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The Great Indian Labour Reset: What the 2025 Codes Mean for Employers & Employees

The Government of India has consolidated 29 central labour laws into 4 comprehensive Labour Codes—covering wages, social security, industrial relations, and occupational safety—creating a unified, modern framework that emphasizes transparency, uniformity, and ease of compliance for employers. These Codes collectively simplify obligations, introduce national benchmarks such as a floor wage, extend protections to gig and platform workers, streamline dispute resolution, and standardize safety norms across sectors.

Introduction

The Government of India consolidated twenty-nine (29) central labour laws into the four (4) Labour Codes which represent a transformative overhaul of India's labour regulatory framework. The New Labour Code consolidates numerous fragmented legislations into a unified and coherent structure aimed at promoting transparency, uniformity, and ease of compliance. The four (4) comprehensive Labour Codes simplify compliance, promote ease of doing business, and modernize worker protections. These four (4) codes are as follows:

1. The Code on Wages, 2019;
2. The Code on Social Security, 2020;
3. The Industrial Relations Code, 2020; and
4. The Occupational Safety, Health and Working Conditions Code, 2020.

These Code were notified on November 21, 2025, with transitional provisions allowing continuity of old laws until new rules are fully notified.

Below is a comparative analysis of key changes from its previous regime.

1. The Code on Wages, 2019

This Code on Wages, 2019 (**“Wage Code”**) replaces four (4) earlier enactments viz; the Payment of Wages Act, 1936; Minimum Wages Act, 1948; Payment of Bonus Act, 1965; and Equal Remuneration Act, 1976.

Subject	Previous Acts	New Code	Key Changes
Definition of Wages	Varied across acts.	Uniform framework for minimum wages, timely payment of wages, bonus and equal remuneration for men and women across employments.	Universalization of minimum wages and floor wage concept at the national level, rather than scheduled employments only.
Applicability	Based on wage ceilings and number of employees and gender parity.	Universal to all employees, no salary threshold or gender discrimination. For bonus minimum percentage prescribed, disqualifies sexual harassment convicts.	Expands coverage and broadens inclusivity.
Minimum Wages	Applicable to scheduled employments only.	National floor wage set; states cannot set below it; applies to all employments.	Introduces a national benchmark for uniformity.

Subject	Previous Acts	New Code	Key Changes
Payment Timelines	Payable on termination.	Wages due within two (2) working days of resignation/termination.	Faster settlements; modernizes with digital options.
Penalties	Lower fines.	Higher: up to INR 50,000 for underpayment (first offence), with imprisonment for repeat offence.	Stricter enforcement to deter violations.

2. Code on Social Security, 2020

This Code on Social Security, 2020 (“**Social Security Code**”) replaces nine (9) laws, including the Employees’ Provident Funds Act, 1952; Employees’ Compensation Act, 1923; Employees’ State Insurance Act, 1948; Maternity Benefit Act, 1961; Payment of Gratuity Act, 1972; Cine Workers Welfare Fund Act, 1981; Building and Other Construction Workers’ Cess Act, 1996; and Unorganised Workers’ Social Security Act, 2008. The Social Security Code extends applicability to unorganised, gig, and platform workers.

Subject	Previous Acts	New Code	Key Changes
Applicability	Limited to organised sectors; no gig/platform definitions.	Includes gig/platform workers; schemes.	Addresses modern workforce; new boards for unorganised sectors.
Fixed-Term Employment	No parity with permanent staff. Gratuity after five (5) years of service.	Entitles pro-rata benefits like gratuity without minimum service period.	Promotes flexibility while ensuring equity.
PF/ESI	Mandatory for 20+ employees; no voluntary exit.	Voluntary coverage/opt-out with majority agreement.	More options and flexibility.

Subject	Previous Acts	New Code	Key Changes
Penalties	Varied and lower.	Up to INR 1,00,000 with imprisonment.	Stricter.

3. Industrial Relations Code, 2020

This Industrial Relations Code, 2020 (**"IR Code"**) replaces three (3) laws: the Industrial Disputes Act, 1947; Industrial Employment (Standing Orders) Act, 1946; and Trade Unions Act, 1926. It focuses on dispute resolution, union recognition, and retrenchment processes, raising thresholds for stricter regulations.

Subject	Previous Acts	New Code	Key Changes
Grievance Redressal	Varied mechanisms.	Mandatory grievance redressal committees/mechanisms for establishments with ≥ 20 workers.	Formal committees; faster internal resolution.
Union Recognition	No uniform criteria.	Union with $\geq 51\%$ membership recognized as sole negotiating union.	Streamlined recognition.
Standing Orders	Mandatory for establishments with 100+ workers.	Mandatory for industrial establishments with 300+ workers.	Reduced compliance burden.
Strikes/Lockouts	Notice required only in public utility services; restrictions.	14-day prior notice mandatory for all industries; prohibited during conciliation/arbitration.	Stricter conditions; illegal strikes attract penalties.

Subject	Previous Acts	New Code	Key Changes
Retrenchment/Closure	Prior government permission for 100+ workers.	Prior permission for 300+ workers (States can raise further).	Greater flexibility for employers.
Disciplinary Inquiry	Varied procedures.	Standardized inquiry under procedures standing orders.	Uniformity across industries; faster resolution.
Penalties	Lower fines.	Higher penalties; imprisonment for repeat offences.	Stricter enforcement.

4. Occupational Safety, Health and Working Conditions Code, 2020

This Occupational Safety, Health and Working Conditions Code, 2020 (**“OSH Code”**) replaces thirteen (13) laws, including the Factories Act, 1948; Contract Labour Act, 1970; and Inter-State Migrant Workmen Act, 1979. It standardizes safety norms across sectors.

Subject	Previous Acts	New Code	Key Changes
Establishment Coverage	Varied thresholds.	Factories: 20+ with power/40+ without; general 10+ workers for some provisions.	Rationalized; single registration.
Worker Definition	Limited/inconsistent.	Uniform definition of "worker" across sectors (includes contract, migrant);	Inclusive for modern workforce.

Subject	Previous Acts	New Code	Key Changes
		excludes managerial roles.	
Contract Labour	Applicable to establishments with 20+ workers.	Licensing for 50+ contract workers.	Reduced compliance burden.
Working Hours	Varied by sectors.	Max 8 hours/day, 48/week; overtime at twice normal rate.	Flexibility for overtime.
Leaves/Holidays	Varied.	Weekly off, annual leave (at least 1/20 days worked), national/festival holidays.	Uniform entitlements.
Women in Night Shifts	Restricted/prohibited in many sectors.	Allowed (6 PM–7 AM) with consent, safety, transport, CCTV.	Gender inclusivity.
Migrant Workers	Specific for inter-state.	Welfare provisions (journey allowance, suitable accommodation).	Enhanced protections; database for tracking.
Safety Obligations	Sector-specific	Employer duties: hazard-free workplace, PPE, training, annual health checks (for 40+ age/hazardous).	Comprehensive; no cost to worker for safety measures.

Subject	Previous Acts	New Code	Key Changes
Penalties	Varied/lower.	Minimum of INR 2,00,000 and in some cases with imprisonment.	Stricter deterrence.

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