



A New Era in Indian Labour Law Begins

Four Labour Codes Brought into Force on November 21, 2025



On November 21st, 2025, India formally entered a new phase of labour governance. Through four separate Gazette notifications issued by the Ministry of Labour and Employment, the Government of India brought into force the Code on Wages, 2019, the Code on Social Security, 2020, the Industrial Relations Code, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020. With this, a sweeping reform of the labour-law landscape, consolidating 29 older central labour statutes, became legally effective.

↓ A Modern Labour Framework: What Has Changed



Consolidation of Old Laws

The four labour codes repeal or replace 29 existing central labour laws along with its State amendments, that had become fragmented and overlapping. Many of these older statutes dated back to the pre- and early post-independence era, when the prevailing economic structure was different from today. The Government aimed to simplify labour compliances and bring coherence to a system that had become difficult to navigate for all stakeholders. This landmark shift is expected to lay the foundation for a workforce that is future-ready, leading to stronger and more resilient industries for “Aatmanirbhar Bharat,” said to empower both workers and enterprises.

Key Changes Under Each Code

CODE ON WAGES (2019)

Though not yet fully notified, several critical provisions are now in effect from 21st November, 2025. These include sections relating to equal remuneration, minimum wages, payment of wages, payment of bonus, and the mechanism for claims and penalties, etc.

Some of the main changes are:

- All workers to receive a statutory right to minimum wage payment, ensuring financial security
- A national floor wage is expected, bringing in uniformity amongst States.
- Employers are legally required to ensure timely payment of wages.
- The new codes will standardise the definition of “wages” and require that the basic salary constitute at least 50% of the total remuneration, which may impact take-home pay and increase retirement savings.
- Overtime: For overtime work, the worker is entitled to wages at not less than twice the normal rate of wages.

CODE ON SOCIAL SECURITY (2020)

Social security provisions now stand notified with effect from 21st November, 2025. Key parts brought into force include social-security schemes for Employees' Provident Fund (EPF), Employees' State Insurance (ESI), maternity benefits, gratuity,

employee's compensation and benefits for unorganised, gig and platform workers.

Crucial updates include:

- Gig and platform workers are now explicitly defined and covered under social security.
- Aggregators, a digital intermediary or a marketplace for a buyer or user of a service to connect with the seller or the service provider, are mandated to contribute a portion (1–2%) of their turnover toward workers' social security fund for gig workers, up to a cap of 5% of the payouts made to workers.
- Fixed-term employees can now access gratuity after just one year of continuous service (instead of five years under old law).
- Gratuity—Rs 20 lakh tax-free gratuity limit retained
- Coverage is extending to MSME workers, depending on establishment size.

INDUSTRIAL RELATIONS CODE (2020)

The entire Code has been notified with effect from 21st November, 2025. This code brings in a unified legal architecture for trade unions, dispute resolution, layoffs, retrenchment, strikes and lockouts, and Standing Orders, replacing older laws such as the Industrial Disputes Act, the Trade Unions Act, and several others.

More specifically:

- Dispute-resolution mechanisms are restructured, potentially offering faster resolution.

- A system of industrial tribunals is designed to handle disputes in a more streamlined way.
- Recognition processes for negotiating unions become more formalised under the new code.
- One of the significant changes is that Companies with up to 299 employees can now lay off/retrench workers without mandatory Government approval, as the threshold rises from 100 to 300 workers.

OCCUPATIONAL SAFETY, HEALTH AND WORKING CONDITIONS (OSHWC) CODE (2020)

Like the Industrial Relations Code, the entire OSHWC Code is in force with effect from 21st November, 2025. It sets out health, safety and welfare obligations for workers across sectors, replacing various existing laws.





Key provisions:

- Single registration, single licence and single return: Establishments no longer need separate registrations for Contract Labour, BOCW, etc. One electronic registration for all establishments with 10+ workers. Contractors can obtain a single license valid for 5 years to work across multiple locations.
- Employers must issue appointment letters to all workers, formalising employment relationships.
- Employers are required to provide, at no cost to the employee, an annual health examination or medical test for workers of specified age or class or for workers in specified classes of establishments as may be prescribed by the appropriate Government. Safety protections are extended to workers in mines, plantations, construction, docks, and other high-risk sectors.
- Women workers are permitted to work night shifts, including in sectors that earlier had restrictions, subject to their consent and prescribed safety measures.
- Welfare facilities like rest-areas, drinking water, and canteens must now be standard in many establishments like factories, mines, etc.
- No employee shall be required to work for more than 8 hours in a day and 48 hours in a week. Further, the power to fix the time of interval and spread overtime has been given to Appropriate Government .
- Fixing overtime hours with consent of the worker: Although the code contains the 8-hour daily cap, the appropriate Government has full flexibility for fixing the limit of overtime hours. Workers can work 12 hours in a day without overtime in a 4-day week, 9.5 hours in a 5-day week and 8 hours daily in a 6-day week. The provision gives two benefits to workers, viz., the opportunity to earn more by doing overtime and getting paid at a higher wage (at least double the normal wage rate).
- No employee is expected to work more than 5 continuous hours without an interval of rest of at least half an hour, and every employee is entitled to at least one weekly day off. This uniformity replaces earlier variations under different State laws and older statutes.
- Annual Leave—Eligibility for qualifying for annual leave reduced to 180 days instead of the earlier 240 days.
- Workers will now earn leave at a rate of 1 day for every 20 days worked, making leave accumulation faster and fairer.

Who Gains?

The new labour codes are designed to benefit a broad cross-section of India's workforce, especially those who were previously marginalised or poorly protected under the older legislations:

- **Gig, Platform workers, and Aggregators:** Defined for the first time, they get formal recognition and social-security coverage under the law. Aadhaar-linked Universal Account Number to make welfare benefits easy to access, fully portable, and available across States, regardless of migration.
- **Fixed-term workers:** They would receive all benefits equal to permanent employees, be eligible for gratuity after one year and receive social security benefits. Promotes direct hiring and reduces excessive contractualization.
- **Women workers:** Gender discrimination is legally prohibited. Equal pay for equal work was ensured. With equal-pay provisions, permission for night shifts (with safety) and mandatory representation on grievance committees, the framework strengthens gender equity.
- **MSME employees:** All MSME workers covered under the Social Security Code, 2020; Company's eligibility based on employee count. They gain access to guaranteed minimum wages, welfare amenities and social security benefits. Provisions for standard working hours, double overtime wages, and paid leave.
- **Youth and entry-level workers:** Minimum wage is guaranteed for all workers. Formal appointment letters mean better documentation of employment, helping with continuity, social security, and work history.
- **Workers in high-risk industries:** Such as construction, plantation, and mining, now have uniform safety and health standards under the OSHWC code.
- **Audio-Visual & Digital Media Workers:** Digital and audio-visual workers, including journalists in electronic media, dubbing artists, and stunt persons, will now receive full benefits. Mandatory appointment letter for all workers.
- **Textile Workers:** All Migrant Workers (direct, contractor-based and self-migrated) should get equal wages, welfare benefits and PDS portability benefits.
- **IT & ITES Workers:** Timely release of salary. Equal pay for equal work made mandatory. Facility for women to work night shifts in all establishments, giving women the opportunity to earn higher wages. Timely resolution of harassment, discrimination, and wage-related disputes. Guarantee of social security benefits through fixed-term employment and mandatory appointment letters.



- **Dock Workers:** All dock workers to get formal recognition and legal protection. Mandatory appointment letters to guarantee social security benefits. Provident fund, pension, and insurance benefits are ensured for all, whether contract or temporary dock workers.
- **Export Sector Workers:** Export sector fixed-term workers to receive gratuity, provident fund (PF), and other social security benefits.

Administrative and Compliance Reforms:

Beyond worker benefits, the new codes also change how labour regulation and enforcement will work.

- Single registration The system of single registration, a single five-year license, and one annual return replaces multiple filings under older laws.
- Inspector-cum-Facilitator system: A new inspector-cum-facilitator model is introduced: Inspectors will guide and advise establishments rather than only penalise them.
- Employers will now have clearer definitions of wage: The Code standardises the definition of “wages” by introducing an allowances cap, under which the excluded components—such as bonuses, HRA, commissions, overtime, and other prescribed allowances—cannot exceed 50% of the total remuneration. If these exclusions exceed the 50% threshold, the excess amount is added back into wages. This ensures that the core wage portion remains at least half of the employee’s total remuneration, creating uniformity across all labour laws that rely on the wage definition.

Response & Criticism

While the Government described the reform as “historic” and “progressive,” not all stakeholders are on board. Several Trade Unions appear to have strongly criticised the rollout, calling the implementation “unilateral” and accusing it of being “anti-worker, pro-employer.” According to several news reports, some critics point to the increase in threshold for Government-approval before layoffs, retrenchment or closures (from 100 to 300 workers) as weakening worker protections.

Transition Challenges

Despite the formal notification of the codes, certain gaps and practical hurdles remain.

1. Rules, Regulations, schemes, etc., yet to be notified

- Although the 4 Codes are brought into force, labour being a concurrent subject in India, detailed rules, regulations, schemes, etc., under the Codes, remain to be

framed and notified by the States. Public consultations would be held before such rules, regulations, schemes, etc., are finalised. During this transition period, provisions of the existing labour regime shall continue to remain in force.

2. Enforcement risk

- Although the inspector-cum-facilitator system is meant to guide compliance, its effectiveness will depend on training, capacity, and local implementation.
- The new tribunal systems for dispute resolution may take time to become fully functional and accessible.

3. Awareness among workers

- Many vulnerable workers in the informal, gig, unorganised sectors may not yet be aware of their new rights under the Codes.
- Implementing bodies will need outreach efforts to ensure that employment letters, minimum-wage guarantees and social-security benefits reach all eligible workers.

Why this Reform Matters?

This rollout marks more than just a legal change. It signals a policy shift in how India views labour regulations.

- **Modernisation and simplification:** By consolidating 29 labour laws into four codes, the government aims to reduce regulatory overlap, make compliance easier for businesses, and remove legal ambiguity.
- **Inclusion:** Unorganised workers, Gig workers, and Platform Workers, are now defined and brought into formal labour-protection frameworks, expanding social-security coverage.
- **Worker formalisation:** Mandating appointment letters and timely wage payments helps formalise what were previously opaque employment relationships.
- **Safety and welfare:** New health and safety norms under the OSHWC code, including annual check-ups and safety committees, aim to bring better protection to workers, especially in hazardous sectors.
- **Gender equity:** The provisions around night shifts (with safety) and equal pay could improve opportunities for women and offer more flexible working conditions.
- **Higher factory applicability limits:** Eases regulatory burden for small units while retaining full safeguards for workers.



What Workers and Employers Should Know Moving Forward

- Workers should check whether they receive formal appointment letters, which now are legally required, and confirm that their compensation reflects the new definitions under the Wages Code.
- Fixed-term workers can check their eligibility for gratuity after one year and whether social-security benefits are being contributed.
- Gig and platform workers have been defined as those who are engaged in platform work which is a work arrangement outside of a traditional employer-employee relationship in which organisations or individuals use an online platform to access other organisations or individuals to solve specific problems or to provide specific services or any such other activities that may be notified by the Central Government, in exchange for payment. They are to verify whether their platforms (aggregators) are contributing to their social security, as required by the Social Security Code. However, such social security schemes have not yet been notified/operationalised. The specific rate of welfare contribution payable by aggregators has also not been notified.
- Women employees who wish to work night shifts should ensure that their consent is documented and that safety measures are in place, as mandated.
- State Governments will need to notify detailed rules quickly. These rules will shape how effectively different provisions are implemented locally.
- Civil society and trade unions may play a key role in monitoring implementation, defending worker rights, and pushing for strong rule-making in States.

The enforcement of the four labour codes on 21 November 2025 marks a major milestone in India's labour-law history. It replaces a patchwork of outdated statutes with a more modern, consolidated, and inclusive legal framework. Workers in informal sectors, gig platforms, MSMEs and high-risk industries now stand to gain statutory protections that were previously limited or missing.

However, the real impact of this reform will depend on effective implementation: on States framing rules, on authorities enforcing standards, and on workers knowing their rights. The long-term success of these Codes will hinge on how well these new laws are translated into practice, not just on paper.