (Hazardous Factory/BOCW: 250+ Mines 100+.)

8. Annual Health Check-up

- Preventive Healthcare - Employers must provide all workers above the age of 40 years with a free annual health check-up. Promote timely preventive healthcare culture (In Maharashtra applicable for all Employees since 2018)

9. Others

- Independent Director cannot be appointed as Occupier. (Although not mentioned but it was earlier as well)
- Provisions for leave encashment

D. Industrial Relations Code, 2020

1. Definition

- **Worker Definition: Supervisors earning > Rs. 18,000 → NOT workers.**
 - **Industry definition:** as per Supreme Court triple test formula (organized and continuous activity, element of employment relationship, Production/Distribution of Goods or Services to Satisfy Human Wants)
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2. Strikes

Stricter than ever:

- **60-day notice**
 - No strike within 14 days of notice
 - No strike during conciliation
 - 50% mass casual leave = strike
 - Willful go slow unpaid labour practice
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3. Retrenchment / Lay-Off / Closure

Threshold raised from **100 → 300 employees.**

4. Reskilling Fund

Employer must deposit:

- **15 days wages per retrenched worker**
 - Paid within **45 days**
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5. Standing Orders

- Applicable only if **300+ workers** (earlier 100).
 - Follow Central Model Standing Orders.
 - Industrial Disputes shall be raised within 2 years (earlier 3 years)
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6. Grievance Committee

- Up to 10 members
 - 50% women
 - Complaint within **1 year**
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7. Negotiating Union / Council

- 51% membership → negotiating union
 - Else → negotiating council – One member from each TU and having 20% workers as members.
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8. Others

- Telecommunication, Banking, Insurance, Metro Railways – Appropriate Govt - Central
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4. Practical Impact for Employers (What Clients Must Do Now)

A. High-Impact – Immediate Action Required

1. **Salary restructuring** (50% wage rule)
2. Issue **appointment letters to ALL employees**
3. Review **contract labour** usage—avoid core activity outsourcing
4. Check **factory licence applicability** under new thresholds
5. Update **leave policy** (180 days eligibility)
6. Review **Standing Orders** (300+ employees)
7. Implement **women night-shift safety protocols**
8. Identify workers qualifying as **inter-state migrant workers (<Rs. 18,000)**
9. Include **reskilling fund** provisions in retrenchment processes

B. Medium Impact – Prepare, but follow old rules

1. Bonus ceiling → continue **Rs. 21,000**
 2. PF scheme → continue old
 3. ESI → continue old until 2026
 4. Use existing registers, returns, forms
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5. Impact on Workers

Positive Effects

- Universal access to minimum wages
- Faster wage payments
- Safer workplaces
- Night shift rights for women
- Gig workers & platform workers legally recognised
- Clearer grievance processes

Concerns

- Strike rules far more restrictive
 - Layoff/closure threshold raised to 300
 - Fixed-term employment normalised
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6. Big Picture: What the Codes Achieve

For Employers

- Uniform wage definition
- Simplified registration & compliance
- Flexibility in restructuring and workforce management
- Modernised IR environment

For Workers

- Expanded rights & social security
- Stronger safety and working conditions
- Formal recognition for emerging employment categories

For Government

- Unified, digitised compliance
 - Lower inspector discretion
 - Streamlined enforcement
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7. Executive Summary (For Board Briefing)

- 29 laws repealed → replaced by 4 unified Codes
- Major changes effective from 21 Nov 2025
- Salary structures **MUST** change
- Appointment letters are compulsory
- Women can work night shifts safely
- Gig workers get social security
- Contract labour in core activities prohibited
- IR thresholds increased: 300 workers
- Penalties significantly higher
- Procedural elements (PF/ESI scheme changes, forms, registers) will continue as per OLD laws until Rules are notified

COMPARISON TABLE (Old vs New)

1. CODE ON WAGES, 2019 – (Sections 2–69 of the Code + Draft Central Rules 2020)

Topic	Old Laws	New Labour Code Provision	Section / Rule No.
Definition of Wages	Each Act had different definitions (PW Act, MW Act, Bonus Act, ERA Act).	Uniform definition of “Wages” with 50% rule (exclusions capped at 50%).	Sec 2(y); Draft Rules Rule 3–5
Applicability	Act-wise restrictions; e.g., MW Act only for scheduled employment; PW Act only up to Rs. 24,000.	Applies to all employees with no wage ceiling.	Sec 1(4)
Minimum Wages Coverage	Only scheduled employments.	Universal minimum wages for all employees.	Sec 5, 6
Overtime Rate	2x under Factory Act; different under other laws.	Overtime = 2x wages uniformly.	Sec 14
Gender Equality	Equal Remuneration Act applied.	ERA merged, same protection continued.	Sec 3
Payment of Wages Timeline	Before 7th/10th depending on size.	Monthly wages: before 7th of next month.	Sec 17
F&F Settlement	No statutory timeline.	F&F within 2 working days of exit.	Sec 17(2)
Bonus	Wage ceiling Rs. 21,000; allocable surplus rules.	Ceiling NOT notified → continue Rs. 21,000.	Sec 26, 29
Registers & Returns	Many separate registers.	Single register (but rules not notified; continue old).	Sec 50; Rules pending
Penalties	Low fines (Rs. 500–Rs. 3,000).	Up to Rs. 1 lakh and imprisonment 3 months.	Sec 54–56

2. INDUSTRIAL RELATIONS CODE, 2020 – (Sections 1–104 + Draft Central Rules 2020)

Topic	Old Laws (ID Act, SO Act, Trade Unions Act)	New Provision	Section / Rule No.
Definition of Worker	Different in ID & SO Acts; salary limit unclear.	Worker includes supervisor up to Rs. 18,000.	Sec 2(zr)
Industry Definition	“Triple test” from SC judgment.	Codified in the Code.	Sec 2(p)
Standing Orders Applicability	100+ employees.	300+ employees.	Sec 28
Fixed Term Employment	No statutory recognition.	Recognised; FTE gets all benefits including gratuity (after 1 year).	Sec 2(o), Sec 53(2)
Strikes	Only Public Utility Services required notice.	60-day notice mandatory for all industries.	Sec 62
Mass Casual Leave = Strike	Not covered.	50% or more workers taking leave = strike.	Sec 62 Explanation
Lay-off/Retrenchment Permission	100+ threshold.	Increased to 300.	Sec 65, 70
Retrenchment Compensation	15 days wages per year.	Same, plus reskilling fund contribution.	Sec 70(7)
Negotiating Union/Council	No concept.	51% union = negotiating union; else negotiating council.	Sec 14
Grievance Committee	Size 6.	Size up to 10 , women 50%.	Sec 4

Topic	Old Laws (ID Act, SO Act, Trade Unions Act)	New Provision	Section / Rule No.
Notice of Change	21 items listed.	Rationalised list.	Sec 40

3. SOCIAL SECURITY CODE, 2020 – (Sections 1–164 + Draft Central Rules 2020)

Topic	Old Laws (PF Act, ESI Act, MB Act, Gratuity Act, etc.)	New Provision	Section / Rule No.
Gig & Platform Workers	Not recognised in law.	First time recognised; schemes allowed.	Sec 2(35), 2(61)
Universal Social Security	Fragmented across schemes.	Enables universal, Aadhaar-linked social security.	Sec 109–114
PF	PF Act 1952.	Part of Code, but NOT notified yet.	Chap III (Sec 15–44)
ESI	ESI Act 1948.	New structure notified but deferred till 20-11-2026 .	Chap IV (Sec 45–59)
Maternity Benefit	Medical bonus capped at Rs. 3,500.	No upper limit in Code.	Sec 60–71
Appropriate Government	Ambiguous for multi-state companies.	If establishment in multiple states → Central Govt.	Sec 2(6)
Gratuity (FTE)	5-year eligibility rule.	No change for Regular Employee FTE eligible after 1 year . Journalist 3 Years	Sec 53(2), Sec 55
Building Workers Welfare Cess	Under Cess Act 1996.	Merged fully into the Code.	Chap IX (Sec 100–108)
Creche	30 women employees (under Factories/ 50 under MB Act).	50 women employees. Shared creche permitted.	Sec 67
Unorganised Workers	UWSSA Act 2008.	NDUW unified portal for all workers.	Sec 109

4. OSHWC CODE, 2020 – (Sections 1–143 + Draft Central Rules 2020)

Topic	Old Laws (Factories Act, CLRA, ISMW, BOCW, etc.)	New Provision	Section / Rule No.
Factory Threshold	10 (with power), 20 (without).	20 (with power), 40 (without) . (Maharashtra already amended in 2015)	Sec 2(w)
Appointment Order	Not mandatory across all laws.	Mandatory for all employees including contract .	Sec 6(2)
Working Hours	State-specific.	General cap, overtime 2x, weekly holiday.	Sec 25–37
Annual Leave	240 days eligibility.	Reduced to 180 days . (Maharashtra amended to 90 days in 2015)	Sec 32(1)
Women Night Shift	Restricted except certain states like Maharashtra, Gujarat, etc	Allowed with conditions (consent, safety).	Sec 43
Inter-State Migrant Workers	5 workers; only through contractor.	Threshold 10 ; includes direct recruits earning < Rs. 18,000.	Sec 2(zz)
Contract Labour Applicability	20 employees. (Central) State-wise applicability differs.	50+ employees . (Maharashtra already amended to 50 Nos. in 2015)	Sec 47
Contract Labour in Core Activity	Allowed with restrictions.	Prohibited except 6 exceptions.	Sec 57

Topic	Old Laws (Factories Act, CLRA, ISMW, BOCW, etc.)	New Provision	Section / Rule No.
Health Check-up	Only for Hazardous Industries	Non-Hazardous unit: Age 40 and above with a free annual health check-up. (In Maharashtra applicable for all Employees since 2018)	Sec 25(4)
Welfare Officer	500 workers.	250+ workers.	Sec 25(4)
Safety Officer	1,000 workers.	500+ workers.	Sec 22
Single Registration	Factory, CLRA, ISMW separate.	One registration for establishment.	Sec 3
Aggregated Registers	Multiple laws/forms.	Unified register (pending rules).	Sec 27
Penalties	Minor fines.	Up to Rs. 5 lakh & imprisonment for serious violations.	Sec 105–111

Notes: Here are the **6 official exceptions** under the **Contract Labour (Prohibition in Core Activities) Rules** as defined in the **Industrial Relations Code, 2020**:

Six Exceptions — When Contract Labour Is Allowed in Core Activities –
Contract labour is **prohibited** in core activities **except** in the following 6 situations:

Exception No.	Exception Description
1. Essential and Emergency Services	When the activity is of an <i>essential, urgent, or emergency</i> nature and cannot be stopped (e.g., breakdown repairs, safety work, fire services).
2. Activities Done Non-Perennially	When the activity is not perennial in nature and does not require full-time workers throughout the year.
3. Activities Done for Seasonal Demand	When work is needed only during peak or seasonal periods , such as festivals, harvest season, or temporary production spikes.
4. Activities Requiring Specialized Skills / Outsourced Expertise	When the activity requires specialized skills, technical knowledge, or expertise that the main establishment does not possess internally.
5. Activities Not Within the Establishment's Core Competence	When the activity is not within the core competence of the establishment, even though it supports the main business.
6. Activities Done by Intermittent Workers	When work is intermittent , irregular, or sporadic in nature and does not justify regular employment.

Short Summary

Contract labour **can still be deployed** in core activities if:

1. It is **emergency** or **urgent** work.
2. The work is **not perennial** (i.e., not done year-round).
3. It is for **seasonal** or **peak** activity.
4. It requires **specialized skills/expertise** not available in-house.
5. It is **not a core competence** of the establishment.
6. Work is **intermittent**, irregular, or sporadic.