

Labour Codes brought into effect:

Key takeaways as Government ushers in the new regime

22 November 2025

In one of the most awaited developments in the employment law landscape in the country, the Government of India has, through a series of notifications dated 21 November 2025, brought into effect the four labour codes - the Code on Wages, 2019 (Wages Code), the Code on Social Security, 2020 (SS Code), the Industrial Relations Code, 2020 (IR Code), and the Occupational Safety, Health and Working Conditions Code, 2020 (OSH Code). Such codes are slated to replace 29 Central labour laws and bring about a more cohesive and modern framework for compliance.

As part of its efforts to sensitize employers about the key provisions of the labour codes, the Firm had drawn up a primer on the codes (as available [here](#)) back when the codes were notified in the Official Gazette in 2019 and 2020. In this update, we provide a brief overview of the key provisions having become effective in each of the codes.

What assumes the force of law as on 21 November 2025?

PROVISION	DESCRIPTION OF KEY PROVISIONS IN FORCE	KEY AREAS FOR EMPLOYERS TO LOOK OUT FOR
Wages Code		
Sections 1 to 41	Provisions relating to definitions, prohibition of gender-based discrimination, fixation of minimum wage rates by appropriate government, fixation of hours for normal working day and wage periods, wages for overtime work, fines and deductions, and statutory bonus.	(a) State rules prescribing hours of work and their interplay with similar provisions under state-specific shops and establishments law (in case of commercial establishments); (b) Fixation of a floor wage rate by the Central Government; (c) Impact on the timing of payment of wages as part of full and final settlement process upon employee's exit due to application of the chapter on payment of wages to all employees irrespective of their role or wages; (d) Impact on the kinds and extent of deduction that can be made from the wages of an employee due to application of the chapter on payment of wages to all employees irrespective of their role or wages; and (e) Notification by relevant governments on the eligibility for coverage under the chapter on payment of statutory bonus.

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Sections 42(4) to 42(9)	Provisions relating to constitution of a State Advisory Board for fixing minimum wage rates.	-
Sections 43 to 66	Provisions relating to payment of undisbursed dues in case of death of employee, procedure to determine claims arising under the Wages Code, penalties, compounding of offences, and records, returns, and notices.	(a) Impact of the applicability of provisions concerning payment of wages to all employees; and (b) Rules to be notified by the relevant governments on procedural compliances.
Section 67(1), (2)(a) to (r), (u) to (zc), (3) to (5)	Provision concerning the power of the appropriate government to make rules.	-
Section 68	Provision concerning the power of the Central Government to remove difficulties.	-
Section 69	Repeal of Payment of Wages Act, 1936, Minimum Wages Act, 1948 (except Sections 7 and 9 - to the extent they relate to the Central Government and Section 8)*, Payment of Bonus Act, 1965, and the Equal Remuneration Act, 1976. <i>*These relate to provisions concerning constitution of an advisory board, composition of committees, and Central Advisory Board on minimum wages, respectively.</i>	-
SS Code		
Sections 1 to 14	Provisions relating to definitions, registration, constitution of boards including the board of trustees of Employees' Provident Fund Organization, State Building Workers' Welfare Boards, Regional Boards, and National Social Security Board and State Unorganized Workers' Board.	(a) Impact of the inclusion of contract labour in the definition of 'employee' especially in relation to payment of gratuity (for which the principal employer had not been made responsible thus far); (b) Impact of the definition of 'wages' on computation of employees' provident fund contributions, employees' state insurance fund contributions, and gratuity; and (c) Entitlement of fixed-term employees to receive on-par employment terms vis-à-vis permanent employees, and eligibility of fixed-term employees for receiving pro-rated gratuity.
Sections 15(1) and 15(2)	Provisions relating to employees' provident fund, employees' pension fund, and employees' deposit-linked insurance schemes.	Notification by the Central Government of the schemes relating to social security contributions to replace the schemes that have operated thus far.
Section 16(1)(c)	Provisions relating to the establishment of deposit-Linked Insurance Fund by the Central Government.	-
Sections 17 to 141	Provisions relating to employees' provident fund contributions, employees' state insurance contributions, gratuity, maternity	(a) Permission to opt in and opt out voluntarily from the applicability of provisions concerning employees'

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	benefit, employees' compensation, social security and cess for building and construction workers, social security for unorganized workers, gig workers and platform workers, penalties, and compounding of offences.	provident fund contributions and employees' state insurance contributions; (b) Flexibility in tying up with third parties to provide creche facility to women; (c) Rules to be notified by appropriate government for maintenance of records, registers and returns; and (d) Notification by relevant government regarding manner of reporting of vacancies to career centres.
Section 143 (<i>in so far as it applies in giving effect to the provisions of Section 16(1)(b)(ii) in relation to the Employees' Pension Scheme, 1995</i>)	Provisions relating to the appropriate government's power to exempt establishments.	-
Sections 144 to 163	Provisions relating to liability in case of transfer of establishment, power of the governments to make rules, power of laying rules / regulations and delegation of powers.	-
Section 164(1) – Items 1-2 and 4-9; Section 164 (2) (a) and (c); Section 164(3)	Repeal of the Employees' Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959, the Maternity Benefit Act, 1961, the Payment of Gratuity Act, 1972, the Cine-Workers Welfare Fund Act, 1981, the Building and Other Construction Workers' Welfare Cess Act, 1996, and the Unorganised Workers, Social Security Act 2008.	-
IR Code		
All provisions	Provisions relating to definitions, grievance redressal committee, recognition of negotiating union or negotiating council, standing orders, dispute resolution mechanisms, notice of change to employment terms, prohibition of strikes and lock-outs, lay-off, retrenchment and closure, contribution to worker re-skilling fund, unfair labour practices, penalties, compounding of offences, and repeal of the Trade Unions Act, 1926, the Industrial Disputes Act, 1947, and the Industrial Employment (Standing Orders) Act, 1946.	(a) Impact on the computation of retrenchment compensation due to the revised definition of 'wages'; (b) Impact on the current internal grievance redressal process given the absence of flexibility under the new regime to adopt an alternative mechanism; (c) Status of the sole trade union as a negotiating union with right to collective bargaining; Central and state rules notifying the verification process to identify the sole negotiating union or negotiating council in case there are multiple trade unions; and (d) Notification of Central model standing orders and their impact on the existing certified standing orders of the employer.
OSH Code		
All provisions	Provisions relating to definitions, registration of establishments, daily and	(a) Impact of the inclusion of own employees of an establishment (and not just the

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	weekly working hours, leave entitlements, night shifts, engagement of inter-state migrant workers, prohibition on engagement of contract labour in core activity, mines, audio-visual workers, beedi and cigar workers, building and construction workers, factories, penalties, compounding of offences, and repeal of the Factories Act, 1948, the Contract Labour (Regulation and Abolition) Act, 1970, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979, the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996, the Mines Act, 1952, the Dock Workers (Safety, Health and Welfare) Act, 1986, the Plantations Labour Act, 1951, the Working Journalists and Other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955, the Working Journalists (Fixation of Rates of Wages) Act, 1958, the Motor Transport Workers Act, 1961, the Sales Promotion Employees (Conditions of Service) Act, 1976, the Beedi and Cigar Workers (Conditions of Employment) Act, 1966, and the Cine Workers and Cinema Theatre Workers (Regulation of Employment) Act, 1981.	contract workers) in the definition of 'inter-state migrant worker' including for the purpose of payment of journey allowance; (b) Impact of the prohibition of contract labour in core activities of an establishment, on an establishment's reliance on third-party personnel; (c) Rules to be notified by the relevant government for hours of work, and their interplay with similar provisions under state-specific shops and establishments laws; (d) Interplay of annual leave under the OSH Code with annual leave entitlements under state-specific shops and establishments laws; and (e) Rules to be notified by the relevant government for procedural compliances.

Comments

The step of bringing into effect whole or part of the labour codes (as the case may be) represents a crucial moment in India's labour law framework. The Central Government has activated a unified regulatory architecture that replaces decades of fragmented legislation with integrated framework for wages, industrial relations, social security, and occupational safety.

At this stage, however, the absence of finalization and enforcement of Central / state rules, schemes, and notifications means that the transition is still unfolding. Since labour matters form part of the concurrent list of the Constitution of India, the labour codes cannot operate in full until delegated legislative work is completed. While the codes now clarify the substantive standards employers must meet, the procedural details, including registration process, formats for returns, working hour provisions, process for recognition of trade unions, and inspection mechanisms, among other matters, will be shaped by forthcoming state rules.

Given the above, employers are likely to experience a phased shift rather than an immediate overhaul. During this interim period, the Union Government has clarified that the existing laws and the rules issued under the erstwhile regime will continue to apply until the operational framework under the new codes is developed. This provides much needed continuity and allows employers to rely on current procedural requirements while preparing for the updated frameworks that will follow.

A measured two-track approach is, therefore, advisable. Employers can begin identifying areas where alignment of the existing practices and policies with the new regime would be required, and at the same time, they can continue monitoring state notifications that will set out the operational steps. Employers may take the apprehensions demonstrated in the public domain about immediate consequences on cost and compliances with a pinch of salt as the gradual rule-making process read with the facilitation framework set out under the codes will allow breathing room to employers to assess their compliance status without the risk of immediate administrative action. The focal point of restructuring remuneration in view of the

revised definition of 'wages' under the labour codes requires careful consideration. Contrary to the common belief that 'wages' must form 50% of total remuneration, the codes do not mandate such restructuring. The codes only assume 'wages' at 50% for computing payments (such as retrenchment compensation, overtime, and notice pay) when the components included in the 'wages' bucket fall short of 50% threshold. Also, the social security schemes – which are yet to be implemented – will provide further clarity as to whether – and to what extent – the revised definition of 'wages' would have a bearing on the quantum of social security contributions.

It must be noted that the labour codes are not intended to subsume the state laws. Therefore, the state-specific shops and establishments laws will continue to operate as usual, although, to the extent there is an overlap between the provisions under such laws and those under labour codes (say on leave entitlements), employers will have to navigate through the requirements carefully.

Once fully operationalized, the labour codes are expected to offer improved regulatory mechanisms such as upgraded digital interfaces for compliance, streamlined approval mechanisms, and greater uniformity in definitions and processes. India's labour law landscape is entering a new phase, and the objective is to support employers and workers alike through a clearer, more structured compliance environment. The transition will be gradual, and a thoughtful, well-prepared approach will help organizations navigate it seamlessly.

This update has been contributed by Anshul Prakash (Partner), Srishti Ramkrishnan (Counsel), Deeksha Malik (Principal Associate), and Varsha Sankara Raman (Associate). The contents herein only provide an overview of the provisions enforced. For a more comprehensive analysis, please reach out to the team at editors@khaitanco.com.



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