



**Circular No – 024/2026**

Date: 02.05.2026

To  
All Members of The Association

## **NEW LABOUR CODES**

### **Report of AIOE Compiling of Relevant Details as a Status Report**

All India Organisation of Employers (AIOE) is an apex body of Employers' Associations in India. It is a wing of Federation of Indian Chambers of Commerce and Industries (FKCCI), New Delhi. AIOE held numerous consultations and knowledge sharing sessions regarding the Four Labour Codes & Draft Rules and had received detailed clarifications and information during sessions. AIOE has compiled all relevant details into a single document and shared as a status report to KEA. The same is attached with this circular as a useful reference for our members.

KEA shall continue to engage with members to ensure the dissemination of the most current information as and when it becomes available.

**For KARNATAKA EMPLOYERS' ASSOCIATION**

**Sd/  
[B C Prabhakar]  
President**



Status Report

# India's New Labour Codes

*A Comprehensive Comparative Study & Compliance Roadmap Comparative*

Effective: 21 November 2025

Published: May 2026



<b>29</b> Laws Repealed	<b>4</b> New Labour Codes	<b>480</b> Provisions (from 1,232)	<b>61%</b> Reduction in Rules
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# 1. Executive Summary

In a landmark move for Indian labour jurisprudence, the Government of India notified all four Labour Codes, effective 21 November 2025, formally repealing 29 central labour laws that have governed the Indian workforce for decades, many of which date back to the pre-Independence era. This consolidation, recommended by the Second National Commission on Labour in 2002, reduces the total number of legal provisions from 1,232 to just 480 (a 61% reduction), covering wages, social security, occupational safety, and industrial relations under a single, cohesive statutory framework.

The four codes are: (1) The Code on Wages, 2019; (2) The Industrial Relations Code, 2020; (3) The Code on Social Security, 2020; and (4) The Occupational Safety, Health and Working Conditions Code, 2020. While the Codes are now in force nationwide, the Central draft rules were published on 30 December 2025, and final rules are expected around May 2026. State rules vary: several states, including Madhya Pradesh, Uttar Pradesh, Gujarat, Karnataka and Haryana, have notified final rules under at least one Code.

This report provides: a full mapping of the 29 repealed laws to the new Codes; a detailed comparative analysis of key provisions; and a phased compliance roadmap for employers. During the transition, existing rules under the 29 repealed statutes continue to apply insofar as they do not conflict with the new Codes.

## 2. Legislative Architecture: 29 Laws to 4 Codes

### 2.1 The Four Labour Codes at a Glance

Labour Code	Description & Key Focus
Code on Wages, 2019	Consolidates laws on minimum wages, payment of wages, bonus and equal remuneration. Universal minimum wage coverage; uniform 'wages' definition.
Industrial Relations Code, 2020	Covers trade unions, standing orders, industrial disputes, retrenchment, closure and layoff. Introduces mandatory union recognition and reskilling fund.
Code on Social Security, 2020	Covers EPF, ESI, gratuity, maternity, BOCW, and unorganised worker security. Extends coverage to gig & platform workers.
Occupational Safety, Health & Working Conditions Code, 2020	Consolidates factory safety, mines, docks, contract labour and other working conditions legislation. Single registration; contract labour core-activity prohibition.

### 2.2 Complete Mapping: 29 Repealed Laws to New Codes

The table below maps each of the 29 repealed central laws to the Code that subsumed it.

S.No.	Repealed Law	Subsumed Under New Code
1	Payment of Wages Act, 1936	Code on Wages, 2019
2	Minimum Wages Act, 1948	Code on Wages, 2019
3	Payment of Bonus Act, 1965	Code on Wages, 2019

S.No.	Repealed Law	Subsumed Under New Code
4	Equal Remuneration Act, 1976	Code on Wages, 2019
5	Trade Unions Act, 1926	Industrial Relations Code, 2020
6	Industrial Employment (Standing Orders) Act, 1946	Industrial Relations Code, 2020
7	Industrial Disputes Act, 1947	Industrial Relations Code, 2020
8	Employees' Provident Funds & Misc. Provisions Act, 1952	Code on Social Security, 2020
9	Employees' State Insurance Act, 1948	Code on Social Security, 2020
10	Payment of Gratuity Act, 1972	Code on Social Security, 2020
11	Maternity Benefit Act, 1961	Code on Social Security, 2020
12	Employees' Compensation Act, 1923	Code on Social Security, 2020
13	Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959	Code on Social Security, 2020
14	Unorganised Workers' Social Security Act, 2008	Code on Social Security, 2020
15	Building & Other Construction Workers' Welfare Cess Act, 1996	Code on Social Security, 2020
16	Cine Workers' Welfare Fund Act, 1981	Code on Social Security, 2020
17	Beedi Workers' Welfare Fund Act, 1976	Code on Social Security, 2020
18	Iron Ore Mines, Manganese Ore Mines & Chrome Ore Mines Labour Welfare Fund Act, 1976	Code on Social Security, 2020
19	Factories Act, 1948	OSH & Working Conditions Code, 2020
20	Mines Act, 1952	OSH & Working Conditions Code, 2020
21	Dock Workers (Safety, Health & Welfare) Act, 1986	OSH & Working Conditions Code, 2020
22	Building & Other Construction Workers (RECS) Act, 1996	OSH & Working Conditions Code, 2020
23	Contract Labour (Regulation & Abolition) Act, 1970	OSH & Working Conditions Code, 2020
24	Inter-State Migrant Workmen Act, 1979	OSH & Working Conditions Code, 2020
25	Plantations Labour Act, 1951	OSH & Working Conditions Code, 2020
26	Working Journalists & other Newspaper Employees (Conditions of Service) Act, 1955	OSH & Working Conditions Code, 2020
27	Working Journalists (Fixation of Rates of Wages) Act, 1958	OSH & Working Conditions Code, 2020
28	Motor Transport Workers Act, 1961	OSH & Working Conditions Code, 2020
29	Sales Promotion Employees (Conditions of Service) Act, 1976	OSH & Working Conditions Code, 2020

## 3. Key Definitional Changes Across All Codes

### 3.1 Definition of 'Wages': The 50% Rule

The uniform definition of 'wages' is arguably the most impactful change across all four Codes. Allowances and exclusions (such as HRA, conveyance, overtime, and PF contributions) are capped at 50% of total remuneration. Any excess over this 50% threshold is deemed as 'wages' for computing statutory benefits.

Aspect	Old Law Position	New Code Position
Wage threshold for the Payment of Wages Act	Applied only to employees earning up to INR 24,000/month	No wage threshold: applies to ALL employees, including senior management
Wage definition scope	Different definitions under each statute (MWA, PWA, PBA, etc.)	Single uniform definition across all 4 Codes
Exclusions cap	No cap; allowances could be structured freely	Exclusions cannot exceed 50% of total remuneration; excess is deemed wages
In-kind remuneration	Not specifically addressed in many statutes	Value up to 15% of total remuneration included in wages
Impact on PF/Gratuity/Bonus	Calculated on a narrow wage base	Recalculated on a wider wage base : increased employer cost

### 3.2 Definition of 'Employee' and 'Worker'

The ambit of both 'employee' and 'worker' has been significantly widened. Under old laws, senior managerial and supervisory staff were often outside the protection of labour statutes. The new Codes change this fundamentally.

Category	Old Law	New Code
'Employee' coverage	Varied by statute; typically excluded managerial & supervisory staff	Includes all supervisory, managerial and administrative personnel
Supervisor wage threshold	Excluded supervisors earning > INR 10,000/month from the 'workman' definition	Threshold raised to INR 18,000/month for supervisory exemption
Sales promotion employees	Governed by the separate Sales Promotion Employees Act	Included within the 'worker' definition under the IR Code
Apprentices	Covered under Apprentices Act; often included in counts	Explicitly excluded from the 'worker' definition under the IR Code
Gig & platform workers	No statutory recognition	Formally recognised; entitled to social security contributions from aggregators
Fixed-term employees	Treated as contractual; no gratuity unless 5-year threshold met	Entitled to pro-rata gratuity after just 1 year of continuous service
Inter-state migrant workers	Covered by the ISMW Act, 1979 (now repealed)	National database to be maintained; social security portability via Aadhaar

### 3.3 Definition of 'Employer': Expanded Accountability

The definition of 'employer' has been broadened in all four Codes to include any person who employs workers directly, through contractors, or on behalf of another person. Managers and managing directors are explicitly named

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as 'employers' when entrusted with control of an establishment. Contractors and legal representatives of deceased employers are also now included.

## 4. Code-wise Comparative Analysis

### 4.1 Code on Wages, 2019

The Code on Wages consolidates the Payment of Wages Act (1936), Minimum Wages Act (1948), Payment of Bonus Act (1965) and Equal Remuneration Act (1976).

Provision	Old Law (Multiple Acts)	Code on Wages, 2019
Applicability of minimum wages	Only 'scheduled employment' covered (limited list)	Universal: ALL employers and ALL employees
Floor wage concept	Absent; states set minimum wages independently	The Central Govt. sets a national floor wage below which no state can go
Equal pay obligation	Equal Remuneration Act: same work, gender parity only	Broader: same/similar work; parity on gender + experience/skill criteria
Wage payment timeline	Applicable only to employees up to INR 24,000/month	Applies to all employees; payment within 2 days of separation
Bonus eligibility salary cap	INR 21,000/month (Payment of Bonus Act)	To be notified by the appropriate Government, the status quo till notified
Bonus calculation ceiling	INR 7,000 or minimum wage (whichever is higher)	INR 7,000 or minimum wage (retained); Govt. may revise
Deductions from wages	Limited permissible deductions under PWA	Restrictions are maintained; senior staff are also protected now
Gender discrimination penalty	INR 10,000–20,000 fine under ERA	INR 50,000 – INR 1 lakh; enhanced enforcement
Advisory boards	State and Central Advisory Committees under MWA	Retained; Central Advisory Board advises on floor wage

### 4.2 Industrial Relations Code, 2020

The IR Code consolidates the Trade Unions Act (1926), Industrial Employment (Standing Orders) Act (1946), and Industrial Disputes Act (1947).

Provision	Old Law (IDA / TUA / IESOA)	Industrial Relations Code, 2020
Retrenchment/closure threshold	Prior Govt. approval required for 100+ workers (Central)	Threshold raised to 300+ workers at the Central level; states may raise further
Retrenchment compensation	15 days' average pay per completed year of service	Retained; appropriate Govt. may prescribe a higher quantum
Worker reskilling fund	Not present	New: employer contributes 15 days' last-drawn wages per retrenched worker
Standing orders applicability	50 or 100 workers, depending on state/type of establishment	Unified threshold: 300 or more workers (commercial estab. included)
Fixed-term employment	No statutory framework at the Central level (except the 2018 gazette)	Formally recognised; FTE entitled to the same benefits as permanent staff pro-rata
Trade union recognition	No mandatory recognition under central law	Mandatory recognition; negotiating union / negotiating council mandated
Strike notice requirement	Only public utility services require advance notice	All industrial establishments: 60-day notice + 14-day cooling-off period

Provision	Old Law (IDA / TUA / IESOA)	Industrial Relations Code, 2020
Strikes during arbitration	Restricted during conciliation + 7 days after	Restricted during arbitration + 60 days after; during the award period, also barred
Grievance Redressal Committee	Required under IDA, except internal mechanisms	Mandatory for 20+ workers; no exception for existing internal mechanisms
Penalties for non-compliance	Fine up to INR 5,000 for standing orders default	Fine up to INR 2,00,000; repeat offence up to INR 5,00,000

### 4.3 Code on Social Security, 2020

The SS Code consolidates 9 central labour enactments, including EPF (1952), ESI (1948), Payment of Gratuity (1972), Maternity Benefit (1961), Employees' Compensation (1923), BOCW (1996), and Unorganised Workers' Social Security Act (2008).

Provision	Old Law	Code on Social Security, 2020
EPF applicability threshold	Establishments with 20+ employees	Retained at 20+; Govt. may extend to smaller establishments
ESI coverage	Employees earning up to INR 21,000/month in certain areas	Extended PAN-India; establishments with even 1 employee in hazardous processes covered
Gratuity eligibility	Minimum 5 years of continuous service	5 years retained for regular employees; 1 year for fixed-term employees (pro-rata)
Gig/platform workers	No coverage	New: Aggregators to contribute 1–2% of annual turnover (capped at 5% of platform payments)
Maternity benefit	26 weeks of paid leave for the first 2 children	Retained; crèche facility mandatory for 50+ employees
Contract worker social security	Principal employer liable to provide ESI/EPF benefits	Principal employer liability retained; broadened to cover all social security
BOCW Welfare Cess	Separate BOCW Cess Fund	Merged into unified SS Code framework
Social security portability	Not available; state-based silos	Aadhaar-linked portability across employers and states
Limitation for SS proceedings	Open-ended; no statutory limitation period	Maximum 5-year look-back period; no inquiry after 5 years
Annual health check-ups	Not mandated	Free annual health check-ups for employees above 40 years are mandatory
Appointment letters	Not universally mandated	Mandatory for ALL workers in all establishments
National DB for unorganised workers	Not present	New: National database for skill mapping, social security benefits, and portability

### 4.4 Occupational Safety, Health & Working Conditions Code, 2020

The OSH Code consolidates 13 laws, including the Factories Act (1948), Mines Act (1952), Contract Labour (R&A) Act (1970), Plantations Labour Act (1951), and Inter-State Migrant Workmen Act (1979), among others.

Provision	Old Law	OSH Code, 2020
Factory definition	Premises with 10+ workers (with power) or 20+ (without power)	20+ workers with electric power; 40+ without electric power
Establishment definition	Varied by each statute	Any place of business with 10+ workers; harmonised across all sectors
Contract labour threshold	Contract Labour (R&A) Act: 20 contract workers	Raised to 50 contract workers for registration/licensing requirements
Contract labour in core activities	Permitted (with some restrictions)	Generally prohibited for core/principal business activities; specified exceptions apply

Provision	Old Law	OSH Code, 2020
License validity (contractors)	Work-order specific; state-limited license	5-year nationwide (national) license; work-specific license also available
Women's employment in night shifts	Factories Act: generally prohibited; state variations	Permitted in all establishments with consent and safety safeguards
Working hours	Factories Act: max 9 hours/day, 48 hours/week	Retained at 48 hours/week; daily limit and overtime rules to be state-notified
Registration	Multiple registrations under different statutes	Single unified registration for all establishments under the OSH Code
Deemed approval	Not available; delays are common	Application deemed approved if not processed within the prescribed timeline
Inspector-cum-Facilitator	Inspector (enforcement only)	Inspector-cum-Facilitator: advises, informs, and enforces
Failure to register consequences	Monetary penalty only	Employer barred from employing workers until registered
Creche facility	Factories Act: 30+ women workers	50+ employees; any gender
Drinking water/restrooms	Factories Act only	Extended to all establishments under the OSH Code

## 5. New Enforcement Mechanism

The Labour Codes introduce a fundamentally different enforcement philosophy: one that prioritises compliance facilitation over penal action. Key features of this new approach are:

Enforcement Feature	Details
Decriminalisation	Imprisonment is reserved for serious infractions (non-deposit of contributions; hazardous process violations; repeat offences). Minor non-compliances: only monetary fines, not imprisonment.
Inspector-cum-Facilitator	The traditional inspector role expanded to also advise, sensitize and inform employers and workers: not just to penalise.
Higher Monetary Penalties	Old laws: INR 100 – INR 20,000 range. New Codes: INR 50,000 to INR 10 lakhs; INR 20 lakhs for repeat offences.
Compounding of Offences	First-time offenders may compound by paying 50–75% of the maximum fine before or after inquiry. Not available within 3 years of a similar compounded/convicted offence.
Opportunity to Rectify	Employers must be given a chance to cure non-compliance before action is initiated. Not available for repeat violations within 3 years.
Limitation Period	Social Security Code: 5-year maximum look-back. No inquiry can be initiated beyond 5 years. Brings certainty and reduces legacy liability exposure.
Bar on Civil Courts	Civil courts are excluded from jurisdiction on matters covered by the Codes; dispute resolution mechanisms under the Codes apply exclusively.
Unified Inspection Scheme	Technology-based unified inspection through web portals; random allocation of inspectors; inspection reports to be uploaded online.

## 6. Compliance Roadmap Under the New Labour Codes

Given the immediate legal effect of all four Codes from 21 November 2025 and the ongoing rollout of Central and State rules, employers must adopt a structured, phased approach to compliance. The following roadmap outlines the key actions required.

#	Phase / Timeline	Key Actions
1	<b>Phase 1: IMMEDIATE</b> Nov–Dec 2025	<ul style="list-style-type: none"> <li>Conduct legal gap analysis: audit all employment contracts, policies and standing orders against the 4 Codes</li> <li>Identify all employees/workers re-classified under new definitions (supervisors, FTEs, gig workers)</li> <li>Issue mandatory appointment letters to ALL workers immediately</li> <li>Communicate changes to employees; set up internal project team with HR, Legal, Finance leads</li> <li>Begin payroll CTC review for the impact of the 50% wages rule on PF, gratuity, bonus, and leave encashment</li> </ul>
2	<b>Phase 2: WAGE RESTRUCTURING</b> Dec 2025–Feb 2026	<ul style="list-style-type: none"> <li>Restructure salary components so that excluded allowances do not exceed 50% of total remuneration</li> <li>Recalculate PF, ESIC, gratuity, bonus, and leave encashment obligations under the new wage definition</li> </ul>

		<ul style="list-style-type: none"> <li>• Verify compliance with floor wage once notified by the Central Government; update state-specific minimum wages</li> <li>• Ensure equal remuneration for the same/similar work across genders; update pay bands if necessary</li> <li>• Update payroll software/HRMS to reflect new wage definition and calculation logic</li> </ul>
<b>3</b>	<b>Phase 3: HR &amp; CONTRACTS</b> Jan–Mar 2026	<ul style="list-style-type: none"> <li>• Revise all employment contracts, fixed-term contracts, and consultant/contractor agreements</li> <li>• Budget for pro-rata gratuity for all fixed-term employees from Year 1 of service</li> <li>• Restrict contract labour deployment to non-core activities; map core vs. non-core business activities</li> <li>• Obtain single unified OSH Code registration; consolidate existing factory/contractor licences</li> <li>• Update standing orders to comply with the new threshold (300 workers) and model standing orders</li> </ul>
<b>4</b>	<b>Phase 4: INDUSTRIAL RELATIONS</b> Feb–Apr 2026	<ul style="list-style-type: none"> <li>• Constitute Grievance Redressal Committee for all establishments with 20+ workers</li> <li>• Identify trade unions; initiate recognition process per negotiating union/council rules</li> <li>• Update strike/lock-out notice procedures; train HR on 60-day notice and 14-day cooling-off requirement</li> <li>• Contribute to Worker Reskilling Fund on any retrenchment (15 days' last-drawn wages per worker)</li> <li>• Review retrenchment/closure plans: assess if headcount is &lt;300 (exempted from prior Govt. approval)</li> </ul>
<b>5</b>	<b>Phase 5: SOCIAL SECURITY</b> Mar–May 2026	<ul style="list-style-type: none"> <li>• Extend ESIC coverage PAN-India; enrol all eligible employees, including those in previously excluded areas</li> <li>• Create Aadhaar-linked social security records for portability; update EPFO/ESIC databases</li> <li>• Set up annual free health check-ups for employees above 40 years of age</li> <li>• Engage with aggregator platforms to prepare for gig/platform worker contribution obligations</li> <li>• Ensure crèche facility compliance (establishments with 50+ employees); update facility audit</li> </ul>
<b>6</b>	<b>Phase 6: MONITORING &amp; AUDIT</b> Apr 2026 onwards	<ul style="list-style-type: none"> <li>• Track Central and State rule notifications; subscribe to official gazette alerts</li> <li>• Conduct periodic internal compliance audits mapped to each of the 4 Codes</li> <li>• Train supervisors, managers and HR teams on revised obligations and enforcement mechanisms</li> <li>• Establish a digital compliance calendar for unified return filings under OSH Code/SS Code</li> <li>• Review and update all policies annually as rules and court interpretations evolve</li> </ul>

## 7. State-Level Rule Notification Status (as of April 2026)

State rules are critical for full implementation. Compliance obligations vary significantly depending on the state of operations. Below is the current status across major states.

State	Status of Rules	Notes
Madhya Pradesh	Final rules notified under at least one Code	One of the early movers, rules under the Wage Code operational
Uttar Pradesh	Final rules notified under at least one Code	Rules under multiple Codes are published
Gujarat	Final rules notified under at least one Code	Pro-business state; rules notified to enable investment
Karnataka	Final rules notified under at least one Code	Tech industry-heavy state; rules for OSH Code are active
Haryana	Final rules notified under at least one Code	Adjacent to NCR; rules aligned with the Central thrust
Uttarakhand	Final rules notified under at least one Code	Industrial zones benefiting from early rule notification
Jharkhand	Final rules notified under at least one Code	The mining sector rules are particularly active
Odisha	Final rules notified under at least one Code	Notified rules for key codes
Bihar	Final rules notified under at least one Code	Rules notified for at least one Code
Maharashtra	Draft rules open for consultation	High-industry state; final rules eagerly awaited
Tamil Nadu	Draft rules open for consultation	Large manufacturing base; significant compliance implications pending
Kerala	Draft rules open for consultation	Extensive tripartite consultation expected before finalisation
Other states/UTs	Vary : most have drafts; few yet to publish	Employers should check respective state labour department websites

## 8. Key Risk Areas & Critical Watch Points

### CRITICAL: The 50% Wages Rule Is Live Now

The Code on Wages 50% allowance cap is in force from 21 November 2025.
Employers must restructure CTC NOW: waiting for rules could expose them to enforcement action.
Impact: increased PF, gratuity, bonus and leave encashment liability if allowances exceed 50%.
Action: payroll restructuring + HRMS update is the single most urgent compliance task.

### CRITICAL: No Transitional Period Provided

The implementing notifications do NOT provide any grace period for employers or workers.
The Codes take precedence over any contrary provision, contract, policy, award or settlement.
Legacy employment contracts that conflict with the Codes are invalid from 21 Nov 2025.
Action: review all employment contracts, vendor agreements and standing orders immediately.

<b>WATCH: Contract Labour Core Activity Prohibition</b>
OSH Code bars contract labour for core/principal business activities (with exceptions).
Many businesses will need to map their value chain to identify 'core' vs 'non-core' activities.
Misclassification could expose principal employers to direct employment liability for contract workers.

## 9. Conclusion

The implementation of India's four Labour Codes on 21 November 2025 marks the most transformative overhaul of the country's labour law framework in decades. By consolidating 29 complex and overlapping statutes into four coherent Codes, the government has simultaneously simplified the compliance architecture and significantly expanded worker protections: covering gig workers, platform workers, fixed-term employees, and senior management staff who were previously outside the statutory safety net.

For employers, the transition is not optional. The Codes have immediate legal force, with no transitional grace period. The single most urgent action is salary restructuring to comply with the 50% wages rule, followed by contract and policy reviews, ESIC/EPF re-computation, and the establishment of Grievance Redressal Committees. As Central and State rules are finalised, expected around May 2026 and over the following months, compliance obligations will become clearer and more specific.

Organisations that act proactively: by conducting gap assessments, restructuring payroll, revising employment contracts, and monitoring rule notifications: will be best placed to navigate this transition smoothly, avoid penalties, and leverage the simplified unified framework that the Codes ultimately offer.

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### Disclaimer

*This report is prepared for informational and research purposes only and does not constitute legal advice. Labour law compliance requires jurisdiction-specific analysis. Readers are advised to consult qualified legal counsel before taking action based on the contents of this report. Information is current as of April 2026; readers should verify against the latest official gazette notifications.*