



New Labour Codes

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- Government of India has made effective all the 4 Labour Codes from 21 Nov 2025 onwards
- These codes will replace 29 existing central labour laws & are applicable across India
- Supporting rules are still to be notified. During transition, relevant provisions of the existing labour Acts & Rules to continue to remain in force
- Organisations / Employers should begin preparing for compliance immediately

The Code on
Wages, 2019

The Code on
Social
Security, 2020

The
Occupational
Safety, Health
& Working
Conditions
Code, 2020

Industrial
Relations
Code, 2020

Comparison of Labour Ecosystem - Before & After Implementation

Criteria	Before	After	Reason for Reform
Formalization of Employment	No mandatory appointment letters	Mandatory appointment letters to all workers	Written proof to ensure transparency, job security & fixed employment
Social Security Coverage	Limited coverage	Under Code on Social Security, 2020 all workers including gig & platform workers to get social security coverage	All workers will get PF, ESIC, insurance & other social security benefits
Minimum Wages	Applied only to scheduled industries / employments; large sections of workers remained uncovered	Under the Code on Wages, 2019, all workers to receive a statutory right minimum wage payment	Minimum wages & timely payment to ensure financial security

Comparison of Labour Ecosystem - Before & After Implementation

Criteria	Before	After	Reason for Reform
Preventive Healthcare	No legal requirement for employers to provide free annual health check-ups to workers	Employers must provide all workers above the age of 40 years with a free annual health check-up	To promote timely preventive healthcare culture
Timely Wages	No mandatory compliance for employers on payment of wages	Mandatory for employers to provide timely wages	To ensure financial stability, reduce work stress & boost overall morale of workers
Women Workforce Participation	Women's employment in night shifts & certain occupations was restricted	Women are permitted to work at night & in all types of work across all establishments, subject to their consent & required safety measures	Women to get equal opportunities to earn higher incomes – in high paying job roles

Comparison of Labour Ecosystem - Before & After Implementation

Criteria	Before	After	Reason for Reform
ESIC Coverage	ESIC coverage was limited to notified areas & specific industries; establishments with < 10 employees were generally excluded, & hazardous-process units did not have uniform mandatory ESIC coverage across India	ESIC coverage & benefits are extended PAN-India; voluntary for establishments with < 10 employees, mandatory for establishments with even 1 employee engaged in hazardous processes	To expand social protection coverage to all workers
Compliance Burden	Multiple registrations, licenses & returns across various labour laws	Single registration, PAN-India single license & single return	Simplified processes & reduction in Compliance Burden

Benefits to Workers across Key Sectors

Fixed-Term Employees (FTE)

- FTEs to receive all benefits equal to permanent workers (including leave, medical & social security)
- Gratuity eligibility after just 1 year, instead of 5
- Equal wages as permanent staff, increasing income & protection

Gig & Platform Workers

- Gig work', 'Platform work' & 'Aggregators' have been defined for the first time
- Aggregators must contribute 1–2% of the annual turnover, capped at 5% of the amount payable to the workers
- Aadhaar-linked Universal Account Number will make welfare benefits easy to access

Contract Workers

- Principal employer will provide health benefits & social security benefits to contract workers
- Workers to get free annual health check-up

Women Workers

- Gender discrimination legally prohibited. Equal pay for equal work ensured
- Women are permitted to work night shifts & in all types of work (including underground mining & heavy machinery), subject to their consent & mandatory safety measures
- Mandatory women's representation in grievance redressal committees

Benefits to Workers across Key Sectors

Youth Workers

- Minimum wage is guaranteed for all workers
- All workers to get appointment letters, - promoting social security, employment history & formal employment
- Payment of wages during leave has been made mandatory

Hazardous Industry Workers

- All workers will receive free annual health check-ups
- Mandatory safety committee at each site for on-site safety monitoring, safe handling of hazardous chemicals ensured
- Central Government will frame national standards for better safety of workers

IT & ITes Workers

- Release of salary mandatory by 7th of every month
- Equal pay for equal work made mandatory, women's participation is strengthened

Export Sector Workers

- Every worker to have the option of availing annual leaves after 180 days of work in a year

Textile Workers

- Provision for double wages for workers for overtime work

Strengthen Worker Protection & Simplify Compliance for Employers

- **National Floor Wage** - To ensure no worker receives wage below the minimum living standard
- **Gender-Neutral Pay & Job Opportunities** – Prohibition of discrimination including against transgender persons
- **Inspector-cum-Facilitator System** - Shifting enforcement towards guidance, awareness & compliance support rather than punitive action
- **Faster & Predictable Dispute Resolution** - Two-member Industrial Tribunals & option to approach tribunals directly after conciliation
- **Single Registration, Single Licence & Single Return** – Replacement of multiple overlapping filings
- **National OSH Board** - To set harmonised safety & health standards across sectors
- **Mandatory safety committees in establishments with 500+ workers** - Improvement of workplace accountability
- **Higher Factory Applicability Limits** - Ease of regulatory burden for small units while retaining full safeguards for workers

Implications for Employers

1. Evaluate Employment Roles - To Identify the employees who would qualify as 'workers' basis their substantial nature of work

2. Evaluate Impact of definition of 'Wages' on Salary Structure - Review salary structure & benefits framework

3. Assess Cost Implications – Financial impact on the organization as a result of enhanced employee benefits

4. Reassess Hiring Models - Consider alternate hiring models due to contract labour reforms & fixed-term employment

5. Align HR & Payroll Policies – Ensure that HR & payroll processes comply with the labour codes & state-specific regulations

6. Compliances, Governance & Review - Implement strong internal controls, conduct periodic diagnostic reviews & ensure governance

1. Compliance Gap Assessment

- Review existing HR, payroll & legal frameworks against new code requirements
- Identify gaps in wage structures, social security contributions & working conditions

2. Payroll & Compensation Structuring

- Align salary components with the uniform definition of wages
- Recalculate PF, gratuity, bonus & leave encashment as per new norms

3. Policy & Contract Review

- Update employment contracts for fixed-term employees & gig workers
- Revise HR policies on working hours, leave, retrenchment & dispute resolution

4. Social Security Advisory

- Ensure coverage for gig / platform workers & FTEs
 - Registration & compliance for PF, ESI, gratuity, maternity benefits

5. Industrial Relations & Workforce Strategy

- Advise on trade union recognition, standing orders & retrenchment processes
- Develop dispute resolution frameworks

6. Compliance, Training & Change Management

- Prepare phased implementation roadmaps for smooth transition
- Conduct workshops for HR & Finance teams on new labour law requirements



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