

CLIENT ALERT

# CRACKING THE CODE: THE NEW LABOUR LAWS AT A GLANCE

January 2026



## CHAPTER 1: OVERVIEW OF THE CODES

### CURRENT STATUS:

All four Labour Codes came into force on **November 21, 2025**, by replacing and consolidating erstwhile 29 central labour law legislations. While the rules are yet to be notified, to the extent implementation of the Codes are not dependent upon the rules being promulgated, all such compliance obligations under the Codes are applicable.

The Government of India has completed a major consolidation of its labour legislation landscape by merging 29 central laws into four comprehensive Labour Codes - the Code on Wages, 2019 (“**Code on Wages**”), Industrial Relations Code, 2020 (“**IR Code**”), Occupational Safety, Health and Working Conditions Code, 2020 (“**OSH Code**”), and Code on Social Security, 2020 (“**Social Security Code**”) (collectively, the “**Labour Codes**”).

### A. ENFORCEMENT OF THE CODES AND REPEAL OF EARLIER LEGISLATIONS

While certain provisions of the various codes have been notified from time to time, effective November 21, 2025, the Ministry of Labour and Employment has brought these Codes into force in their entirety, save and except for certain provision dealing with repeal of erstwhile Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 (“**EPF Act**”).

Further, while the IR Code has been brought into force, no notification has been issued under Section 104 of the said Code to repeal the enactments mentioned therein, namely - the Trade Unions Act, 1926 (“**TU Act**”), Industrial Employment (Standing Orders) Act, 1946 (“**IESO**”), and Industrial Disputes Act, 1947 (“**ID Act**”). The status of the continuation of such enactments has since been clarified by the *Industrial Relations Code (Removal of Difficulty Order)*, 2025, issued vide S.O. 5683(E), dated December 8, 2025.

### B. STATUS OF RULES

The new framework requires both the Central Government and State Governments, as appropriate governments, to issue corresponding rules under each Code to operationalize their provisions. In this regard, we understand that the different States are at various level of preparedness in terms of framing of final and draft rules are concerned. In so far as the Central Government is concerned, the draft Central Rules under all the four Labour Codes have been published for public comments on December 30, 2025 and it is expected that the rules would be notified from effect from April 1, 2026.

Non framing of rules, however, does not have effectiveness of the provisions of the Labour Codes which are not dependent on the rules for implementation (such as determination of wages)

### C. HIGHLIGHTS OF THE CODES

#### 1. Code on Wages, 2019

- Establishes a single, national definition of “wages” with a 50% ceiling on excluded components, directly impacting PF, ESI, bonus, retrenchment compensation and gratuity calculations.

- Introduces a universal minimum floor wage regime, abolishing the “scheduled employment” concept.
- Mandates timely wage payment with strict penal consequences for delays.

## 2. Industrial Relations Code, 2020

- The Code formally adopts the definition of ‘Industry’ as delineated by Supreme Court in *Bangalore Water Supply and Sewerage Board v. A. Rajappa* (1978) 2 SCC 213.
- The definition of industrial establishment has been significantly widened to cover all kinds of establishment, irrespective of whether they are engaged in IE activities or not. Such expansion results in coverage of establishments, which were earlier not covered under the IESO to also be subject to standing orders requirements subject to the number of workmen exiting the specified threshold.
- Introduces concept of negotiating union/council for prescribed matters.
- Liberalises the mechanism for approaching the tribunal in relation to a dispute which remains unresolved despite conciliation, by removing the requirement of reference from appropriate government.
- introduces a Worker Re-Skilling Fund to aid retrenched workers' training and re-employment, in which employers are required to contribute 15 days' last-drawn wages per worker (or notified amount), a first-of-its-kind provision absent from prior laws.
- Streamlines the registration and recognition procedures for trade unions.

## 3. Code on Social Security, 2020

- Extends social security coverage to gig workers, platform workers, and unorganized sector participants.
- Introduces universal wage definition, impacting the computation base for PF, ESI, gratuity, and maternity benefits.
- Enables fixed-term employees to receive gratuity on a pro-rata basis without the five-year minimum requirement.
- Introduced a provision pertaining to maternity benefit to continue to remain applicable to an establishment even if the number of employees therein at any subsequent time falls below the threshold.
- Definition of dependent has been expanded for the purpose of ESIC.
- Apprentices who were previously excluded from the applicability of the EPF Act (when engaged under the Industrial Employment Standing Orders) and from being considered employees under the Payment of Gratuity Act, 1972 may now be treated as employees under the Code, unless they are

engaged under the Apprentices Act, 1961.

- Reduced Deposit for Appeals and limitation on inquiry.
- Introduces time cap for initiation of enquiry, as well as for conclusion of proceedings

#### 4. Occupational Safety, Health and Working Conditions Code, 2020

- Consolidates health, safety, and welfare obligations for all establishments employing 10 or more workers.
- Obligations pertaining to contract labour provisions have been made applicable to 50 or more contract labourers (which was earlier 20 or more workers).
- Restricts deployment of contract labour in “core” activities, subject to narrow exemptions.

### D. KEY NEW COMPLIANCES:

Sl. No.	Basis	Compliance
1.	Payment upon resignation	Employers would have to make payments to the employees within two days of their resignation.
2.	Notice of Commencement	Give a notice of commencement of operation, however, not when the operations are already in force.
3.	Appointment Letters	Issuance of formal written appointment letters to each employee at the time of appointment or within 3 months of commencement of the Code.

### E. KEY STRUCTURAL CHANGES ACROSS THE CODES

Basis	Changes
<b>Unified Definitions:</b>	Core employment-related terms like wages, worker, employer, and establishment now share standardized definitions across all four Codes.
<b>Appropriate Government:</b>	The role of the Central Government as the appropriate government has increased, which would imply that the central rules would have a larger role to play in the enforcement of the Codes.
<b>Simplified compliance model:</b>	The traditional inspection regime has been replaced by an Inspector-cum-Facilitator approach, with greater use of online filings and digital inspections.
<b>Stronger enforcement:</b>	Penalties for non-compliance have been raised significantly, with imprisonment reserved for serious or repeat violations.
<b>Wider coverage:</b>	The Codes extend across all forms of employment - full-time, part-time, contractual, and fixed-term, ensuring a uniform framework for diverse workforce categories.

## CHAPTER 2: FINANCIAL IMPACT OF THE LABOUR CODES ON THE EMPLOYER:

Sl. No.	Basis	Financial Impact
1.	Minimum wages	<p><b>Potential Increase.</b></p> <p>In relation to minimum wages, the Code on Wages departs from the earlier position under the Minimum Wages Act, where house rent allowance would be considered as minimum wages. Under the Code on Wages, wages for minimum wage compliance excludes house rent allowance, which is required to be provided separately. This change may result in an increase in employers' minimum wage obligations and corresponding wage costs.</p>
2.	Bonus	<p><b>Potential Increase.</b></p> <p>In relation to payment of bonus, the Code on Wages marks a departure from the earlier position under the Payment of Bonus Act, under which allowances were excluded from the computation of salary or wage for bonus purposes. Under the Code on Wages, no allowances are specifically excluded from the definition of "wages", resulting in such allowances being included in the computation base. This expanded definition may increase the salary or wage base for bonus calculation and, consequently, the overall bonus payout obligations of employers.</p>
3.	Gratuity	<p><b>Potential increase.</b></p> <p>In the context of gratuity, the Social Security Code departs from the earlier position under which retaining allowance and bonuses forming part of employment were excluded from wages. Under the Code's broader definition of wages, such components, if forming part of contractual remuneration, may be treated as wages for gratuity purposes. This expanded wage definition could increase the base for gratuity computation and result in higher gratuity liabilities for employers.</p>
4.	Maternity Benefit	<p><b>Potential decrease.</b></p> <p>In relation to maternity benefit, the revised definition of wages under the Social Security Code may alter the computation base. While allowances such as HRA and conveyance were earlier included in the calculation, the Code links maternity benefit to "wages", with only specified allowances being excluded. Although the statutory leave period remains unchanged, this shift may result in a lower monthly maternity benefit payout and, consequently, reduced cash outflow for employers during the maternity period.</p>
5.	EPF	<p><b>Potential Increase.</b></p> <p>Under the Social Security Code, a bonus payable under any law is excluded</p>

Sl. No.	Basis	Financial Impact
		from “wages” only if it does not form part of contractual remuneration; accordingly, a bonus forming part of such remuneration would be treated as wages. This marks a departure from the EPF Act, under which bonuses and all allowances were excluded from “basic wages”, whereas under the Social Security Code only specified allowances are excluded from the scope of wages. As a result, the broader wage definition may expand the contribution base and increase provident fund liabilities. Further, since the classification of an “excluded employee” is linked to wage thresholds, inclusion of such components may result in certain employees crossing the prescribed limit and consequently being treated as excluded employees.
6.	ESI	<p><b>Potential Decrease.</b></p> <p>With house rent allowance being excluded from wages, the contribution base correspondingly reduces, while ESI coverage expands to bring additional employees within the eligibility threshold.</p>
7.	Retrenchment Compensation	<p><b>Potential decrease.</b></p> <p>In relation to retrenchment compensation, the IR Code departs from the position under the Industrial Disputes Act, which earlier included the value of certain wage components such as house accommodation, provision of services, concessional supply of food grains, and travelling concessions as a part of wages. Under the IR Code, such components are excluded from the definition of wages. Consequently, where these amounts were earlier factored into wages, their exclusion may result in a reduction in retrenchment compensation payable to affected employees.</p>

**IMPORTANT TO NOTE:**

The first proviso to the definition of “wages” under the new labour codes provides that where the aggregate of excluded components exceeds 50% of the total remuneration, the excess amount shall be deemed to form part of wages.

For this purpose, total remuneration comprises wages together with the excluded components.

Accordingly, where the basic salary and dearness allowance fall below 50% of the total remuneration, the base wage is required to be increased to meet the statutory threshold. This deeming mechanism would, in turn, result in a corresponding increase in the aforementioned employer liabilities linked to wages, including payouts under the applicable labour welfare legislations.

Additionally, under the Labour Codes, the principal employer may become subject to the following additional financial obligations:

Sl. No.	Basis	Compliance
1.	Workers Re Skilling Fund	The key change adds a mandatory employer contribution of 15 days' last drawn wages per retrenched worker to the government-managed Re-Skilling Fund. This is separate from statutory compensation and aims to fund worker upskilling, with funds credited to the worker's account within 45 days. Contribution occurs regardless of service length, amplifying costs for short-tenure retrenchments.
2.	Provision of welfare facilities of contract labour	The principal employer would have to bear an additional cost of providing for the welfare facilities of the contract labour, such as canteens, restrooms, drinking water, latrines and urinals and washing facilities.
3.	Leave encashment	An employee is entitled to claim leave encashment for all leaves at the end of the calendar year, as opposed to earlier when it could only be encashed either upon the termination of employment or when the employee quit employment.

## CHAPTER 3: CERTAIN SALIENT FEATURES OF THE CODES

### A. CODE ON WAGES

#### I. Decrease in bonus payout:

##### Legal Position

"Wages" = Basic Pay + Dearness Allowance + Retaining Allowance. All other components are excluded—but total exclusions (except gratuity and retrenchment compensation) cannot exceed 50% of total remuneration, and any excess is added back to wages.

#### Key Clarifications:

- **NOT part of wages:** Bonus, House rent allowance, PF Contribution (Employer), Conveyance Allowance, House Accommodation value, Overtime, Commission
- **Leave encashment:** Not a part of allowances (per Section 2(y) of the Code)
- **If wages portion  $\geq 50\%$ :** If the total "Exclusions" exceed 50% of the total remuneration, the excess amount shall be added back to "Wages." Remuneration = Wages + Excluded components.
- **Payment in kind:** The wages can only be offset up to 15% in kind, and the rest would have to be discharged in cash.
- **Applicability:** Removal of the wage ceiling of employees not exceeding Rs. 24,000 per wage period.

#### Practical Example: How the 50% Rule Works

Example 1	Example 2
<p>Basic: ₹6,000 (33.3%) HRA: ₹4,000 Conveyance: ₹2,000 Commission: ₹2,000</p> <p><b>Total: ₹14,000</b> Wage portion: ₹6,000 (42.85%) Excluded: ₹8,000 (66.6%) 50% of total: ₹7,000</p> <p><b>Deemed wages: ₹7,000</b></p>	<p>Basic: ₹10,000 DA: ₹4,000 HRA: ₹4,000 Conveyance: ₹4,000 + Commission: ₹4,000</p> <p><b>Total: ₹26,000</b> Wage portion: ₹14,000 (53%) Excluded: ₹12,000 (60%) 50% of total: ₹13,000</p> <p><b>Deemed wages: ₹14,000</b></p>

#### Practical Impact:

- Scope of applicability of the payment of wages related provisions has been extended to all employees, including the senior level employees, on account of removal of wage ceiling.
- The amount of bonus payable by an employer would decrease, due to the exclusion of remuneration payable under any award or settlement between the parties or order of a Court, any remuneration to which the person employed is entitled in respect of overtime work or holidays or any leave period, additional remuneration payable under the terms of employment (whether called a bonus or by any

other name), any sum payable due to the termination of employment either by law, contract or instrument, and any sums payable under any schemes in force, which was earlier included within the definition of wages.

## II. Payment upon resignation of employee:

### Legal Position

Time for payment of wages in case of **resignation** of an employee has now been mandated to **two working days**, similar to termination of employment.

### Practical Impact:

- The wages of an employee who has resigned shall also be payable within the period of two working days of such resignation, including senior level employees.
- The clawback or recovery provisions in the employment contracts of employees should be revised.
- This might be difficult to comply with in cases where a notice period is required to be served by the employee.

## III. Structuring of minimum wages:

### Legal Position

Minimum wages must equal or exceed the wages portion (Basic + DA + Retaining Allowance). HRA is now excluded and would not be part of minimum wages.

**The concept of "scheduled employment" has been abolished, and minimum wages would now be payable to ALL employees provided such minimum wage has been notified.**

The concept of "**floor wage**" has been introduced – and the minimum wages fixed by the appropriate government cannot be lower than the floor wage, as fixed by the Central Government.

### Minimum Wages Structure Example (for MW of ₹14,000)

✓ Correct	✓ Correct	✗ Incorrect
Basic: ₹10,000 DA: ₹4,000	Consolidated: ₹14,000	Basic: ₹10,000 HRA: ₹4,000
<b>Total: ₹14,000</b>	<b>Total: ₹14,000</b>	<b>*Because HRA would now not form a part of the minimum wages</b>

### Practical Impact:

- There would be an additional burden on the employer of paying house rent allowance separately.

- All employees in all establishments would be entitled to at least the notified minimum wages.
- Employers of non-scheduled sectors as per the old law would also now face direct statutory minimum wage obligations.
- This creates a baseline wage rate across all states. This centralised benchmark would reduce disparities in wage levels across regions and would strengthen worker protection in low-wage areas and would ensure that wage standards cannot be rolled back by State Governments.

#### IV. Payment of statutory bonus:

##### Legal Position

**Deletion of wage ceiling for the payout of bonus**, however, this change has **not been notified by the appropriate government**. Till then, employers shall follow existing payout to employees not drawing salary exceeding Rs. 21,000 per mensem. Bonus rate: 8.33% minimum, 20% maximum. If different wages are notified for ceiling and calculation, bonus quantum may differ from one state to another.

In case of dismissal of the employee from service for **conviction for sexual harassment**, they would no longer be eligible to receive bonus.

##### Practical Impact:

- Upon notification of the deletion of wage ceiling, all employees would be statutorily required to be paid bonus.
- Employees dismissed on grounds of sexual harassment would not be entitled to receive any bonus.

## B. SOCIAL SECURITY CODE

#### I. Fixed-term employees entitled to pro-rata gratuity :

##### Legal Position

The traditional requirement of completing five years of continuous service does not apply to fixed-term employees. Fixed-term employees are entitled to gratuity on a **pro-rata basis** upon completion of their contract period, even if the total service rendered is less than five years.

##### DID YOU KNOW?

Interestingly, while the Code is silent regarding the minimum tenure that a fixed term employee is required to serve to be eligible for gratuity, the definition of fixed term employee in IR Code stipulates such period to be 1 year.

##### Practical Impact:

- Increased liability for organizations employing fixed term/contract workers.
- Potential impact on cash flow and workforce cost modeling.

#### II. Time period for initiating proceedings under the Code for recovery of Employees Provident Fund

### (“EPF”)/Employees State Insurance (“ESI”) dues:

#### Legal Position

EPF and ESI authorities are now legally barred from initiating proceedings for dues that are more than **five years old**, bringing certainty and finality to historical exposures. In addition, any inquiry that has already been initiated must be **concluded within two years**, failing which it cannot be kept pending indefinitely.

#### Practical Impact:

- Legacy compliance risks significantly reduced

### III. Ability of the employers to opt out of the coverage under EPF/ESI:

#### Legal Position

Under the earlier regime, employers were not permitted to opt out of coverage under the EPF and ESI schemes once applicable. Under the new regime, however, employers may apply to **exit EPF and/or ESI coverage**, or withdraw after having voluntarily enrolled, subject to **obtaining the consent of a majority of the employees**. This flexibility does not extend to employers to whom the EPF provisions apply mandatorily.

#### Practical Impact:

- The ability to exit voluntary EPF/ESI coverage can reduce recurring statutory contribution costs, particularly for establishments with a largely senior or highly compensated workforce.

### IV. Implication of potential liability of the transferee undertaking M&A activities:

#### Legal Position

Historically, a transferee acquiring an establishment was jointly and severally liable only for outstanding EPF and ESI dues. Under the current Code, this liability has been expanded to also include **unpaid gratuity, maternity benefits, and employee compensation**, thereby significantly increasing the scope of statutory obligations borne by the transferee.

#### Practical Impact:

- Critical for M&A due diligence- past liabilities transfer to buyer.
- Indemnification provisions would assume significance in relation to past dues are concerned. Indemnity clauses may now attract higher financial exposure and increased scrutiny on payroll structure and historical classification of salary components.

## C. INDUSTRIAL RELATIONS CODE

### I. Increase in the obligation of the employer:

#### Legal Position:

The definition of employer has been amplified to include not only those who employ workers directly but also those who **engage them through contractors or intermediaries**.

Consequently, even when workers or employees are engaged via third-party contractors, the principal employer (i.e. the establishment owner or control authority) may now bear statutory responsibility for compliance with all obligations.

#### Practical Impact:

- This amplified definition holds principal employers (establishment owners or controlling authorities) responsible for workers engaged via third parties.

### II. Applicability of standing orders:

#### Legal Position:

The definition of industrial establishment has been significantly widened to cover all kinds of establishment, irrespective of whether they are engaged in IE activities or not. Such expansion results in coverage of establishments, which were earlier not covered under the IESO to also be subject to standing orders requirements subject to the number of workmen exiting the specified threshold.

Notably, the **threshold for applicability of such requirement has been increased from 100 to 300 workers**.

#### Practical Impact:

- Expansion brings non-traditional establishments (e.g., with mixed activities) under standing orders if 300+ workers are employed.

### III. Fixed-Term Employment:

#### Legal Position:

Fixed-term employment, which was a concept recognized under the model standing orders, got further statutory backing with IR Code and Social Security Code **recognizing the right of an employer to engage employees on fix term tenure basis**. It may be noted that expiry of such tenure is not treated as retrenchment for the purpose of retrenchment related compliances.

**Practical Impact:**

- Significant flexibility for project-based hiring and seasonal demand.

**IV. Expansion of strike related provisions**

**Legal Position:**

"Strike" now explicitly **includes incident of 50%+ workers taking mass casual leave** on the same day. further, the provision pertaining to strike has been extended to all the establishments, a departure from the earlier regime which regulated strike only to the establishment engaged in Public Utility Services.

**Practical Impact:**

- Explicitly captures mass casual leave as strike, removing prior limit to public utility services (PUS), with rules on notice, bans during proceedings applying universally.

**V. Increase in threshold for seeking government approval for retrenchment and closure in certain establishments**

**Legal Position:**

Unlike the ID Act, which mandated obtaining the prior approval of the appropriate government for retrenchment of worker or closure of an establishment engaging not less than 100 workers, the IR Code liberalizes the statutory requirement by enhancing the threshold to not less than 300 workers for such compliances to be applicable.

**Practical Impact:**

- More flexibility in terms of rationalization of manpower as well as closure of a small to mid sized industrial establishment.

**D. OSH CODE**

**I. Issuance of formal appointment letters:**

**Legal Position:**

Under Section 6(f) of the OSH Code, every employer is required to issue a **formal written appointment letter** to each employee at the time of appointment , irrespective of the nature or category of employment. Earlier, the issuance of appointment letters was merely mandatory for government employees and not for private organizations.

For employees who have not been issued an appointment letter, the employer must issue such a letter

**within three months from the commencement of the Code.**

**Practical Impact:**

- The information and form of such appointment letters would be **prescribed under the State rules**, once notified.
- Ensures formal documentation of employment, reducing ambiguity about terms of service.
- Employers must audit existing hires and develop compliant templates for appointment letters.

**II. Restriction of employment of contract labour for core activities:****Legal Position**

While certain states such as Telangana and Andhra Pradesh specifically barred employment of contract labours in core activities, such a restriction was State specific with the central legislation remaining silent. However, the current Code now prohibits the employment of contract labour for 'core activities of any establishment' (defined as an activity for which the establishment is set up and includes any activity that is essential or necessary for such activity), subject to limited statutory exceptions.

**Practical Impact:**

- Reduction in the scope of activities for which contract labourers can be hired; hence, the engagement practices of the employers would need to be revised.
- The 'core activities of an establishment' can now only be conducted by employees on the direct payroll of the employer and not contract labourers.

**III. Reduced compliances pertaining to contract labour:****Legal Position**

The threshold for compliance with contract labour related provisions has increased to **50 or more contract workers**, from the earlier threshold of 20 or more contract workers, that are engaged on any day of the preceding 12 months.

**Practical Impact:**

- The compliances for registration of establishments with contract labour has been relaxed; only establishments with more than 50 contract labour would have to obtain registrations.
- However, the definition of contract labour contains inter-state migrant workmen within its ambit as well.

#### IV. Increase in responsibility of the principal employer:

##### **Legal Position**

It was the duty of the contractor to provide all amenities and welfare provisions such as canteens, rest-rooms, drinking water, latrines and urinals and washing facilities, and in case the principal employer provided for it, all expenses in relation to the same could be recovered from the contractor under Section 20 of the Contract Labour (Regulation & Abolition) Act, 1970. However, under the Code, the principal employer is required to provide and maintain these welfare facilities in the establishment.

##### **Practical Impact:**

- The principal employer would have to bear an additional cost of providing for the welfare facilities of the contract labour, the expenses for which cannot be claimed from the contractors.

#### V. Consent to be taken for overtime work:

##### **Key Change:**

The OSH Code permits the **employment of women** before 6 a.m. and beyond 7 p.m., subject to their **prior consent** and compliance with the conditions prescribed by the appropriate Government.

##### **Practical Impact:**

- The employers should implement a policy to obtain the consents of workers for overtime which can be recorded.

#### VI. Liberalized encashment of leaves by employees:

##### **Legal Position:**

Earlier, the worker had to work for a minimum of 240 days in a year to earn the leave, whereas under the Code, the worker only has to work for 180 days.

Further, unlike the Factories Act, which allowed encashment of leaves could either upon the termination of employment or when the worker quits employment, the OSH Code, the worker is entitled to **claim leave encashment at the end of each calendar year**.

##### **Practical Impact:**

- The financial obligation of the employer would increase, since they would be responsible for the payment of leave encashments to the employees at the end of the year.

- Employees who have served for 180 days in the previous calendar year would also be entitled to take annual leave.

**VII. Revisions to the thresholds under OSH Code for applicability of safety and welfare provisions:**

Subject	OSH Code	Erstwhile provision	Impact
<b>10-50 employees or workers</b>			
<b>Applicability of Welfare Facilities</b>	10 or more workers	<ul style="list-style-type: none"> <li>CLRA*- 20 or more workers.</li> </ul>	Expands coverage to smaller establishments.
<b>First-Aid Facilities</b>	10 or more workers in an establishment	<ul style="list-style-type: none"> <li>CLRA- 20 or more workers.</li> <li>FA*- 150 or more factory workers.</li> </ul>	Broadens mandate to all establishments; removes high threshold.
<b>Separate Urinals</b>	10 or more workers in a building and construction site.	<ul style="list-style-type: none"> <li>BCWRA*- 50 or more building workers.</li> </ul>	Drastically lowers threshold; improves hygiene access.
<b>50-100 employees or workers</b>			
<b>Creche</b>	50 or more workers.	<ul style="list-style-type: none"> <li>BCWRA- 50 or more female building workers.</li> <li>FA- 30 or women workers are ordinarily employed.</li> </ul>	Standardizes threshold; gender neutral; allows shared facilities.
<b>Rest room</b>	50 or more workers.	<ul style="list-style-type: none"> <li>CLRA- 20 or more contract labour.</li> <li>FA- 150 or more factory workers.</li> <li>MA*- 50 or more mine workers.</li> </ul>	Standardizes threshold across different sectors.
<b>100-250 employees or workers</b>			
<b>Canteen</b>	100 or more workers.	<ul style="list-style-type: none"> <li>BCWRA -250 or more building workers.</li> <li>CLRA- 100 or contract labour employed.</li> <li>MA- 250 or more mine workers.</li> </ul>	Lowers threshold for factories/mines; maintains for contract labour

		<ul style="list-style-type: none"> <li>• FA- 250 or more factory workers.</li> </ul>	
<b>250-500 employees or workers</b>			
<b>Welfare Officer</b>	250 or more workers.	<ul style="list-style-type: none"> <li>• FA- 500 or more workers.</li> <li>• MA- 500 or more workers.</li> </ul>	Lowers threshold significantly; mandates officer for smaller units.
<b>500 or more employees or workers</b>			
<b>Safety Committee or Safety Officers</b>	<ul style="list-style-type: none"> <li>• 250 or more building workers.</li> <li>• 500 or more for normal processes and 250 or more for hazardous processes.</li> <li>• 100 or more mine workers.</li> </ul>	<ul style="list-style-type: none"> <li>• BCWRA- 500 or more building workers.</li> <li>• FA- 1000 or more factory workers or State government notified factories.</li> </ul>	Lowers thresholds; stricter safety oversight required.
<b>Ambulance</b>	500 or more workers	<ul style="list-style-type: none"> <li>• MA- 150 or more mine workers.</li> <li>• FA- 500 or more factory workers.</li> <li>• BCWRA- more than 500 building workers.</li> </ul>	Unchanged for factories/construction; higher threshold for mines.

\*CLRA – Contract Labour (Regulation and Abolitions) Act, 1970

\*FA – Factories Act, 1948

\*BCWRA- Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996

\*MA- Mines Act, 1952

## CHAPTER 4: TRANSITIONARY PROVISIONS

In a Press Release of the Ministry of Labour and Employment, it was stated that, *“During transition, the relevant provisions of the existing labour Acts and their respective rules, regulations, notifications, standards, schemes, etc. will continue to remain in force.”*

Apart from that, the following may be noted:

**Social Security Code:**

- The establishments already registered under any central labour law are exempted from obtaining registration under the Social Security Code and such registration shall be deemed to be registration for the purpose of the Code.
- All the enquiries initiated under the EPF Act shall continue, however, they need to be concluded within 2 years. Further, considering the EPF Act has not been repealed, the new enquiries can still be initiated under section 7A of the EPF Act provided that such default was committed not prior to 5 years from the date of such initiation.
- For all ongoing enquiries under the EPF Act that pertain to periods prior to repeal of EPF Act, the definition of wages should be as per the EPF Act and not the Social Security Code.

**IR Code:**

- Every trade union registered under the TU Act would be deemed to have been registered under the IR Code.
- Standing orders existing on the date of commencement of the IR Code, to the extent not inconsistent, shall continue and be deemed to be the standing orders certified under the IR Code.
- Existing labour courts, industrial tribunals and national industrial tribunals to continue to adjudicate the existing as well as new cases until the constitution of tribunals under the Code.

**OSH Code:**

- Single registration is required under the Code for all establishments, and existing registrations obtained would be deemed to be a registration under the OSH Code.
- Issuance of appointment letters in the prescribed format to employees within 3 months of the commencement of the Code.

## HOW WE CAN HELP:

The Labour Codes have been notified. Compliance timelines are now active. Our team can support you across the following areas:

Service Area	Scope
<b>Wage Restructuring</b>	Review existing salary structures against 50% rule; restructuring recommendations; cost impact analysis;
<b>Statutory Contributions</b>	EPF/ESI/Gratuity recalculation; contribution impact analysis; maternity benefit and leave encashment impact assessment.
<b>Policy &amp; Document Updates</b>	HR policies, employment contracts, standing orders, appointment letters, FTE templates.
<b>Contractor Compliance</b>	Contractor workforce assessment; core activity mapping; principal employer liability review
<b>Training &amp; Workshops</b>	Customized sessions for HR, payroll, legal, finance, and plant teams on new compliance requirements.

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*This client update is for informational purposes only and does not constitute legal advice.  
Please consult with legal counsel for specific compliance guidance.*

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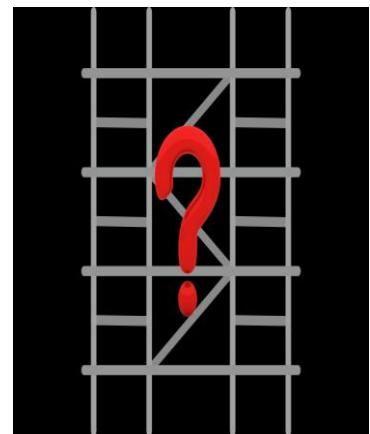
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