

THE NEW LABOUR REGIME IMPLICATIONS AND INSIGHTS



The field of labour and employment in India has traditionally been vast and fragmented, governed by various legislations addressing separate subject matters. As a result, there existed a wide array of legislations which had to be examined both independently and cohesively, to identify the exact provisions applicable to employment of various kinds of employees.

In the years of 2019 and 2020, the Ministry of Law and Justice, with the objective of consolidating the numerous labour legislations and amending the same, issued the following: (a) the Code on Wages, 2019; (b) the Industrial Relations Code, 2020; (c) the Code on Social Security, 2020; and (d) the Occupational Safety, Health and Working Conditions Code, 2020 (**Labour Codes**). These Labour Codes subsumed 29 (twenty-nine) labour legislations and was indeed a progressive and revolutionary step towards simplifying India's labour and employment framework. The Labour Codes, although published, had not been brought into force in its entirety and the same was pending further action by the Central Government.

On November 21, 2025, the Central Government issued notifications appointing November 21, 2025 to be the date on which: (a) all the provisions of the Industrial Relations Code, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020 would come into force; and (b) certain provisions of the Code on Social Security, 2020 and Code on Wages, 2019 would come into force. The aforesaid act consequently repealed a majority of the labour legislations subsumed under the Labour Codes, thereby making the Labour Codes the governing legislations in relation to employment in India.

It is therefore crucial for all stakeholders impacted by the Labour Codes to ascertain their compliances, analyse and assess the changes required to be introduced in their organisations, review their existing structures, mechanisms, policies, documents, etc., and determine the appropriate way forward to ensure compliance.

Key Points & Changes Introduced:

The Labour Codes aim to largely simplify the legislations governing employment in India, while also bringing about uniformity in key concepts that are common to all types of employment, easing compliance requirements, and moving towards a modern and digitised economy. Also, the Labour Codes, while aiming to benefit all types of employees, attempts to set out a clear workforce categorisation by recognising numerous types of labour/ employees, such as gig and platform workers, unorganised workers, etc.

The key changes/ introductions broadly being brought about by the Labour Codes are as follows:

Changes	Descriptions
Uniformity in Definitions	Various key concepts such as ‘employees’, ‘workers’, ‘contract labour’ etc., have been uniformly introduced/ defined.
Classification of Labour/ Employees	Labour/ employees are specifically categorised and recognised, such as fixed term employees, platform workers, gig workers, contract labour, permanent employees, etc., and there are benefits applicable to each category.
Concept of ‘Wages’	The term ‘wages’ has been uniformly defined and have been standardised, which impacts both employers and employees, both in relation to the amount to be paid out and received.
Minimum Wage and Floor Wage	All employees are to be paid wages which are not below the minimum rate that will be specified, which concept was earlier applicable only to employees belonging to a ‘scheduled employment’. Also, the concept of a ‘floor wage’ has been introduced, which the Central Government will fix, and no minimum wages can be below this wage.
Fixed Term Employees	Fixed term employees are required to be provided with the same benefits as permanent employees and such employees are also required to be paid gratuity on a <i>pro-rata</i> basis, if they complete 1 (one) year.
Equality between Genders	Discrimination between employees undertaking the same work or work of a similar nature, on the ground of gender, is strictly prohibited.
Overtime Wages payable to Employees	Overtime compensation is payable to those employees who work beyond the time periods as specified, and this compensation should not be less than twice the normal rate of wages payable to employees, with employees providing consent to work overtime.
Settlement of Dues	The wages of employees who have been removed/ dismissed, retrenched, who have resigned, etc., should be paid to them within 2 (two) working days of the applicable event.
Strikes & Lock-Outs	The concept of strikes and lock-outs and prohibitions in that regard have been extended to all industrial establishments, in addition to being applicable to only public utility services.
Grievance Redressal Committee	While the erstwhile law permitted establishments to adopt grievance redressal mechanisms which varied from that which was prescribed, it is now a requirement for Grievance Redressal Committees to be constituted and to function in the manner as specifically provided.
Standing Orders	Those establishments wherein 300 (three hundred) or more workers have been employed, are now required to formulate/ adopt standing

	orders. This includes IT/ITeS companies as well, which was otherwise specifically exempted from this requirement in certain states, such as Karnataka.
Coverage of Establishments for Provident Fund and Insurance	The coverage of employees' provident fund, as well as state insurance, has been expanded to include all establishments employing the minimum required employees, irrespective of the type of industry to which they belong to.
Contract Labour	The appointment and engagement of contract labour is strictly regulated, with there being a complete prohibition on employment of contract labour in the core activities of an establishment, with certain exceptions.
Registration	A simplified registration regime is introduced, where establishments are required to obtain a single registration electronically, with existing establishments having to formalise their existing registrations/ approvals, without having to obtain a new one.
Health, Safety and Working Conditions	There is a requirement for all establishments to provide specified working conditions, including employers having to provide annual health examinations and tests free of cost, etc., with employees also having to ensure their health and safety while undertaking their duties and obligations.
Annual Leave	Provisions have been introduced in relation to carry forward of annual leave as well as encashment of leaves that have not been availed of but cannot be carried forward.
Women Employees	Women employees are permitted to work in any establishment and to undertake any kind of work with, however, the consent of the woman requiring to be obtained in case they are required to work during a night shift and there being a need for additional safety measures when the kind of activity demands it.
Ease of Doing Business	The Labour Codes, in general, aim towards facilitating the ease of doing business, by simplifying the requirement to maintain records, registers, etc., enabling digitisation of records, decriminalising numerous minor offences, permitting compounding of offences, etc.

The above is a non-exhaustive list of key points and changes introduced, and organisations should independently examine the Labour Codes to ascertain the exact changes/ provisions that would be applicable to them.

What Next?

From an analysis of the Labour Codes, the question that now inevitably arises is what the way forward for organisations should be. In the current scenario where the Rules are yet to be formulated/ notified, the question of compliance arises not only to understand as to what extent the Labour Codes can be implemented within organisations, but to also understand how the same should be undertaken.

The concerned authorities, as well as communication being issued by the government, recognises the above ambiguity in a certain way. Organisations/ employers are therefore advised to move towards analysing the Labour Codes and the impact that the same may have, with also proceeding towards making the necessary arrangements for introduction of changes within the organisation, to ensure compliance. It is anticipated that the concerned governments will provide much needed clarity on the matter, by issuing the Rules,

Regulations, notifications, circulars, clarifications, etc., in due course. These would have to be individually examined and the way forward determined on a case to case basis.

Another point of consideration is the overlap of the Labour Codes with other existing statutes that are not being repealed or subsumed by/ into the Codes, such as local state legislations including the Shops and Commercial Establishments Acts and an understanding of this would also have to be obtained.

For further information or clarifications on any aspect, including applicability, compliance, implementation, do get in touch with: subaya@duaassociates or janini@duaassociates.
