

# New Labour Codes in India 2025

**Effective Date:** 21 November, 2025

India has introduced a landmark labour reform by consolidating 29 Central labour laws into four Labour Codes. These reforms aim to simplify compliance for employers while strengthening wage protection, workplace safety, and social security coverage for workers across India.

These changes apply to all sectors, including startups, MSMEs, large enterprises, gig platforms, and unorganised workforces.

## The Big Picture: Labour Law Framework Before vs After 2025

Earlier Framework	Labour Codes Framework (2025)	What This Means
Multiple overlapping Central labour laws	Four unified Labour Codes	Simplified legal structure
Different definitions across laws	Uniform definitions	Clarity and consistency
Multiple registrations and licences	Single registration and licence	Easier compliance
Physical registers and filings	Digital records and filings	Less paperwork
Limited compounding options	Compounding of minor offences	Reduced penalties
Inspector-driven enforcement	Inspector-cum-Facilitator approach	Compliance support focus

## The Four Labour Codes Explained

Labour Code	Coverage	Purpose
Code on Wages, 2019	Wages, bonus, and equal remuneration	Fair and uniform wage system
Industrial Relations Code, 2020	Trade unions, disputes, layoffs, retrenchment	Industrial harmony and flexibility
Social Security Code, 2020	EPF, ESIC, gratuity, maternity benefits	Wider social security coverage
Occupational Safety, Health, and Working Conditions Code, 2020	Safety, health, working hours, welfare	Safe and humane workplaces

## Key Policy Changes Introduced Under Labour Codes

Area	Change Introduced	Applicable Code
Minimum Wages	Statutory minimum wages applicable to all workers. States cannot go below the national floor wage	Code on Wages
Gig & Platform Workers	Included under the social security framework. Welfare fund and insurance coverage introduced	Social Security Code
Gratuity	Fixed-term employees eligible after one year of continuous service	Social Security Code
Women at Workplace	Women are permitted to work night shifts and in all sectors with consent and safety measures	OSHWC Code
Layoff Threshold	Government approval required only if the workforce exceeds 300 employees	Industrial Relations Code

## Impact on Employers

Compliance Area	What Changes
Wage Structure	Wages must follow a uniform definition for statutory calculations
Payroll Costs	PF and gratuity contributions may increase due to revised wage base
Compliance Process	Single registration, licence, and electronic filing system
Inspections	Inspector-cum-Facilitator model focuses on guidance
Retrenchment	Mandatory contribution to the reskilling fund for retrenched workers
EPF Proceedings	Inquiry timelines limited and appeal deposit reduced

## Impact on Employees

Worker Category	Benefits Under New Codes
All Workers	Minimum wages, timely payment, double overtime wages
Gig & Platform Workers	Social security benefits and welfare fund access
Fixed-Term Employees	Equal benefits with permanent employees and gratuity
Women Employees	Equal pay, 26 weeks paid maternity leave
Workers Above 40 Years	Free annual health check-up
Migrant Workers	Portability of social security and PDS benefits
Accident Coverage	Commuting accidents treated as employment-related

## Salary Structure Impact Explained

Aspect	Practical Effect
Wage Definition	Larger portion of salary classified as wages
Monthly Take-Home	May slightly reduce
Long-Term Benefit	Higher PF, gratuity, and retirement corpus

## Employer Action Items Before and After November 2025

Area	Required Action
Documentation	Issue appointment letters to all workers
Payroll	Align salary structure with wage definition
Digitisation	Maintain digital registers and records
Social Security	Extend PF and ESIC coverage to eligible workers
Workplace Safety	Form Safety Committees where required
Women Safety	Update night-shift safety and consent policies
Recruitment	Notify vacancies to designated career centres

## How Ebizfiling Helps?

Ebizfiling assists employers in understanding and implementing labour code requirements through payroll restructuring support, compliance reviews, documentation updates, and readiness checklists. We help businesses stay aligned with evolving labour regulations while minimising compliance risk.

**Disclaimer:** Implementation and enforcement may vary across states based on rule notifications. Employers should track state-specific updates alongside Central guidelines.