

Decoding Four Labor Codes: A Business Guide



Contents

1	Introduction.....	3
2	Acronyms.....	5
3	Part 1: Code on Wages.....	6
4	Part 2: Social Security Code.....	16
5	Part 3: Industrial Relations Code.....	25
6	Part 4: Occupational Safety, Health and Working Conditions Code....	35
7	Annex 1.....	45
8	Annex 2.....	46
9	Disclaimer.....	48

Introduction



November 21, 2025 will mark a watershed moment for Indian labor laws moving employment relations to a new paradigm shift.

India has always had a labyrinth of laws for both blue and white-collar workforce that regulated practices, procedures and rights plus obligations of employers and employees in their day-to-day relations. The philosophy behind having elaborate laws was to check exploitation and curb unfair labor practices. Several statutes in the framework date back to the British era or shortly after independence, and each with their own definitions, thresholds, exemptions and regulators.

With countless registrations and filings coupled with policing by multiple inspectors, everyone struggled. As Indian economy liberalized and changed, conglomerates considered the labor law regime to be both outdated and fragmented since a new economy was being governed by overlapping laws written for an old one.

While the endeavor has been going on for over six years but somehow implementation went on the back burner – until this month. The Government consolidated 29 central labor laws into four comprehensive codes - **Code on Wages** which merges four laws related to wages and bonus payments; **Code on Industrial Relations** simplifies three laws concerning unions, working conditions and industrial disputes; **Code on Social Security** consolidates nine laws related to social security, pensions, and insurance, and **Occupational Safety, Health and Working Conditions Code** combines thirteen laws focused on worker safety and health.

The Codes came into effect on November 21, 2025, and bring India's decades-old system under one consolidated, modern system. The objective is to provide a uniform framework for wages, align definitions, reduce contradictions, lessen compliance and unify industrial relations, social security and working conditions for both organized and unorganized sectors. The four codes cover a lot of ground, but at a very macro level, they

- Extend coverage to millions of workers who exist outside formal framework.

- Describe who qualifies as a “worker.”
- Encompass pretty much all working Indians, regardless of their work type i.e., if they are full time, part time, blue or white collar, fixed duration employees, contract, and gig plus platform workers.
- Determine how salary is structured and impacts the take-home.
- Explain what happens if someone loses a job.

Labor is a concurrent subject under the Indian Constitution which means both center and states can legislate on the listed subjects. In the event of a conflict central law normally prevails. While most states had drafted rules aligned with the four codes yet they will need to be relooked and central-level implementation remains pending. While media reports the draft rules will be released within 45 days, the precise timeline remains unclear.

In this Guide, we aim to decode them and outline action steps for companies. However, every entity will have to do a deep dive based on its activity (industrial or service); applicable policies and, for multinationals, the need to find balance and parity between their global benchmarks and adherence with local law.



The Guide is divided into four parts, one for each code. Selective key terms are defined at the start of each code, and the status of rules pan India are in Annex 1.

An important element relates to the definition of **employee and worker** under each code. Unlike the earlier law, the word **workman** is not used anywhere. The term **employee** is wider and, seemingly, encompasses **worker** as well. More details are explained in Annex 2.

Acronyms

CG: Central Government
EDLI: Employees' Deposit Linked Insurance
EPS: Employees' Pension Scheme
ESI: Employees' State Insurance
FTE: Fixed-Term Employment
GRC: Grievance Redressal Committee
ICF: Inspector-cum-facilitator
SS Code: Social Security Code, 2020
IR Code: Industrial Relations Code, 2020
**OSHC Code: Occupational Safety, Health
and Working Conditions Code, 2020**
PF: Provident Fund

Part 1

Code on Wages, 2019



Appropriate Government: refers to CG for railways, mines, oilfield, major ports, air transport services, telecommunication, banking, insurance, entity established under a central legislation, central PSUs, their subsidiaries; and state government for others.

Contract Labour: A worker who is retained by a contractor with or without knowledge of the principal employer and includes inter-state migrant workmen but excludes contractor's direct employees.

Contractor: A person who undertakes to produce given result for establishment other than mere supply of goods/articles of manufacture through contract labour, or supplies contract labour for any work of the establishment and includes a sub-contractor.

Employee: Person other than an apprentice employed to do any skilled, semi-skilled, unskilled, manual, operational, supervisory, managerial, administrative, technical or clerical work.

Employer: Person who directly or indirectly employs one or more employees in his establishment, on his behalf or for another person and includes for factories, the occupier/manager of factory; for establishments, the person having ultimate control over the affairs; contractor; and legal representative of a deceased employer.

Establishment: Place where any industry, trade, business, manufacture or occupation is carried on and includes government establishment.

Worker: Person employed in any industry to do any manual, unskilled, skilled, technical, operational, clerical, or supervisory work and includes sales promotion employees, working journalists but excludes apprentices; army, navy and air force personnel; managerial or administrative employees; and person employed in supervisory role with wages exceeding INR 15,000 p/m.

1. Introduction

The Code, comprising 9 chapters and 69 sections, consolidates and replaces four central labor laws relating to minimum wages, payment of wages, bonus, and equal remuneration. It received Presidential assent on August 8, 2019, and has been implemented in phases where

- the provisions relating to the Central and State Advisory Boards came into force on December 18, 2020, and
- remaining provisions on November 21, 2025.

All actions, orders, notifications, and minimum wage amounts issued under the repealed laws continue to remain valid to the extent they do not conflict with the Code.

1.1 Scope

The Code applies to all establishments where any industry, trade, business, manufacturing or occupation is carried out regardless of any monetary threshold or headcount. The fundamental premise is there can be no gender-based discrimination in payment of wages and wages paid to every employee must conform to the minimum wage notified by the Appropriate Government.

1.2 Wages Redefined

There is now a uniform definition of wages, across all labor laws where wages now include basic pay, dearness allowance and retaining allowance (if any). Further, the value of remuneration in kind, if any, will be treated as “wages” provided it does not exceed 15% of the total wages payable. There are eleven exclusions as follows



- bonus;
- value of house accommodation or supply of certain amenities or any service excluded from the computation of wages pursuant to an order of the Appropriate Government;
- employer contributions to pension or provident fund along with accrued interest;
- conveyance allowance or value of travel concession;
- sum(s) paid to an employee to defray special expenses incurred by such person during employment;
- House Rent Allowance;
- remuneration paid by virtue of an award, court or tribunal order or settlement;
- overtime;
- commission;
- gratuity upon termination; and
- retrenchment compensation or retirement benefit or ex-gratia sum paid upon employment termination.

The proviso stipulates payments made to an employee under all of the above, except the last two exclusions should not exceed half or any other % notified by the government. If they exceed, then, in such cases, the excess sum shall be included within the definition of wages.

1.3 Minimum Wages



The new framework mandates the Appropriate Government must fix minimum wage subject to ability of CG to establish a statutory floor (a national floor wage) which states must meet, while retaining flexibility to set higher local minimum. Lower wage will be permitted in limited exceptions. Minimum wage may consist of a basic rate of wages and an allowance at an adjustable rate considering variations in the cost of living index and cash value of concessions regarding supplies of essential commodities.

Minimum wage must be both for time work and piece work done hourly, daily or monthly. The factors considered will be skills, location, arduousness of work and other additional considerations. This must be reviewed and revised every 5 years. While fixing the wage, the government can either appoint committees to conduct enquiries and then recommend or notify its proposals. In case of former, the members shall consist of representatives of employers, employees and some independent persons as well.

1.4 Overtime



There will also be a standardization of overtime pay and employees will be compensated at least twice their normal wage rate for work performed beyond standard working hours.

1.5 Payments

Wage period can be daily, weekly, fortnightly, or monthly; cannot >1 month. There is a specific timeline for each wage period (i) Monthly: before 7th day of next month; (ii) **2 working days for full and final settlements**. Salaries can be paid in cash, by check or electronically.

1.6 Deductions

There will now be stricter rules on permitted deductions. 15 permissible deductions instead of 21, capped 50% of wages; flexibility for employees to contribute to savings scheme & insurance funds; employer can deduct with employee consent & liable if funds eventually are not contributed to the chosen scheme & fund.

The bare minimum expectation is all the foregoing should bring in uniformity in wage computation across sectors, improve transparency and prevent wage disputes.

1.7 Bonus



There is no wage threshold for bonus entitlement, and all employees are covered even those who earn beyond INR 21,000 per month. The threshold to pay bonus is the monthly wage notified by the Appropriate Government and more details will emerge once these sums are notified.

There are four grounds for disqualification for bonus which include fraud; violent conduct at the official premises; theft, misappropriation or sabotage of any property of the employer and a new ground, conviction for sexual harassment.

1.8 Registers & Records



Employers are required to maintain a consolidated register with employee details, attendance, wages and to provide wage slip to each employee at the time of payment. This record-keeping is a core part of ensuring compliance with wage laws. All registers and records must be kept complete, up-to-date, and accessible at or near the workplace.

Small employers with five or fewer agricultural or personal household workers may be exempt from the above requirements, but they must still be able to provide proof of proper payment if requested by an official.

Employers are also required to display a notice at a prominent place in the establishment containing summary of the Code, details on minimum wage and the contact information of the relevant Inspector.

1.9 Advisory Board



The Code establishes a Central Advisory Board and requires each state government to form one in the state too. The boards must have at least one-third women members to create more inclusive and balanced employment policies, and advise the government on minimum wage fixation, revision, and improving employment opportunities for women. Based on the advice, the government can then issue directions to the states. The boards will also include representatives from employers, employees, independent people and five state government representatives. Since the boards will serve as advisory bodies, it could provide a structured way for different stakeholders to contribute to wage policies.

1.10 Inspections & ICF

The Appropriate Government will notify web-based inspection scheme and confer jurisdiction for randomized selection & inspection. The system will use a web-based platform to generate inspection schedules. Inspectors are empowered to examine registers, take evidence from individuals, seize documents as needed, issue notices and directions to rectify, initiate prosecution and more.

Prior to initiating prosecution, Inspectors will give an opportunity to employers to comply with the Code within a defined time. Should the employer comply, there will be no prosecution. This rectification period is only for the first default and not for repeated offences.

1.11 Payment of Dues, Claims

The limitation for raising claims under this code is fixed to 3 years now. The Appropriate Government will appoint an authority to determine claims; award claims and compensation up to 10x of the claim. Employees, trade unions and Inspector can file claims. *First-time, non-imprisonable offences can be compounded by paying a penalty. Repeat offences within 5 years, however, cannot be compounded.*

1.12 Penalties

In line with the intent to decriminalize offences, the Code replaces imprisonment for certain first-time offences with monetary fines. It provides penalties for 3 kinds of non-compliance



- payment of wages below the amount due attracts a fine of up to INR 50,000, and a repeat offence within 5 years results in imprisonment of upto 3 months or with fine of upto INR 100,000 or both;
- contravention of any other provision attracts a fine of upto INR 20,000 and second offence within 5 years is punishable by imprisonment for term upto 1 month or with fine upto INR 40,000 or both
- non-maintenance or improper maintenance of records is punishable with fine which may extend to INR 10,000. Offences punishable with a fine (and not imprisonment) may be compounded.

Action Points for Employers

- Understand what provisions apply to your organisation and monitor the status of rule making in your location.
- Categorize your workforce into workers and employees basis their job description and wages.
- Review existing wage structures immediately and assess the need to make changes to adapt to the new regime factoring in new definitions, allowances and benefits.
- Re-examine what components of their current compensation structures will be treated as wages, and which ones will be excluded from the definition.
- Ensure the "wages" portion (basic pay, dearness allowance, retaining allowance) of an employee's total remuneration is at least 50%. This impacts calculations for provident fund, gratuity, bonus contributions.
- Determine potential cost implications arising from different situations, be it employee separation or various employee payments, including leave encashment, gratuity, statutory bonus, maternity, retrenchment compensation, etc.
- With the new thresholds for wages plus overtime value, leave encashment, the result could be a higher wage bill since these will be computed with reference to the revised wage definition. Employers will need to evaluate the plan on how to address the higher costs.
- Assess if you pay equally for same work to all genders.
- Review and update pay scales to link wages to skill level and work difficulty, ensuring fair compensation.
- Check if you employ anyone without an appointment letter and, if yes, rectify the situation immediately. Issue the letter detailing wages, designation and social security specifics.
- Secure worker consent for overtime.

- Check your wage pay dates and issue instructions to ensure payroll conforms to the statutory payment dates or establish processes to pay monthly wages by the 7th of the following month.
- Once implemented, adhere to national floor wage and applicable state minimum wages, which cover all workers regardless of industry or wage ceiling.
- Monitor the relevant government's notifications on the eligibility for coverage under the statutory bonus payment provisions.
- For commercial establishments, check state rules which prescribe hours of work and their interplay with analogous provisions under state-specific shops and establishments law.

Part 2

Social Security Code, 2020



Aggregator: refers to a digital intermediary or marketplace for buyers or users to connect with sellers or service providers.

Appropriate Government: refers to CG for railways, mines, oilfield, major ports, air transport services, telecommunication, banking, insurance, entity established under a central legislation, central PSUs, their subsidiaries; and state government for all other establishments.

Family: refers to the employee's spouse; dependent children (including minor, adopted, unmarried, infirm, or education-dependent children up to 21 years); dependent parents (including in-laws of a woman employee); and where unmarried with no surviving parents, dependent minor siblings.

Fixed Term Employee: refers to an employee engaged for a fixed period on the basis of an employment contract.

Gig Worker: refers to a person who performs work or participates in a work arrangement and earns outside of traditional employer-employee relationship.

Platform Worker: refers to a person who performs platform work i.e. work outside of a traditional employer-employee relationship where organisations or individuals use an online platform to access other organisations or individuals to provide services or any such other activities which may be notified by CG, in exchange for payment.

2. Introduction

The Code comprising of 14 chapters and 164 provisions, consolidates and merges nine welfare labor laws into one framework and contemplates contributory schemes for pensions, medical care, insurance and provident funds for an enlarged base. It received Presidential assent on September 28, 2020 and has been implemented in phases with a majority of its provisions implemented on November 21, 2025.

While the draft central rules under the Code were released on September 28, 2020, they are yet to be finalized though CG aims to finalize them early January 2026. All actions, orders, and notifications issued under the repealed laws continue to remain valid to the extent they do not conflict with the Code. Further, pending the notification of the rules, the relevant provisions of the existing labour legislations and their respective rules, regulations, notifications, standards, schemes will continue to remain in force.

2.1 Scope

The Code's primary scope is to provide social security benefits to all employees and workers, irrespective of whether they are in the organized, unorganized, or any other sector.

2.2 Application of PF Provisions



While the aim was to subsume the provident fund statute, the Ministry has not notified the clause that would repeal the PF Act.

This means there will be a period of overlap where that act would continue to apply. Certain provisions relating to PF under the Code have also not been notified.

2.3 Expanded Worker Base & Benefits



It now recognizes and provides for the following

- **Gig and platform workers** where aggregators will be required to contribute to a dedicated fund to finance multiple schemes tailored to their needs including for education, housing, insurance, health cover, disability support and old-age benefits. These contributions will be between 1-2% of the aggregator's annual turnover, capped at 5% of total payments made to such workers during a fiscal year.
- **Contract and migrant workers** will gain stronger protections, including health coverage.
- A landmark change relates to **FTE** and such employees form a huge chunk of Indian workforce. They are entitled to same benefits as permanent employees doing same or similar work. Additionally, they are also eligible for pro-rated statutory benefits regardless of the qualifying prescribed criteria under any applicable law. Here FTE definition, however, is distinguished from that which is provided under the IR Code due to the absence of a pro-rated gratuity entitlement in that code. Possibly, some conflicts may arise due to the difference in the defined terms.
- Gratuity eligibility is lowered for **FTE**. Now, employees hired for time-bound contracts in various industries become eligible for gratuity after merely one year of service instead of five, a significant shift for different sectors.

Further, previously gratuity was payable on basic salary and dearness allowance but in view of the wider definition of wages which cover other allowances, the base on which gratuity must be calculated expands.

- *Women centric provisions* include 26 weeks of maternity leave, work-from-home option, and crèche facilities. There is flexibility in tying up with third parties to provide such facilities.

2.4 Expanded ESI Benefits

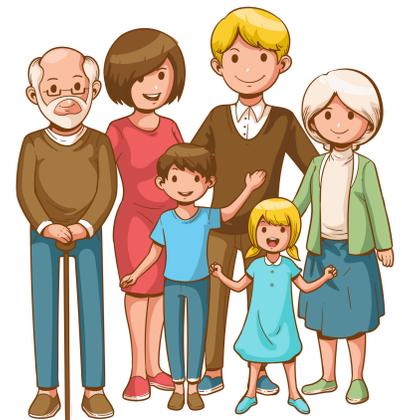


While the old act only applied to scheduled and notified establishments, the Code extends ESI benefits to every employee working in an establishment having 10 or more employees. ESI benefits will also extend to any employee engaged in hazardous work, regardless of whether the establishment meets the 10 employee threshold. Employers (including plantations) can also opt to provide ESI coverage even if they do not meet the employee threshold.

Further, the Code has widened the ambit of workplace accidents to include any accident that happens while commuting to or from work if nexus between the circumstances, time, and place of accident and employment is established. *Such accidents will be considered as having occurred “in the course of employment” and affected employees or their families will be eligible for ESI benefits.* Further, if the employee uses public transport or another mode of transport which is not provided by or approved (explicitly or implicitly) by the employer, then the accident will be outside the course of employment.

2.5 Expanded Scope of “family”

The Code expands the definition of “family” to include the parents-in-law of a women employee. However, the parents-in-law of a male employee have not been included. Family will also include a minor unmarried brother or sister who is wholly dependent on the employee, if the parents are not alive. *This expansion increases the coverage of family members eligible for various social security schemes including ESI, PF and gratuity benefits.*



2.6 National Database

The government intends to build a national database of every gig, platform and unorganized sector worker above the age of 16. Such people are required to register on the e-Shram portal to avail social security schemes framed for their benefit. This will help map skills, track employment histories, and ensure portability of benefits across states. The government may also notify certain employers or class of employers to report any vacancy to a career center before filling the vacancy. Career centers will be offices to be set-up by CG to facilitate recruitment. These will provide information on vacancies, potential candidates, as well as persons seeking vocational guidance and career counselling services.

2.7 Powers during an epidemic, pandemic or disaster



The CG is empowered to defer or reduce the rate of contribution towards PF and ESI for both employer and employees up to three months in case of any pandemic, epidemic or natural disaster. While the Code empowers CG to publish rules, regulations and schemes in the official gazette for 45 days as general information, it can dispense with the prior publication requirement in cases of disaster, epidemic and pandemic.

2.8 Registrations & Reporting

The Code provides for

- digital interfaces for universal registration. Establishments are required to obtain registration unless they are already registered under any former central social security law. Establishments with employees less than prescribed threshold for PF and ESI (i.e. less than 20 employees) are given an option of voluntary coverage & opting out at-will;

- electronic processing of records, inspections and claims;
- contributions to simplify enrolment and portability across employers and locations;
- the e-Shram portal for unorganized, gig and platform workers (mandated earlier this year).

2.9 Social Security Boards

There are several provisions for creation of different social security boards and how they will be governed. These include

- *Central Board of Trustees* which will administer PF, EPS and EDLI schemes. It will be headed by the Central PF Commissioner and will comprise of a body of trustees who will replace the existing PF Organization.
- *ESI Corporation* to administer the ESI Scheme. It will be a company headed by a chairperson appointed by CG and will comprise of representatives of the government, employers, employees and medical professionals.
- *National and State Social Security Boards* which will administer schemes for unorganized workers. The state government will also appoint Social Security Boards for Unorganized Workers which will assist in framing, monitoring and reviewing appropriate welfare schemes for such workers.
- *Building and Other Construction Workers' Welfare Board* which will maintain a register of builders and construction workers above 18 years. The state government is empowered to appoint this board and collect a cess of 1-2% to be used by the board for providing social security benefits to builders and construction workers.

2.10 Limitation on PF & ESI Enquiry

A five-year limit has been introduced for starting any inquiry to determine PF applicability or recover dues. Such inquiries must be completed within two years from their commencement date, and can be extended for a maximum of one year with approval from the Central PF Commissioner. *This reform will lead to faster case resolution and prevent undue penal interest accruing against any employer suspected of non-compliance.*

2.11 Reformative Enforcement

The code has replaced imprisonment with monetary fines for 13 offences, and 7 violations carrying imprisonment of less than one year can now be compounded into penalties or fines.

It has also mandated that employers be served with a notice of improvement, which would give them time to rectify any non-compliance.

Finally, it also provides for the appointment of an Inspector cum Facilitator, whose role is enlarged to include informing and sensitizing employers and workers on the provisions of the code and compliance requirements.



These measures encourage voluntary compliance as opposed to punitive enforcement.

Action Points for Employers

- Understand what provisions apply to your organisation and monitor the status of rule making in your location.
- Evaluate categories of employees – permanent, fixed-term, gig and platform workers, contract labor.
- Evaluate calculations of gratuity payouts to the eligible category (FTE, contract labor) based on the new definition of wages since lowering the earlier 5-year requirement to one-year will increase employer's liability for those categories.
- Since contract labour is now included in the definition of employee, assess the impact on gratuity. Thus, employer will be liable to make contributions for any contract labour employed. However, the code also provides for employers to recover contributions from contractors in such cases. Thus, employers should conduct a deep dive in the contracts with contract labour and re-align on obligations.
- Employers should review and revise their current policies to ensure compliance with the extended benefits and definitions (family, workplace accidents, FTE) in the Code.
- Continue to monitor the rules for record keeping, registers and returns and until they are notified ensure the records remain updated.
- If gig, platform or unorganized workers are part of your workforce, then track government notifications for schemes notified for this category as they possibly come into force immediately.

Part 3

Industrial Relations Code, 2020



Appropriate Government: Same as Wages Code, however in case of dispute between contractor and contract labor, Appropriate Government shall be either Central or State Government, whichever has control over the industrial establishment where the dispute first arose.

Employee: Same as Wages Code.

Employer: Same as Wages Code, but includes any person who employs 1 or more employee as well as worker.

Fixed term employment: refers to a worker engaged through a written employment contract for a fixed period, provided hours of work and other employment terms are not less than a permanent worker doing same or similar work; such worker is eligible for all statutory benefits available to a permanent worker, proportionately, as per his/her period of service, even if his/her employment period is less than what is statutorily stipulated to determine eligibility for employment benefits; and the worker is eligible for gratuity if he renders service under the contract for a period of 1 year.

Industry: Systematic activity carried on by cooperation between employer and worker, including worker employed by employee directly, or through agency/contractor for production, supply or distribution of goods or **services** to satisfy human wants or wishes. Includes any such activity irrespective of investment of capital; or motive for profit or gain. Excludes charitable or philanthropic organizations; activities of Appropriate Government related to their sovereign functions and those of its departments; domestic service; and any other activity as may be notified by CG.

Industrial Dispute: Dispute or difference between employers inter se; employers and workers; or employers and workers; or workers inter se, connected with employment, non-employment, terms of employment or conditions of labor. Now includes any dispute or difference arising out of discharge, dismissal, retrenchment or termination of a worker.

Industrial Establishment: Establishment or undertaking where industry is carried on.

Strike: Cessation of work by persons employed in any industry in combination, or a concerted refusal, or refusal under common understanding of any number of persons employed, or who have accepted employment in an industrial establishment. Includes concerted casual leave on a given day by 50% or more workers in an industrial establishment.

Same as Wages Code, except in relation to an industrial dispute this includes a person who has been dismissed/discharged/retrenched/terminated in connection with, or as a consequence of dispute, or when the above have led to the dispute. The definition excludes workers engaged in supervisory capacity and drawing wages of INR 18,000 per month, in comparison to the Wages Code where this threshold lower.

3. Introduction

Through the gazette notification of November 21, 2025, this code has been implemented fully. The law is structured into 14 chapters, 104 sections and 3 schedules, consolidating 3 erstwhile legislations governing trade unions, employment conditions and employer-workmen disputes. It also recognises negotiating unions, and revises thresholds for layoff and retrenchment of workers. Further, the CG released the draft central rules on October 29, 2020 and 34 states & UTs, except West Bengal & Delhi have published draft rules, which remain to be finalized.

3.1 Scope

It applies to *industrial establishments, workers, employers, employees and trade unions*.

3.2 Key Impact



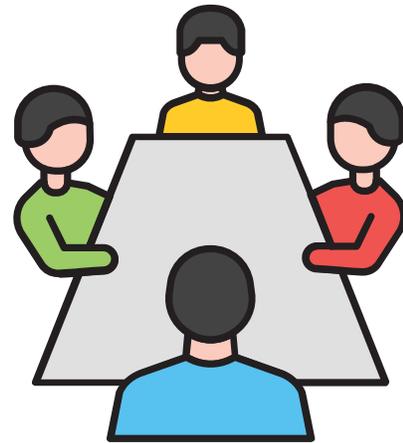
The new definition of *worker* now includes sales promotion employees, working journalists, and supervisory employees earning up to INR 18,000 per month, thus extending protection to a larger workforce. Increased thresholds for layoff and retrenchment from 100 to 300 workers now allows employers to adapt quickly to changing economic conditions and tailor workforce without government approval.

3.3 Grievance Redressal & Dispute Resolution

Grievance redressal and dispute resolution have been streamlined, ensuring time-bound resolution and efficiency. Resolution of industrial disputes is dichotomous under this code i.e., resolution can be achieved through bi-partite committees or mediation entrusted to conciliation officers and, then by tribunals.

Constituting an internal bi-partite committee is now mandatory. Workers will now have direct access to tribunals for matters not settled through conciliation.

(a) GRC: Industrial establishments with 20 or more workers need to set up one or more GRCs, regardless of existing grievance redressal machinery to resolve individual grievances. *The Code does not define individual grievances, but it appears they may be distinct from industrial disputes.* However, a dispute arising out of an individual worker's layoff, retrenchment or dismissal shall be deemed an industrial dispute, even if no other worker or trade union is a party.



State-wise rules will lay down the manner of choosing representatives and regulate GRC procedure. GRCs will consist of 10 members, with equal representatives of employer and workers and representation of women shall be proportional to their headcount in an establishment. The chairperson will be selected from the members annually, alternating between employer and worker representatives.

An aggrieved worker can apply to the GRC within 1 year of the occurrence of a cause of action of grievance, who must complete its proceedings within 30 days from receipt of the application. Decisions shall be through majority and only if more than half of workers' representatives agree to such decision. Else, it will be deemed no decision was taken by the GRC. Worker aggrieved by the GRC's decision can apply to the conciliation officer in 60 days of the decision. Where the GRC is unable to resolve the grievance, worker can apply to the conciliation officer upon expiry of 30 days during which the GRC had to complete proceedings.

(b) Conciliation: Appropriate Government will notify appointment of conciliation officers who shall mediate the dispute without delay, aiming at settlement, but will not hold proceedings after 2 years from the dispute. If the matter cannot be settled, the conciliation officer will provide a full report with reasons to the Appropriate Government and the parties. Aggrieved by the report, either disputing party can approach the industrial tribunal within 90 days.

(c) Direct Access to Tribunal: In the event of discharge or dismissal, an individual worker can directly approach the industrial tribunal after expiry of 45 days from filing the conciliation applications since such individual grievance would be deemed an industrial dispute. Such application must be made within 2 years from the discharge, dismissal or termination. While the timelines may seem overlapping at this point, hopefully, clarity will emerge once the rules are implemented.



(d) National Industrial Tribunal & Industrial Tribunals: New forums for adjudication of industrial disputes include (i) the National Industrial Tribunal(s), to be constituted by CG, and (ii) industrial tribunals, to be constituted by the Appropriate Government. Each forum will have a judicial and administrative member. Central and states' rules will regulate and guide the forums' procedure and powers. These bodies are empowered to grant appropriate relief to retrenched and laid-off workers, including re-instatement and other interim relief, depending on the facts of each case.

- The National Tribunal will adjudicate on disputes which involve questions of national importance and affect establishments situated in more than one state.
- The Industrial Tribunal will adjudicate on disputes related to application or interpretation of standing orders, discharge or dismissal, illegality of strike or lockout, retrenchment and closure, and trade union disputes.

Through the Code, all pending cases before labour courts, tribunals and national tribunal under Industrial Disputes Act stand transferred before these forums. However, on December 8, 2025, the CG issued Industrial Relations (Removal of Difficulties) Order, 2025 and clarified that existing forums under the Industrial Disputes Act will continue to adjudicate both pending and new cases until the new tribunals under the Code are constituted.

3.4 Trade Union

Unions registered under the erstwhile Trade Unions Act, 1926 will be deemed registered under this code too. There are no provisions for unregistered unions.

3.5 Negotiating Union or Negotiating Council

The Code introduces provisions for recognising trade unions as negotiating bodies and requires each establishment to have either a negotiating union or a negotiating council. State-wise rules will prescribe criteria for recognition and matters which may be negotiated.

For industrial establishments with a single trade union, the employer will simply recognize such trade union as its Negotiating Union. Where multiple trade unions exist, the union with at least 51% of the workers as members will be designated the sole negotiating union, but if no single one enjoys support of more than 51% workers, then the employer will have to set up a negotiating council with representatives of trade unions with support of at least 20 % of the total workers.



3.6 Standing Orders

Industrial establishments with 300 or more workers (versus 100 earlier) employed in the preceding 12 months will need to draft standing orders and get them certified by a certifying officer. Here, the employer can draft its own standing orders by May 21, 2026 based on applicable model standing orders notified by CG. Alternatively, it can adopt the notified model standing orders, as it is.

In the former case, the employer has to electronically forward the draft standing orders to the certifying officer who will certify them in 60 days, failing which the draft will be deemed certified. In case of latter, such standing orders shall be deemed certified and the employer simply has to forward this information to the certifying officer.

The CG has released the model standing orders for mines, services, and manufacturing sectors each, on December 31, 2020 which have not been re-notified yet. They apply to establishments with more than 300 workers and which are covered under the OSHWC Code. Importantly for the services sector, this creates ambiguity in application as the state-wise Shops & Establishment Acts will continue to apply alongside the Model Standing Orders and the OSHWC Code.

3.7 Strike & Lock-out



A prior notice of 14 days is now mandatory for both strikes and lock-outs. Strikes and lock-outs are barred in 3 situations - during conciliation of disputes and 7 days thereafter; when proceedings before tribunals or arbitrators are pending and 60 days thereafter; and during operation of settlement or award.

3.8 Lay-off, Retrenchment & Closure

Now, factories, mines and plantations with 300 or more workers need prior permission of the Appropriate Government to lay off workers (versus 100 earlier.) The Appropriate Government will also set up a Worker Re-skilling Fund for the benefit of retrenched workers, where employers will contribute 15 days' last drawn wages. Retrenched workers will receive 15 days' last drawn wages from this fund within 45 days of retrenchment.

3.9 Disciplinary Inquiry

Internal disciplinary enquiry must be completed within 90 days of the worker's suspension, unless any delay is attributable to the worker. During the pendency of disciplinary proceedings, the employer has to pay subsistence allowance amounting to 50% of wages for first 90 days of suspension, and 75% beyond 90 days, if delay in conclusion of proceedings is not attributable to the worker.



3.10 Enforcement

The *Appropriate Government*, which is the CG for PSUs and their subsidiaries, railways, telecom, oilfields etc. and State Governments for all other entities is the enforcing authority. Conciliation officers, industrial tribunals and the national industrial tribunal shall be notified and constituted for resolution of industrial disputes.

3.11 Enhanced Penalties



Penalties for contravention have been substantially enhanced. The maximum penalty under the previous law was INR 5,000 which is in stark contrast with INR 2 million envisaged in this code. Major penalties include

- Contravention of layoff and retrenchment provisions from INR 100,000 to INR 1 million and up to INR 2 million for second or subsequent offence.
- Engaging in unfair labour practice from INR 10,000 to INR 200,000 and up to INR 500,000 for second or subsequent offence.
- Failure to submit draft standing orders for certification or modifying them in contravention of the Code from INR 50,000 to INR 200,000, and additional fine of INR 2,000 per day for a continuing contravention.

3.12 Compounding of offences

Certain offences which are punishable with fine or imprisonment up to 1 year can be compounded (for first convictions) by paying a specified penalty, as follows

- For offences attracting only fine, 50% of the maximum fine for the offence.
- For offences punishable with imprisonment of up to 1 year and also fine, 75% of the maximum fine for that offence.

Where an offence is compounded, no prosecution shall be commenced against the offender. The composition amount shall be paid into the Social Security Fund constituted under the SS Code.

Action Points for Employers

- Understand what provisions apply to your organisation and monitor the status of rule making in your location.
- Categorize your workforce into workers and employees basis their job description and wages.
- Assess impact on the current internal grievance redressal process and see the extent to which existing process can conform or adapt to the statutory mandate.
- Check if your establishment has any affiliated or registered trade union(s) for recognising the Negotiating Union or constituting Negotiating Council, as the case may be.
- Consider adoption of C model standing orders by April 21, 2026, as applicable to the establishment, or draft establishment-specific standing orders based on the model standing orders.
- Calculate possible contribution to Worker Re-skilling Fund, draft internal SOPs to ensure timely contribution and credit to retrenched workers, if any.

Part 4

Occupational Safety, Health and Working Conditions Code, 2020



Appropriate Government, Contract Labour, Contractor: Same as Wages Code.

Employee: Primary definition same as Wages Code and, in relation to mines, includes additional categories of persons engaged in mining operations or incidental or ancillary work.

Employer: Same as SS Code

Establishment: refers to a place where 10 or more workers are employed and where industry, trade, business, manufacturing or occupation is carried on, including factories, media and audio-visual establishments, building and construction work, mines and ports. If the activity is hazardous or life-threatening, the threshold will not apply.

Factory: refers to premises where manufacturing process is carried on with power and employing 20 or more workers; or without power and employing 40 or more workers, at any time in the preceding 12 months. It excludes armed forces mobile units, railway running sheds, and hotels, restaurants, or eating places.

Family: refers to a worker's spouse; children below 18 years including adopted; parents, grand-parents, widowed daughter/sister dependent upon such worker.

Industry: Same as IR Code

4. Introduction

The gazette notification provides the OSHWC Code is implemented fully. It comprises of 14 chapters and 143 sections and establishes an all-inclusive framework for occupational safety and workplace conditions by consolidating 13 separate laws into a single statute.

4.1 Scope

The Code applies with certain variations to all establishments with at least 10 workers. Headcount criteria does not apply where the establishment is engaged in hazardous or life-threatening activities.

4.2 OSHWC Code vs S&E Acts

The definition of industry is wide and includes services. The definition of establishments includes industry. Hence, the Code will apply to the services sector such as IT and commercial establishments.

However, currently, employee working conditions and safety are captured under state specific shops and establishments acts, and the Code does not repeal them. This may lead to confusion as to whether both laws will continue to apply to an establishment, and the rules should clarify this aspect.

4.3 Common Registration & License

The Code introduces a unified electronic registration process to reduce the burden of multiple registrations under different laws. Unless already registered under any other central labour law, all establishments must obtain a single registration and file one consolidated return creating a centralized database. New establishments must submit their applications by January 20, 2026 i.e., within 60 days from November 21, 2025. Without registration, employer cannot hire any employee.

The Code also provides for an optional facility to either obtain a common license for factories and engaging contract labour or obtain separate ones.

Furthermore, it provides for single e-filing for changes and closure notifications within 30 days of the event. All filings will be digital, and details are expected to be finalised in the rules.

4.4 Parties Obligations

Employers are required to ensure a hazard-free workplace, comply with prescribed safety and health standards, manage hazardous and e-waste responsibly, and bear all costs related to workplace safety.



Additional duties apply to high-risk sectors such as factories, mines, docks, construction sites and plantations, and the government may prescribe further norms on cleanliness, ventilation, drinking water, sanitation, creches, canteens, first-aid and other welfare measures. Establishments carrying hazardous process also need to constitute safety committees or appoint safety officers.

Employees, in turn, must take reasonable care of their own and others' safety, follow safety procedures, cooperate with the employer, report unsafe conditions and avoid misuse of workplace facilities. They are also entitled to health-and-safety information and may raise concerns about serious risks, which the employer or safety committee must address immediately and report to the inspector.

4.5 Work related Reforms

Relevant changes are below

- **Mandatory appointment letters:** Every employer is required to issue a written appointment letter to each employee clearly recording the terms of employment. The rules are likely to prescribe more information which must be put in the appointment letter. If an employee has not been issued an appointment letter, then, the employer must issue such a letter by February 20, 2026 i.e., three months from November 21, 2025.
- **Working hours:** There is a cap of 8 working hours per day, while the Appropriate Government is empowered to prescribe necessary intervals. The Code allows flexible workweek models with worker consent without triggering overtime. However, any overtime beyond the specified limits must be paid at twice their normal wage.

- **Leave entitlements:** Eligibility threshold for paid leave to a worker is reduced from 240 to 180 working days in a calendar year.
- **Occupational health and safety:** Annual medical examinations, free of cost, are made mandatory for all employees 45 years or above engaged in factories, docks, mines or building and construction work to which the Code applies.
- **Rest Rooms:** The Code obligates employers to have separate rest rooms for male, female and transgender employees.

4.6 Expansive Scope

The Code widens the cover for the following

- **Factories:** The headcount threshold is increased to 20 or more workers (with power) and 40 or more workers (without power) from the earlier 10 and 20, offering relief to small manufacturing units. However, it remains unclear whether units falling below these thresholds will be regulated.
- **Inter-state migrant workmen:** Coverage is expanded to include not only workers recruited by employers or contractors but also those who migrate voluntarily, subject to a monthly wage ceiling of INR 18,000.
- **Plantations:** According to the revised definition, the Code will apply on land area of 5 hectares or more. The earlier dual threshold of 5 hectares plus 15 workers stands removed.
- **Audio-visual workers:** The erstwhile definition under Cine and Theatre Workers Act is enlarged to include news readers, dubbing artists and stunt performers granting them formal recognition and access to safety and welfare safeguards. Similarly, the definition of “working journalist” is extended to include electronic and digital media (TV, radio and online platforms), ensuring parity in workplace safety, health and welfare protections.
- **Occupational health and safety:** Annual medical examinations, free of cost, are made mandatory for all employees 45 years or above engaged in factories, docks, mines or building and construction work to which the Code applies.

- **Rest Rooms:** The Code obligates employers to have separate rest rooms for male, female and transgender employees.

4.6 Expansive Scope

The Code widens the cover for the following

- **Factories:** The headcount threshold is increased to 20 or more workers (with power) and 40 or more workers (without power) from the earlier 10 and 20, offering relief to small manufacturing units. However, it remains unclear whether units falling below these thresholds will be regulated.
- **Inter-state migrant workmen:** Coverage is expanded to include not only workers recruited by employers or contractors but also those who migrate voluntarily, subject to a monthly wage ceiling of INR 18,000.
- **Plantations:** According to the revised definition, the Code will apply on land area of 5 hectares or more. The earlier dual threshold of 5 hectares plus 15 workers stands removed.
- **Audio-visual workers:** The erstwhile definition under Cine and Theatre Workers Act is enlarged to include news readers, dubbing artists and stunt performers granting them formal recognition and access to safety and welfare safeguards. Similarly, the definition of “working journalist” is extended to include electronic and digital media (TV, radio and online platforms), ensuring parity in workplace safety, health and welfare protections.

4.7 Women-centric approach



The Code allows women to work in all establishments for all types of work including night shifts, subject to their consent and compliance with prescribed safety, holiday and working-hour conditions. Women may also be engaged in dangerous or hazardous operations, provided adequate safeguards are implemented as required by the Appropriate Government. *This marks a significant step towards inclusivity by opening opportunities for women across sectors such as mining, manufacturing, logistics and others.*

Establishments with 50 workers (previously 50 women in the workforce) must provide crèche facilities, for children below 6 years, either independently or as a shared facility at appropriate locations.

The Code has now removed the reference to women and refers to “employees.” This means the benefit is now gender-neutral.

4.8 Core activities defined

Currently, no labour statute defines “core activities.” This determination has remained fact specific and courts in India have deemed it as activities essential to an establishment’s main business. The Code now expressly defines core activity as any activity for which the establishment is set up and essential or necessary to that function. It also expressly lists the following 11 non-core activities

- sanitation
- security
- canteen and catering services
- loading and unloading
- support services like hospitals or guest houses, educational/training institutions or clubs
- courier services that are nature of support services
- civil or construction work including maintenance
- gardening
- housekeeping/laundry
- transport
- activities of an intermittent nature i.e. any activity that is not performed for more than 120 days in the preceding 12 months



Contract labour cannot be engaged in core activities under the Code, except where the work is ordinarily done through contractor (e.g., EPC projects); does not require full time workers for majority of working hours or there is a sudden increase in volume of work that is to be finished in specified time.

4.9 License for Contractors

Under the Code, contractors with 50 (versus 20 earlier) contract labour engaged during the preceding 12 months, must register and secure a license from the relevant authority. It is incumbent upon the establishment to ensure they do not engage a contractor without a valid license. The registration will be valid for 5 years as opposed to the current 1-year period. There are provisions for renewable, work-specific licence that allows contractors to obtain licences tied to particular work orders upon disclosing relevant details. However, it remains unclear whether principal employers must still register for contractors to obtain such work-specific licences.

4.10 Boards

Going forward, there will be one National and, for each state, State Occupational Safety and Health Advisory Boards to advise and assist the government in different matters, including prescribing standards, framing policies and programs. The National Board will set pan-India standards for occupational safety, health and working conditions that will be mandatory for states to follow ensuring compliance to stringent quality standards.

4.11 Enhanced Penalties



The amount of fines and imprisonment term have been enhanced, with offences attracting penalty of up to INR 500,000. Major penalties include

- General penalty for contravention, when penalty not specified (from INR 200,000 to INR 300,000 and additional fine of INR 2,000 per day for a continuing contravention)
- Causing obstruction to inspector (imprisonment up to three months or fine up to INR 100,000 or both and imprisonment of up to six months or fine from INR 100,000 to INR 200,000 or both for second or subsequent offence)
- Falsifying records (imprisonment up to three months or fine up to INR 100,000 or both and imprisonment of up to six months or fine from INR 100,000 to INR 200,000 or both for second or subsequent offence)

- Causing obstruction to inspector (imprisonment up to three months or fine up to INR 100,000 or both and imprisonment of up to six months or fine from INR 100,000 to INR 200,000 or both for second or subsequent offence)
- Falsifying records (imprisonment up to three months or fine up to INR 100,000 or both and imprisonment of up to six months or fine from INR 100,000 to INR 200,000 or both for second or subsequent offence)
- Failure to comply with safety provisions (imprisonment up to two years or fine up to INR 500,000 or both and twice the punishment for second or subsequent offence)

However, prior to imposition of a fine or other liability, the inspector is obligated to provide an opportunity to the employer to rectify the default. Compounding of certain offences is also permitted.

Action Points for Employers

- Understand what provisions apply to your organisation and monitor the status of rule making in your location.
- Categorize your workforce into workers and employees basis their job description and wages.
- Reaffirm if your organisation qualifies as an “establishment” under the Code.
- Map overlapping requirements between the Code and relevant state shops & establishments acts to identify conflicting obligations on work hours, leave, and welfare facilities. Prepare an internal compliance matrix until rules clarify.
- Update leave policy in line with the Code.
- Prepare a matrix to prepare for compliance covering
 - headcount (including contract and inter-state migrant workers);
 - nature of operations (core vs. non-core activities, hazardous processes, machinery details); and
 - existing welfare and safety infrastructure (medical facilities, crèche/canteen, waste-disposal systems).
- Build a policy and consent mechanism for deploying women in night shifts or hazardous operations.
- Conduct a safety gap assessment which includes standard operating procedures, emergency protocols, workplace hazards and implement required safeguards such as lighting, transport, supervision, emergency systems.
- Reassess scope of contractor activities in light of the prohibition on engaging contract labour in core activities.
- Evaluate feasibility of an internal crèche vs. a common/shared crèche arrangement
- Conduct mandatory safety training for the workforce.

Annex 1 | Status of State-wise Rules

New Labour Codes State-wise Rules				
State/Union Territory	Wages Code	IR Code	SS Code	OSHWC Code
Andaman & Nicobar	✓	✓	✓	✓
Andhra Pradesh	✓	✓	✓	✓
Arunachal Pradesh	✓	✓	✓	✓
Assam	✓	✓	✓	✓
Bihar	✓	✓	✓	✓
Chandigarh	✓	✓	✓	✓
Chhattisgarh	✓	✓	✓	✓
Dadra & Nagar Haveli and Daman & Diu	✓	✓	✓	✓
Delhi	✓	✓	✓	✓
Goa	✓	✓	✓	✓
Gujarat	✓	✓	✓	✓
Haryana	✓	✓	✓	✓
Himachal Pradesh	✓	✓	✓	✓
Jammu & Kashmir	✓	✓	✓	✓
Jharkhand	✓	✓	✓	✓
Karnataka	✓	✓	✓	✓
Kerala	✓	✓	✓	✓
Ladakh	✓	✓	✓	✓
Lakshadweep	✓	✓	✓	✓
Madhya Pradesh	✓	✓	✓	✓
Maharashtra	✓	✓	✓	✓
Manipur	✓	✓	✓	✓
Meghalaya	✓	✓	✓	✓
Mizoram	✓	✓	✓	✓
Nagaland	✓	✓	✓	✓
Odisha	✓	✓	✓	✓
Puducherry	✓	✓	✓	✓
Punjab	✓	✓	✓	✓
Rajasthan	✓	✓	✓	✓
Sikkim	✓	✓	✓	✓
Tamil Nadu	✓	✓	×	✓
Telangana	✓	✓	✓	✓
Tripura	✓	✓	✓	✓
Uttar Pradesh	✓	✓	✓	✓
Uttarakhand	✓	✓	✓	✓
West Bengal	×	×	×	×
Draft rules not published		Final rules published		

Annex 2 | Employee versus Worker under the Codes

It is imperative employers understand the distinction between an *employee* and a *worker* to determine which provisions of the respective codes apply to which specific category of the workforce. As stated earlier, the definition of the two terms across the codes is similar, broad based and the definition of *worker* closely aligns with *workman* under the erstwhile Industrial Disputes Act, 1947.

Employee is a broader term covering everyone working in an establishment and earning wages, including those doing manual, supervisory, managerial or administrative work whereas *worker* covers those doing manual, skilled, technical or clerical work but excludes managerial roles. **Simply put, every worker is an employee, but every employee is not a worker.**

Under the new regime, *workers* are entitled to various benefits, including overtime pay and leave encashment while all *employees* (including higher levels) will get benefits and statutory protections. For example, senior management shall now be entitled to, amongst others, timely payment of wages and redressal mechanisms which were off-limits for them.

Below are the Code-wise definitions for Employee and Workers.

Employee

Both **Wages Code & IR Code** define employee as any person other than apprentice employed to do any skilled, semi-skilled, unskilled, manual, operational, supervisory, managerial, administrative, technical or clerical work. Additionally, Appropriate Government can declare any other person as employee but does not include armed forces personnel.

Under the **SS Code**, the general definition is same with some carve-outs in three chapters. These are as follows. In case of Employee PF, except EPF scheme & ESIC, the term means such employee drawing wages equal to or below the notified wage ceiling; in case of employee compensation, the term only includes persons as specified under Schedule II or by central or state government.

Under the **OSHWC Code**, the general definition is same. However, in case of mines employee is more broader term and includes a person who works as manager or is appointed by owner or manager of a mine in any mining operation; operations or services relating to mine, machinery used in mine, loading minerals within mine; any of its offices; welfare or health or sanitary services within a mine excluding residential area; any work preparatory or incidental to mining operations.

Worker

Under the **Wages Code**, any person employed in any industry to do any manual, unskilled, skilled, technical, operational, clerical, or supervisory work and includes sales promotion employees along with working journalists but excludes apprentices; armed forces personnel; managerial or administrative employees; police service or officer/employee of prison; supervisory role with wages exceeding INR 15,000 per month.

Under the **IR Code**, the general definition is same as above. However, in relation to an industrial dispute, it includes any person who is dismissed, discharged, or retrenched or otherwise terminated in connection with or because of that dispute, or whose dismissal or discharge or retrenchment or termination has led to the dispute. Further it excludes person in a supervisory role earning more than INR 18,000 per month.

The **SS Code** does not define a worker but discusses other categories of workers.

Under the **OSHWC Code**, the general definition is the same as Wages Code. However, the exclusions are different as they do not include apprentices; or person employed in police service or officer/employee of a prison; or those employed in a managerial or administrative capacity; or those employed in a supervisory role with wages exceeding INR 18,000 per month.

Disclaimer

This Guide on the new four Labor Codes is designed to inform. While every effort has been made to ensure accuracy, the content here is general in nature and should not be relied upon as legal counsel. Laws and rules across states evolve and differ. It is imperative to check state-wise official notifications applicable across specific industries. Readers are encouraged to consult qualified professionals or official sources before making decisions. This Guide is the copyright of PSA with all rights reserved and no part may be copied, reproduced or distributed without the express written permission of PSA.

December 30, 2025

Contact Us

14 A&B, Hansalaya
15, Barakhamba Road
New Delhi 110 001

FD-01, A-802, Dextrus, Crescenzo
C/38-39, G Block
Bandra Kurla Complex
Mumbai 400 051

contact@psalegal.com



www.psalegal.com

