FEMA and Other Laws

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India Notifies Four New Labour Codes; 29 Central Labour Laws Repealed

Labour Reform 2025 Effective 21 Nov 2025 : Key Regulatory Shifts for Businesses

The Ministry of Labour & Employment has brought into force the long-awaited labour law reform with effect from 21 November 2025, implementing the four consolidated Labour Codes and formally repealing 29 existing central labour legislations. This reform marks the most comprehensive restructuring of India's labour framework since Independence, aimed at improving formalization, compliance efficiency, and workforce protection.

Background

The Government of India enacted four Labour Codes between 2019–2020 with the intent to simplify, rationalise, and modernise India's labour law architecture. With the notification dated 21 November 2025, these Codes have now been operationalized across the country, subject to state-level rules.

The erstwhile plethora of sector-specific laws—ranging from the Payment of Wages Act (1936), Industrial Disputes Act (1947), Factories Act (1948), EPF Act (1952), ESI Act (1948) and others—stand subsumed into a streamlined and uniform legislative structure.

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The Four Labour Codes Now in Force

Code on Wages, 2019
Establishes a national wage floor, standardises definitions of wages, ensures timely payment, and reinforces "equal remuneration" provisions.

Industrial Relations Code, 2020
Consolidates laws on trade unions, retrenchment, layoffs, and dispute resolution; enhances flexibility by revising thresholds for prior government approval.

Social Security Code, 2020
Extends social security to gig workers, platform workers, fixed-term employees, and unorganised-sector workers; harmonises PF, ESI, gratuity and maternity provisions.

Occupational Safety, Health and Working Conditions (OSHWC) Code, 2020
Establishes unified workplace safety standards, updated working-hour norms, women's night-shift permissions (with safeguards), and a single licensing framework.

Key Highlights of the New Regime:

The notified Codes introduce significant structural changes for employers and workers, including:

- Single registration, single return, and single licence in place of multiple earlier filings.
- Working hour flexibility, allowing 8–12 hour daily shifts, subject to a 48-hour weekly cap and mandatorily enhanced overtime wages.
- Revised retrenchment and layoff thresholds, increasing from 100 to 300 workers for government approval under the Industrial Relations Code.
- Mandatory written employment letters for all employees, reinforcing formalisation.
- Recognition of gig and platform workers for social security benefits under a central and state-funded framework.
- Women permitted to work night shifts, subject to consent and prescribed safety conditions.
- Annual free health check-ups for workers above 40 years.
- Uniform OSH standards for factories, mines, docks, construction, and service sector establishments.

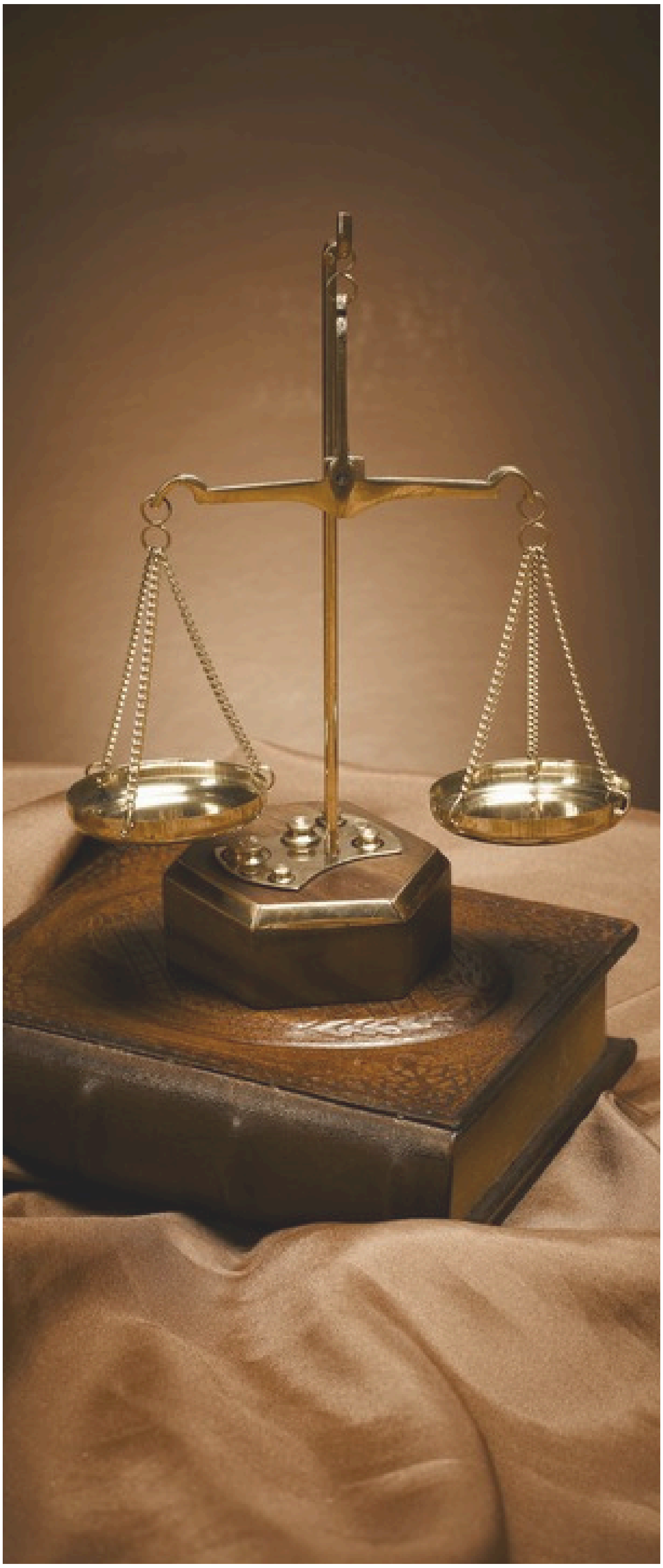
Implications for Employers:

The enforcement of the Codes necessitates a comprehensive realignment of HR, payroll, compliance and internal policy frameworks. Organisations will need to:

- Review appointment letters, wage structures, shift rosters, and overtime calculation frameworks.
- Re-evaluate retrenchment, fixed-term employment and contractor arrangements.
- Update PF, gratuity, leave, and maternity benefit governance in line with the Social Security Code.
- Prepare for single-licence and single-return compliance migrating to the digital platform.
- Implement safety audits, especially for night-shift operations involving women.
- Monitor state-specific notifications, as implementation is contingent on state rules.

Implications for Workers:

- Enhanced wage protection and uniformity across states.
- Expanded coverage under PF, ESI, gratuity, and gig-worker social security schemes.
- Increased transparency through mandatory appointment letters.
- Improved health and safety compliance across industries.



Key Takeaways:

- India has officially activated all four Labour Codes as of 21 November 2025, replacing 29 central laws.
- The Codes strike a balance between ease of doing business and enhanced worker protection, though industry transition may require significant adaptation.
- Employers must proactively align employment terms, HR systems and compliance processes with the new legal architecture.
- State-level rules will determine full operational impact—businesses should closely track state notifications.
- The reform is expected to have long-term implications on cost structures, workforce management, and industrial relations, requiring strategic planning.

Quick Snapshot for reference:

Summary of Changes			
Theme	**Earlier Framework (29 Laws)**	**New Labour Codes (4 Codes)**	**Practical Impact for Employers**
Regulatory Structure	Fragmented, 29 central laws + state rules; multiple authorities	Four consolidated Codes (Wages, IR, Social Security, OSHWC)	Simplified compliance; uniform definitions across labour laws
Wages & Payments	Separate Acts (Payment of Wages, Minimum Wages, Bonus, Equal Remuneration)	Code on Wages, 2019 National floor wage, unified definition of 'wages', equal remuneration	Reassessment of salary structures; statutory floor wage compliance
Industrial Relations	Industrial Disputes Act, Trade Unions Act, Standing Orders Act	Industrial Relations Code, 2020 Layoffs/ retrenchment threshold raised to 300; fixed-term employment recognized	Increased manpower flexibility; requires updated HR policies

Theme	Earlier Framework (29 Laws)	New Labour Codes (4 Codes)	Practical Impact for Employers
Social Security	EPF Act, ESI Act, Maternity Act, Gratuity Act, etc.	Social Security Code, 2020 Gig workers, platform workers, fixed-term included unified PF/ESI/Gratuity framework	Need to register eligible workers. Update PF/ESI processes and eligibility
OSH, Licensing & Working Conditions	Factories Act, Contract Labour Act, Inter-State Migrant Workmen Act, Mines Act, etc.	OSHWC Code, 2020 Single license, single return; unified safety norms; women allowed night shifts	Simplifies licensing; requires workplace safety audits; new night-shift protocols
Working Hours & Overtime	Inconsistent state-wise rules, 8–9 hours typical	8–12 hours per day (weekly cap 48 hrs.); double overtime	Companies must revise shift rosters; cost impact for overtime-heavy units
Hiring Documentation	No universal requirement for appointment letters	Mandatory written appointment letters	Increases formalization; requires document standardization
Switch to Digital Compliance	Multi-form filings across departments	Single registration, single return, digital inspections	Lower administrative burden; systems need upgrading
Women Workforce	State restrictions on night shifts	Nightshift permitted with consent & safeguards	Requires SOPs for transport, security, workplace safety
Gig & Platform Workforce	No statutory recognition	Recognised under Social Security Code; welfare schemes introduced	Platforms must contribute to welfare funds once notified

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