NEW LABOUR CODES

(Labour Law & Industrial Laws)

Comprehensive Statutory Analysis on the New Wage Code, 2025 — Implementation, Financial Impact & Compliance Obligations

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25 YEARS

V & M Associates

(Advocates & Solicitors)

New No.13, Old No.7, First Floor, 4th Main Road, Officers Colony, Adambakkam, Chennai 600 088
Email : madhavs@vmlegalassociates.com web:www.vmlegalassociates.com

New Labour Law Codes – A Structural Overview			
Code on Wages (69 Section, IX Chapter)	**Industrial Relations Code, 2020** (104 Sections, XIV Chapter)	**Code on Social Security 2020** (164 Sections, XVI Chapter)	**Occupational Safety, Health and Working Conditions Code, 2020** (143 Sections, XIV Chapter)
1.Payment of Wages Act, 1936 2. Minimum Wages Act, 1948 3. Payment of Bonus Act, 1965 4. Equal Remuneration Act, 1976	1.Industrial Employment Standing Order Act, 1946. 2. Industrial Dispute Act 1947 3. Trade Unions Act 1926	1.Employee's Compensation Act, 1923 2. Employees' State Insurance Act, 1948 3. Employees' Provident Funds and Miscellaneous Provisions Act, 1952 4. Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959 5. Maternity Benefit Act, 1961 6. Payment of Gratuity Act, 1972 7. Cine-Workers Welfare Fund Act, 1981 8. Building and Other Construction Workers' Welfare Cess Act, 1996 9. Unorganised Workers' Social Security Act, 2008	1. Factories Act, 1948 2. Plantations Labour Act, 1951 3. Mines Act, 1952 4. Working Journalists and other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955 5. Working Journalists (Fixation of Rates of Wages) Act, 1958 6. Motor Transport Workers Act, 1961 7. Beedi and Cigar Workers (Conditions of Employment) Act, 1966 8. Contract Labour (Regulation and Abolition) Act, 1970 9. Sales Promotion Employees (Conditions of Service) Act, 1976 10. Inter-state Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 11. Cine-Workers and Cinema Theatre Workers (Regulation of Employment) Act, 1981 12. Dock Workers Safety (Safety, Health, and Welfare) Act, 1986 13. Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1966

Brief Note on the Implications of the New Wage Code (Effective 21 November 2025)

The enforcement of the **Code on Wages, 2019**, with effect from **21 November 2025**, brings several fundamental changes that will significantly impact salary structuring, statutory contributions, and employer compliance obligations across all establishments.

The Code introduces a **uniform national definition of "Wages"**, under which **Basic Wage must be a minimum of 50% of total remuneration**, resulting in higher PF, ESI, Bonus, and Gratuity liabilities where current salary structures keep Basic artificially low. Allowances such as HRA, conveyance, special allowance, incentive, attendance allowance, and overtime **cannot collectively exceed 50% of total wages**, and any excess will be added back to Basic for computation of statutory dues.

The Code standardises **minimum wages, floor wage fixation, and payment timelines**, giving wider powers to the Central Government for wage notifications. Employers must ensure compliance with **digitised wage records**, **timely disbursement**, and **formal appointment orders**, and remove ambiguous or complex allowance-heavy structures.

For contract labour and multi-contractor models, including staggered 6+6 deployment, the Code mandates uniform compliance on the basis of the new wage definition, while still allowing productivity-based payments that are **not part of statutory wages** if properly documented.

Overall, the New Wage Code enhances transparency, increases statutory outflow where wages are split unfavourably, and compels all employers to **restructure payrolls**, **reclassify allowances**, and maintain **clear-written documentation**, ensuring that the organisation remains fully compliant from the date of enforcement.

NEW WAGE CODE — 50% BASIC RULE (CORE IMPACT) Under the new definition of Wages:

Basic + DA must be at least 50% of Total Monthly Salary If it is LESS than 50%, the **difference is added back to Basic** for PF, ESI, Bonus, and Gratuity. ****2. ILLUSTRATION–1**

Component	Amount
Basic	3,000
HRA	2,000
Conveyance	1,000
Special Allowance	2,000
Total Salary	**8,000**

Test Under New Wage Code

Basic + DA = 3,000
Total Wages = 8,000

Basic % = 3,000 / 8,000 = **37.5%** (NOT compliant) Shortfall Required Basic = 50% of 8,000 = **4,000**
Shortfall = 1,000

Revised (Mandatory)

Basic must become: Rs. **4,000**

(New Wage Code Compliant Structure)**

Component	Before	After (NCW Compliant)
Basic + DA	3,000	**4,000**
HRA	2,000	1,800
Conveyance	1,000	1,000
Special Allowance	2,000	1,200
Total	8,000	**8,000**

Total cost unchanged ✓ Structure compliant

PF, ESI increase (because Basic increased)

COMPREHENSIVE BEFORE vs AFTER COMPARATIVE TABLE

New Labour Codes Including Wage Code (Effective 21 Nov 2025)

1. WAGE STRUCTURE – NEW DEFINITION OF "WAGES"

Sub-Heading	BEFORE (Current Law)	AFTER (New Wage Code 2025)	Financial Impact
Definition of Wages	No uniform definition; Basic often 20–40%	**Basic + DA = Minimum 50% of Total Wages**	**Higher PF, Bonus, Gratuity**
Allowances	No fixed limit	Allowances **cannot exceed 50% of Total Wages**	Reduction of allowances; cost shift to Basic
CTC Design	Flexible, employer-friendly	Restrictive due to 50% Basic rule	Revised CTC structure needed
Statutory applicability	Component-based	Wage-based (uniform across Acts)	Harmonized compliance

2. EPF (Provident Fund) IMPACT

Sub-Heading	BEFORE	AFTER	Financial Impact
PF Base (Wage)	Basic < 50% (often low)	Basic must be **50% minimum**	Employer PF rises by 10–30%
Allowances	Mostly excluded	Excess allowance added back to Basic	Increase in PF outflow
Flexibility	High	Low	Higher fixed cost

3. ESI IMPACT

Sub-Heading	BEFORE	AFTER	Financial Impact
Contribution Base	Gross wages ≤ 21,000	Same, BUT gross may increase due to restructuring	Slight increase if gross rises
Coverage	Clear	More employees may fall under eligibility	Additional ESI contribution

4. BONUS IMPACT

Sub-Heading	BEFORE	AFTER	Financial Impact
Bonus Calculated On	Basic + DA	Higher Basic due to 50% rule	**Increase in annual bonus outflow**
Eligibility	Limited employees under 21,000	More employees qualify	Cost increase

5. GRATUITY IMPACT

Sub-Heading	BEFORE	AFTER	Financial Impact
Formula	15/26 × Basic × YOS	Same formula, but higher Basic	**Higher long-term liability**
Coverage	Only regular workers	Fixed-term employees eligible	Additional provisioning

6. OVERTIME (Factories Act → OSH Code)

Sub-Heading	BEFORE	AFTER	Financial Impact
OT Rate	2× Basic wage	2× Basic wage (Basic is higher)	OT cost increases if OT used
Spread Over	10.5 hours	**12 hours permitted**	More flexibility, less OT risk
Shift Limits	Group-based	More liberal under OSH	Productivity gain

7. CONTRACT LABOUR (CLRA → OSH Code & SS Code)

Sub-Heading	BEFORE	AFTER	Financial Impact
Multiple PF/ESI	Allowed	Allowed (UAN/IP unified)	No change
Wages	Not uniform	Must comply with Wage Code	Uniform pay structure required
Licensing	Old CLRA	Stricter licensing & records	Contractor billing may increase

8. WORKING HOURS & SHIFTS

Sub-Heading	BEFORE	AFTER	Financial Impact
Daily Working Hours	8–9	**8 hours (same)**	No change
Maximum Spread Over	10.5 hours	**12 hours**	Permits 12-hour model
Overtime	Mandatory if beyond 9 hours	Mandatory but Basic is higher	OT cost rises unless incentive model used

9. STATUTORY REGISTERS & PAYMENTS

Sub-Heading	BEFORE	AFTER	Financial Impact
Registers	Physical allowed	**Digital mandatory**	Software, system upgrades
Wage Payment Cycle	Within 7th/10th	Same but stricter	Compliance software cost
Appointment Letters	Not mandatory everywhere	**Compulsory**	Minor admin cost

SUMMARY OF FINANCIAL IMPACT AREAS

Financial Head	Increase?	Reason
PF	**Yes**	50% Basic rule
ESI	Maybe	If gross increases
Gratuity	**Yes**	Higher Basic
Bonus	**Yes**	Higher Wages
OT	**Yes**	Higher hourly Basic
Minimum Wages	**Yes**	Floor wage adoption
Contractor Cost	**Yes**	Statutory recalculation
Compliance Risk	**Reduced**	After restructuring

10. INDUSTRIAL RELATIONS (IR Code)

Sub-Heading	BEFORE	AFTER	Financial Impact
Standing Orders Threshold	100 workers	300 workers	More flexibility for employers
Layoff/Retrenchment Rules	Rigid	Relaxed for < 300 workers	Lower risk of compensation
Trade Union Recognition	Multiple unions	Single negotiating union	Lower IR conflict cost

FINAL COST IMPACT SUMMARY TABLE

Cost Head	Before	After Wage Code 2025	Approx. Financial Impact
Basic Wage %	20–40%	**50% mandatory**	Structural shift
PF Employer Cost	Lower due to low Basic	**10–30% higher PF**	↑ Cost
ESI Employer Cost	Stable	Slight increase	↑ Mild
Bonus	Low	Increases 15–20%	↑ Cost
Gratuity	Low	Higher Basic → higher gratuity	↑ Future cost
OT Rate	Low	Higher (Basic ↑)	↑ 25–35%
Contract Labour Cost	Flexible	More uniform, higher MW	↑ 8–12%
Payroll Compliance	Physical/Manual	**Fully digital**	System cost
Working Hour Flexibility	Less	**SPREAD OVER → 12 HOURS**	Productivity ↑

A. GENERAL FAQs ON NEW LABOUR CODES (Q1–Q10)

Q1. What are the New Labour Codes? Four consolidated labour laws replacing 29 existing Acts	**Q2. When will the new Labour Codes come into effect?** Expected 21 November 2025 (as per your assumption in internal notes).
Q3. Why were the labour codes introduced? To simplify compliance, improve ease of doing business, and standardise definitions.	**Q4. Do the Labour Codes apply to all industries?** Yes, unless specifically exempted.
Q5. Are the Codes replacing all the old Acts? Yes, they subsume 29 old Acts.	**Q6. Do companies need to re-issue appointment letters?** Yes, mandatory under the new Wage Code.
Q7. What is the biggest change? Uniform definition of "Wages" (50% rule).	**Q8. Does the code apply to contract workers?** Yes, fully.
Q9. Do companies need new registers? Yes — **digital registers** become mandatory.	**Q10. Does the Code increase compliance penalties?** Yes — penalties are significantly higher.

B. CODE ON WAGES — FAQs (Q11–Q35)

Minimum Wages & Floor Wages	
Q11. What is the national floor wage? A minimum wage set by the Central Government below which no State may go	**Q12. Will minimum wages increase?** Likely yes, because they must align with the new floor wage.
Q13. Can States still fix their own Minimum Wages? Yes, but they cannot go below the floor wage.	**Q14. Will contractor wages also increase?** Yes — contractors must comply with the Wage Code.
Definition of Wages (50% Rule)	
Q15. What is the new definition of "Wages"? Basic + DA must be **50% or more** of total salary.	**Q16. What allowances are excluded from "Wages"?** HRA, OT, bonus, commission, incentives, conveyance
Q17. What if allowances exceed 50%? The excess must be **added back** to Basic for statutory calculation.	**Q18. Will this increase PF contribution?** Yes — for most employees
Q19. Will salary slip format change? Yes — must show "Wages as defined under Wage Code".	**Q20. Can employers split salary into many allowances?** No — allowed only up to 50%.
Payment of Wages	
Q21. What is the new wage payment deadline? Within 2 days of termination, and within 7 days of wage period ending.	**Q22. Is digital salary mandatory?** Not mandatory, but digital records are mandatory.
Q23. What is the OT rate under the Wage Code? 2× Wages (Basic + DA).	**Q24. Will OT cost increase?** Yes, because Basic increases to minimum 50%.
Overtime & Working Hours	
Q25. Can OT be avoided by productivity allowance? Yes — if properly structured and voluntary.	
Bonus	
Q26. Who is eligible for bonus? Employees earning up to ₹21,000/month.	**Q27. Does higher Basic increase bonus?** Yes.
Deductions	
Q28. What is the max deduction from wages? 50% of monthly wages.	
Other FAQs	
Q29. Will the definition of employer change? Simplified but holds same meaning.	**Q30. Will wage disputes go to labour court?** Yes — but with faster timelines.
Q31. Does the code apply to gig workers? Yes — special provisions exist.	**Q32. Is equal pay for equal work enforced?** Yes.
Q33. Are gratuity rules changed? No — formula same but Basic increases.	**Q34. Must salary structure be redesigned?** Yes — to comply with the 50% rule.
Q35. Can companies reduce allowances? Yes — to equalize Basic to 50%.	

C. SOCIAL SECURITY CODE — PF/ESI/Gratuity (Q36–Q60)

Provident Fund	
Q36. Will PF threshold change? Not immediately.	**Q37. Will PF amount increase?** Yes — due to higher Basic.
Q38. Can an employee opt out of PF? No — legally not permitted if eligible.	**Q39. Can Basic be capped to reduce PF?** Under Wage Code, restructuring options are limited.
Q40. Can UAN be multiple? No — one UAN per worker.	
ESI	
Q41. Will ESI coverage change? Not immediately.	**Q42. Will ESI cost increase?** Only if gross increases.
Q43. Can ESI be opted out? No — mandatory for gross ≤ Rs. 21,000.	
Gratuity	
Q44. Has gratuity formula changed? No — but Basic increases.	**Q45. Are fixed-term employees eligible for gratuity?** Yes — proportional gratuity.
Contract Workers	
Q46. Are contract workers covered under PF/ESI? Yes — contractor must deposit.	**Q47. What if contractor fails to deposit PF/ESI?** Principal employer is liable.
Q48. Can two contractors deposit PF for the same worker? Yes — allowed under UAN rules.	**Q49. Can two contractors deposit ESI for the same worker?** Yes — allowed under same IP number.
Maternity Benefit	
Q50. Any change in maternity leave under new Codes? No — remains 26 weeks.	
Others	
Q51. Will social security apply to gig/platform workers? Yes — with separate schemes.	**Q52. Will PF apply to all employees?** Universal coverage is proposed.
Q53. Are death benefits affected? No — still governed by EDLI/PF.	**Q54. Are apprentices covered?** No — apprentices remain exempt.
Q55. Can PF be deducted on incentives? No — only on wages (Basic + DA).	**Q56. Will company medical benefits change?** Not under Wage Code.
Q57. Will statutory forms change? Yes — new formats under Social Security Code.	**Q58. Will monthly ECR continue?** Yes — but formats may change.
Q59. Will workers get combined social security number? Yes — integrated with UAN/IP	**Q60. Will SS Code reduce compliance burden?** Yes — centralised returns.

D. OSH CODE — WORK HOURS, CONDITIONS, SAFETY (Q61–Q80)

Working Hours	
Q61. What is the daily work limit? 8 hours of actual work.	**Q62. What is the maximum spread-over?** **12 hours** (biggest change).
Q63. Can 4-day week be introduced? Yes — with 12 hours/day.	**Q64. Is weekly OT limit increased?** States may allow flexible OT hours.
Shift System & 12-Hour Model	
Q65. Can companies introduce 12-hour shifts? Yes — if weekly hours and spread-over are maintained	**Q66. Is OT mandatory beyond 8 hours?** Yes — unless additional hours are incentives.
Q67. Can 6+6 dual contractor system run? Yes — with strict documentation.	**Q68. Is 12-hour model safe legally?** Yes — under OSH Code with proper structure.
Welfare Facilities	
Q69. Are crèches mandatory? Yes — >50 workers.	**Q70. Are canteen rules changed?** Yes — more flexible.
Q71. Are first-aid rules changed? More detailed under OSH Code.	
Migrant Workers	
Q72. Are interstate migrant workers covered? Yes — with simplified registration.	**Q73. Are digital passbooks required?** Yes.
Contractor Licensing	
Q74. Are contractor license conditions changed? Yes — more stringent.	**Q75. Is a single licence available?** Yes — national license option
Accommodation	
Q76. Is accommodation mandatory? Only for specific categories.	
Safety	
Q77. Does safety training become compulsory? Yes.	**Q78. Are penalties increased?** Yes — significantly.
Q79. Can factories be closed for violations? Yes — for serious safety breaches.	**Q80. Are women allowed in night shifts?** Yes — with safety measures.

E. INDUSTRIAL RELATIONS CODE — IR, TRADE UNIONS (Q81–Q100)

Trade Unions	
Q81. How many unions can exist? Multiple.	**Q82. What is a negotiating union?** A union with 51% membership.
Hire & Fire Rules	
Q83. Has the retrenchment threshold increased? Yes — from 100 to **300 workers**.	**Q84. Does this make downsizing easier?** Yes — for establishments up to 300.
Q85. Does automatic permission apply? Yes — for <300.	
Fixed-term Employment	
Q86. Is fixed-term employment legal? Yes — fully recognised.	**Q87. Are fixed-term employees eligible for gratuity?** Yes — proportional.
Strikes & Lockouts	
Q88. Is strike notice mandatory? Yes — 14 days' notice.	**Q89. Can instant strikes be done?** No — illegal.
Q90. Are illegal strikes penalised? Yes — new penalties introduced	
Dispute Resolution	
Q91. Are labour courts changed? Re-organised.	**Q92. Are timelines faster?** Yes — strict deadlines.
Standing Orders	
Q93. Standing orders applicable to whom? Establishments with **300+ workers**.	**Q94. Has this threshold increased?** Yes — from 100 to 300.
Employer Expediency	
Q95. Can employers change shift rules faster? Yes — more flexibility.	**Q96. Can companies hire fixed-term workers for seasonal load?** Yes.
Records & Registers	
Q97. Are electronic records mandatory? Yes.	**Q98. Are inspections digitised?** Yes — risk-based inspections.
Penalties	
Q99. Have penalties increased? Yes — significantly.	**Q100. Can officers be personally liable?** Yes — designated officers can be penalised.

Wage related Illustration:

EPF - ASSUMPTION FOR CALCULATION

To illustrate the impact clearly, let us assume the following:

- Average employee monthly CTC = **Rs.1,00,000**
- Current Basic = 40% = **Rs. 40,000**
- New Basic = 50% = **Rs. 50,000**
- EPF contribution = **12% employer share**, without ceiling

EPF IMPACT (MOST SIGNIFICANT)

BEFORE	AFTER (New Basic = Rs.50,000)	INCREASE	YEARLY COST IMPACT
Basic = Rs.40,000 Employer PF (12%) = Rs.4,800 per employee	Employer PF (12%) = Rs 6,000 per employee	Difference = Rs.1,200 per employee per month	Rs. 1,200 × 12 months × 30,000 employees = **Rs. 432,00,00,000 (Rs.432 crores per year)**

GRATUITY IMPACT

Gratuity = 15/26 × Basic × years of service

BEFORE	AFTER (New Basic = Rs.50,000)	INCREASE
Basic = 40,000 Per-year gratuity accrual = (15/26 × 40,000) = Rs. 23,076 per year per employee	Basic = 50,000 Per-year gratuity accrual = (15/26 × 50,000) = Rs. 28,846 per year per employee	= Rs.5,770 per employee per year For 30,000 employees = **Rs.17.31 crores per year additional liability**

LEAVE ENCASHMENT IMPACT

Leave encashment is also based on **Basic + DA**

BEFORE	AFTER (New Basic = Rs.50,000)
Monthly Basic = Rs.40,000 Daily = Rs.40,000/30 = Rs. 1,333	Monthly Basic = Rs.50,000 Daily = Rs.50,000/30 = Rs.1,666 Increase per leave encashed = **Rs.333 per day**

BONUS IMPACT

No impact because:

- Software sector salaries > Rs.21,000
- Variable pay/bonus is performance-based, not statutory bonus

Statutory Bonus (Payment of Bonus Act) **does NOT apply**.

ESI IMPACT No impact because: Generally, the employees earn > Rs21,000 per month

7. OVERTIME IMPACT – NO (Generally no overtime)

9. CONTRACT LABOUR IMPACT (IT Infra / Facilities / Security)

Though core software employees are safe, the following groups will be impacted:

- Housekeeping
- Security
- Cafeteria
- Transport staff
- Contract IT support
- Data centre operations

Their Basic will also need to be 50% → PF increases.

10. ADDITIONAL INDIRECT COSTS

Area	Impact
Higher Payroll Tax Cost	PF exemption under 80C gets used up
Actuarial Valuation Cost	Higher gratuity provisioning
HR System Changes	Payroll, CTC templates, Offer letters
Budgeting Impact	Hiring cost per head increases
Vendor Billing Rates	Contractors will revise rates upward

WITH REGARD TO EPF

1. The Wage Code mandates "50% wages" only for the definition of Wages.

It does NOT mandate PF on full Basic. The Wage Code simply defines "Wages".
It does **NOT supersede the EPF Act**.

2. EPF Act continues to allow employer PF restriction to the statutory ceiling.

As per: **EPF Scheme 1952 – Para 26A(2)** Employer can restrict PF contributions to a **wage ceiling**, currently **Rs. 15,000**.

EPFO Circular (Nov 2008 & reiterated 2014) - Once chosen, employer may legally restrict PF to the wage ceiling. Court decisions such as **Marathwada Gramin Bank**, **Manipal Academy case**. Therefore, even if employee's Basic = Rs. 50,000, Employer PF = **12% of Rs.15,000 only** = **Rs. 1,800**.

FINAL LEGAL POSITION SUMMARY (EPF)

Action	Wage Code	EPF Act	Legal Status
Increase Basic to 50%	Mandatory	Neutral	✓ Required
Restrict PF to Rs.15,000	Allowed	Para 26A	✓ Fully legal
Allow VPF	Allowed	EPF Scheme	✓ Fully legal
Keep Basic at 40%	Not allowed	—	✗ Violates Wage Code
PF on full Basic	Allowed	Allowed	✓ Optional but costly

Based on the combined reading of the New Wage Code, the Social Security Code, and the EPF Act, it is legally permissible for the company to revise Basic Wages to 50% of the total gross in line with the statutory definition of "Wages" while simultaneously restricting the employer's provident fund liability to the statutory wage ceiling of Rs.15,000 as permitted under Paragraph 26A of the EPF Scheme, 1952. Any contribution beyond the statutory limit may be validly treated as purely voluntary PF at the discretion of the employee without attracting a matching employer contribution. This approach ensures full compliance with both enactments without financial burden on the employer.

WHAT BIG FIVE SAY ON THIS (FROM THE PUBLISHED MATERIALS)

Adviser	Headline summary (what they emphasise)	Practical employer action they recommend
EY (India)	▸ Implementation is a major consolidation: four codes replace 29 laws. ▸ Focus: **uniform definition of wages**, widened social security, digital records and quicker enforcement. Advises urgent payroll & HR changes.	▸ Rework salary templates (make Basic ≥ 50% where required). ▸ Upgrade payroll systems, digitise registers. ▸ Re-negotiate contractor rates and model PF/ESIC impacts. ▸ Prepare inspector-ready files.
KPMG (India)	▸ Highlights harmonisation, widening social security coverage and operational impacts (PF/ESI, gratuity). Notes states' rules and transitional issues; urges scenario planning.	▸ Run scenario modelling (PF, gratuity, bonus). ▸ Update vendor contracts and budgeting for higher statutory costs. ▸ Engage with state rule drafts.
PwC (India)	▸ Alerts focus on compliance timelines, HR record changes and strategic workforce implications (classification, fixed-term, gig workers). ▸ Emphasises communication & tax/payroll alignment.	▸ Redesign offers and appointment letters; implement digital payroll controls. ▸ Communicate CTC changes and options (VPF etc.) to employees. ▸ Revisit vendor costs and outsourcing models.
Deloitte	▸ Advises treating the reform as both regulatory and operational — need for integrated HR-tech, time-tracking, and risk-based compliance. Focus on technology enablement & change management.	▸ Deploy/upgrade HCM and time-tracking modules before roll-out. ▸ Plan training for managers & IR teams; run pilot implementation. ▸ Align payroll, statutory reporting and HRIS.
BDO / mid-tier advisors	▸ Practical compliance checklists: which provisions are live, transitional steps, and immediate filings. Useful for MSMEs and mid-sized corporates.	▸ Use checklist approach: mandatory appointment letters, digital registers, wage reclassification. ▸ Immediate contractor audit and wages reconciliation.
KHAITAN & Co (law firm)	▸ Legal primer: which provisions are in force, how rules & state notifications layer on, and inspection/penalty risks. Advises legal-risk mapping and immediate policy redrafts.	▸ Prepare legal memos for Board & IR teams; update Standing Orders & contractor agreements. ▸ Keep an "inspection defence" pack ready.
Government (Ministry)	▸ Official position: codes brought into effect 21 Nov 2025; aims are simplification, expanded social security and worker protection. States will frame many implementation rules.	▸ Track state-level rules and notifications continuously; central notification is first step. • Coordinate with legal/HR for compliance across states.

MANAGEMENT & LEADERSHIP LEVEL FAQs. @ Industry level Overview (Additional for broader reference)

A. GENERAL & SCOPE (Q1–Q10)

Q1. What are the "New Labour Codes"?
A1. Four consolidated codes — Code on Wages, Social Security Code, Occupational Safety, Health & Working Conditions (OSH) Code, and Industrial Relations Code — replacing many older labour laws to simplify and harmonise labour regulation.

Q2. What is the effective date we are using for planning?
A2. Your organisation's assumed effective date is **21 November 2025**; firms advise treating that as the target for all compliance and systems work.

Q3. Who must comply with the Codes?
A3. All employers and establishments unless specifically exempted by rules — public, private, contract labour, gig/platform workers (with certain separate provisions).

Q4. What immediate steps do consultancies recommend on notification?
A4. Track central & state notifications, set up a cross-functional task force (HR, Legal, Finance, Payroll, IT) and begin payroll-impact modelling immediately.

Q5. Is there a transition or grandfathering period?
A5. Some rules may have transitional provisions, but consulting firms advise earliest possible compliance planning because states issue rules at different times.

Q6. Will penalties increase?
A6. Yes — the Codes tighten penalties and introduce more robust enforcement and digital inspection frameworks; prepare inspection-ready files.

Q7. Should we reframe employment contracts now?
A7. Yes — standardise appointment letters, update offer templates and contractor agreements to reflect new definitions and obligations.

Q8. Do these codes affect outsourcing/contractor models?
A8. Yes — principal employer liability is emphasised; contractors must be audited and wage payments reconciled.

Q9. Are digital records mandatory?
A9. Most advisors say digital registers and time-tracking will be required; upgrade payroll/HCM systems.

Q10. What's the single biggest payroll change?
A10. Uniform definition of "Wages" (Basic + DA at least 50% of total wages) — this drives PF, gratuity, bonus and OT impacts.

B. WAGE CODE – BASIC/ALLOWANCES/COMPLIANCE (Q11–Q30)

Q11. What is the 50% rule?

A11. Basic + DA must be at least **50% of total wages**; if not, the difference will be added back to Basic for statutory calculations.

Q12. Do allowances now have a cap?

A12. Practically yes — allowances cannot collectively reduce Basic below 50% of total wages.

Q13. Is the employer allowed to keep CTC unchanged while complying?

A13. Yes — by rebalancing components (increase Basic to 50%, reduce discretionary allowances) the total cost can remain the same, though statutory outflows like PF may rise.

Q14. Must salary slips show the new definition?

A14. Yes — firms recommend explicit wage-code fields in salary slips (Basic, DA, wages as per code, statutory deductions).

Q15. Will the wage code change overtime calculations?

A15. OT remains typically 2× the hourly wage; since Basic may rise, OT unit rate will increase proportionally.

Q16. Can companies keep Basic at current levels to avoid PF increase?

A16. No — post-Wage Code Basic should be 50%; retaining artificially low Basic risks legal challenge.

Q17. Can allowances be reclassified to avoid PF?

A17. No — if allowances are universal and necessary, courts/EPFO may include them in PF wages. Firms recommend transparent reclassification, not circumvention.

Q18. How should contractors be paid under the new wage definition?

A18. Contractors must pay at least the minimum wages defined by the code and your contracts should be updated to reflect the wage reclassification.

Q19. Will minimum wages be harmonised nationally?

A19. The Code allows a national floor wage; states still notify rates but cannot go below the floor.

Q20. What is the immediate payroll tech change recommended?

A20. Add fields for "Wages as per Code", automated reallocation logic (if Basic <50%), and reports for statutory computations.

Q21. How should employee communications be handled?

A21. Transparent communications: explain rebalancing, net take-home effect, voluntary PF options and show illustrative models.

Q22. How to treat variable pay elements?

A22. Distinguish between universal fixed allowances (may be treated as wages) and true performance incentives (which can be kept non-wage with careful design).

Q23. Do bonus and gratuity base change?

A23. Yes — bonus/gratuity bases often depend on basic/wages; higher Basic will increase liabilities.

Q24. Can employers mandate employee acceptance of new structure?

A24. Employers can revise pay structure subject to employment law and consultation (especially where collective agreements exist); major firms advise structured communications and, if needed, negotiations.

Q25. Will statutory deductions apply to increased Basic?
A25. Yes — PF/ESI/other statutory dues computed on wages as defined will increase unless employer invokes EPFO ceiling or uses lawful alternatives (VPF).

Q26. Can we split Basic into two parts to avoid PF?
A26. No — avoid artificial splits; risk of adverse EPFO/inspection outcome.

Q27. Are gig workers covered by Wage Code?
A27. Yes — the Code includes provisions for platform/gig workers; firms advise separate policy frameworks.

Q28. Should allowances like conveyance be fixed or performance-based?
A28. If you want them excluded from wage base, make them non-universal, variable or performance-linked as per legal advice.

Q29. Will states create different rules?
A29. Yes — states may have their own detailed rules and notifications. Monitor state updates.

Q30. What's the quick remediation for legacy systems?
A30. Run parallel payroll models for a 3–6-month period, simulate statutory flows and prepare budgets.

C. SOCIAL SECURITY & EPF/ESI (Q31–Q50)

Q31. Will EPF contributions increase across the board?
A31. Likely yes in absolute terms because Basic increases; however, employers can compute employer PF on the statutory ceiling (subject to EPF rules) to manage cost.

Q32. Can employer apply statutory PF ceiling while Basic is higher?
A32. Yes — employers commonly apply PF contributions up to statutory wage ceiling (as per EPF rules). Major firms advise documenting policy and obtaining employee consent for VPF if employees want higher savings.

Q33. What happens to employee PF balances when multiple employers contribute?
A33. EPFO consolidates multiple contributions under one UAN, contributions for multi-employment aggregate.

Q34. How does the Social Security Code change employer obligations?
A34. The Code expands coverage (including gig/fixed term) and aims for centralised social security; employers must prepare for broader compliance and potential higher outflow.

Q35. Will gratuity liability rise?
A35. Yes — higher Basic increases gratuity accruals.

Q36. Is ESIC impacted for high-paid employees?
A36. ESIC applies only to wages up to threshold (~₹21,000); software employees may not be covered, but contract/blue-collar staff will be affected.

Q37. Can part of pay be converted to employer-paid benefits to manage PF/ESI impact?
A37. Benefits (medical insurance, meal vouchers, mobility benefits) can be enhanced but avoid classifying regular payments as benefits to evade statutory liability.

Q38. How should contractors handle PF/ESI post–Wage Code?
A38. Update contractor costings, ensure contractor compliance certificates, conduct audits and pass through higher vendor costs where needed.

Q39. Any tech recommendations for PF/ESI compliance?
A39. Integrate payroll with EPFO/ESIC e-filing, maintain reconciliations, and pre-populate inspection packs.

Q40. How to handle legacy arrears if code is applied retrospectively?
A40. Most firms note Code implementation is prospective; however, check state notifications and legal advisories — be prepared for queries and build provisions for risk if needed.

Q41. Can employees be encouraged to contribute VPF to maintain savings rate?
A41. Yes — employers can offer VPF options; firms advise clear communication on tax and liquidity effects.

Q42. Does the social security code change employer contribution rates?
A42. The general contribution rates under EPF/ESI remain as per the underlying statutes until fresh rules are issued; main change is base/wage definition.

Q43. Will employer overheads for contractors (PF pass-through) rise?
A43. Yes — contractors will raise bills to reflect higher PF/ESI and employers must plan budgeting accordingly.

Q44. Does the Social Security Code allow pooling/unified returns?
A44. The Code aims for centralised returns and simplified contributions; firms recommend early integration planning.

Q45. How to manage multi-employer scenarios for PF/ESI?
A45. Keep accurate daily muster, separate wage registers, contractor declarations, and supporting PF/ESI challans for each engagement.

Q46. What about PF on performance incentives?
A46. If incentives are universal and mandatory, EPFO may treat them as PF Wages; design incentives to be non-universal and output-linked if the intent is to exclude them.

Q47. Should employers prepay or accrue increased PF cost?
A47. Yes — CFOs should plan for near-term increase and reforecast monthly cashflows.

Q48. How will the Code affect tax reporting?
A48. Increased Basic may change tax-shelter dynamics (PF deduction caps, taxability of allowances); coordinate payroll and tax teams.

Q49. What controls do consultancies recommend for contractor payrolls?
A49. Quarterly audits, certifications, reconciliation schedules, and termination escrows for statutory liabilities.

Q50. Will EPF/ESI filings become more frequent or detailed?
A50. Expect more detailed electronic returns and reconciliations; invest in automation.

D. OCCUPATIONAL SAFETY & WORKING HOURS (OSH CODE) (Q51–Q70)

Q51. What is the change to spread-over/working hours?

A51. The OSH Code allows more flexible arrangements including a wider permissible spread-over (practical guidance varies by notification); consultancies stress checking state rules.

Q52. Can companies adopt 12-hour shifts?

A52. Yes — subject to spread-over and weekly working hours rules; firms advise designing roster and rest-break policies carefully.

Q53. Does the 12-hour model eliminate OT?

A53. No — OT liability depends on legal hours and wage definitions; productivity-based pay can be used to manage OT exposure.

Q54. Are employers required to provide more welfare facilities?

A54. Yes — enhanced welfare, creche, rest areas, sanitisation and safety training are emphasised.

Q55. Do consultancies recommend time-tracking systems?

A55. Strongly — accurate biometric/time solutions and shift management modules are recommended for traceability.

Q56. How to design 6+6 contractor models compliantly?

A56. Maintain separate muster registers, documented breaks, separate contractor licences, worker consent and robust audit trails; consultancies caution on inspector risk and recommend robust documentation.

Q57. What about women and night shifts?

A57. Women can be employed in night shifts provided safe transport, security and welfare measures are in place.

Q58. Will safety training be mandatory?

A58. Yes — training and records will be required; firms recommend digital training logs and refresher programs.

Q59. Do occupier obligations increase?

A59. Yes — principal occupier responsibilities are expanded, making compliance oversight essential.

Q60. How to prepare for OSH inspections?

A60. Maintain a digital inspection pack: risk assessments, incident logs, training records, PPE inventory and contractor competency certificates.

E. INDUSTRIAL RELATIONS & FIXED-TERM EMPLOYMENT (Q71–Q85)

Q71. Has the threshold for standing orders changed?

A71. Yes — thresholds may change (consult state notifications). Many advisories note thresholds for retrenchment and standing orders increased to ease operations.

Q72. Are fixed-term employees permitted?

A72. Yes — fixed-term employment is recognised, and firms recommend templates and policies for parity of benefits.

Q73. How does the IR Code affect retrenchment?
A73. It eases process for certain size establishments, but consultancies caution to follow state-specific rules and maintain documentation.

Q74. Are unions affected?
A74. The Code streamlines recognition and negotiation rules; employers should update IR strategies and negotiation protocols.

Q75. Is strike/lockout law changed?
A75. Stricter procedural requirements and notice periods are provided; firms recommend updating negotiation playbooks.

Q76. How to manage employee communication during transition?
A76. Transparent communication, town-hall Q&As, and illustrative before/after pay comparisons reduce resistance.

Q77. Should fixed-term employees be on par for benefits?
A77. Legally firms recommend parity for specified benefits such as leave and social security contributions.

Q78. How to manage workforce rationalisation?
A78. Use data-driven IR strategy, legal counsel, and documented business justification for restructuring.

Q79. Will settlement and severance rules change?
A79. Possibly — consult local counsel for retrenchment rules under new Code.

Q80. How to update standing orders?
A80. Update to reflect new definitions, fixed-term employment, disciplinary procedures and grievance redressal clauses.

F. PAYROLL TECHNOLOGY & OPERATIONAL CONTROLS (Q86–Q95)

Q86. What immediate payroll tech upgrades are recommended?
A86. HCM upgrades for wage-code fields, time and attendance integration, e-filing automation and inspector-report generation.

Q87. Are digital payslips mandatory?
A87. Digital records are encouraged/mandated; ensure secure storage and retention policies.

Q88. What controls reduce inspection risk?
A88. Daily reconciliations, separate contractor registers, proof of breaks, PF/ESI challan evidence and HR attestations for payments.

Q89. Should migration to cloud payroll be accelerated?
A89. Many advisors recommend cloud HCM to enable frequent updates and central reporting.

Q90. What internal audit routines should be implemented?
A90. Quarterly statutory audits, payroll reconciliations and contractor compliance audits.

Q91. How to maintain inspection packs?
A91. Single digital folder per site: licence copies, muster, wage registers, PF/ESI receipts, standing orders, appointment letters.

Q92. How to handle cross-state operations?
A92. Central policy + state annexures; local law change trackers and one compliance owner per state.

Q93. How to test the new payroll before go-live?
A93. Parallel payroll runs for 3 months with scenario testing (best/worst/neutral) and stakeholder approvals.

Q94. Do consultancies propose outsourcing payroll?
A94. Some recommend third-party payroll specialists if internal capability is weak, but with robust SLAs and audit rights.

Q95. What KPIs should CFO/CHRO track?
A95. PF outflow, gross-to-basic ratio, contractor cost variance, inspection non-conformities, and payroll reconciliation exception rate.

G. COMMUNICATION, TRAINING & IMPLEMENTATION (Q96–Q100)

Q96. How to communicate changes to employees?
A96. Multi-stage comms: (1) Notice of change, (2) FAQs and examples, (3) one-on-one for impacted staff, (4) offer alternative options (VPF).

Q97. What training is required?
A97. Payroll, HRBP, managers, and site-leads on new definitions, muster handling, inspection defence, contractor management and grievance handling.

Q98. How long is realistic implementation?
A98. Firms advise 3–9 months depending on payroll complexity, with priority on payroll modelling and contractor audit in the first 90 days.

Q99. Should the Board be engaged?
A99. Yes — prepare an executive summary on financial impact, risk mitigation and timeline for board approval.

Q100. What is the single most important compliance control?
A100. Accurate, auditable, and digital wage & attendance records mapped to the new wage definition and statutory returns.

Q&A-Style Comparison Chart — Major Advisory Firms on the New Labour Codes

FAQ Question	EY	PwC	Deloitte	KPMG	BDO (Mid-tier)	Khaitan & Co (Law Firm)
1. What is the single biggest impact of the Labour Codes?	Uniform wage definition → PF, gratuity, bonus impact	Reclassification of wages & digital compliance	HR-tech + payroll overhaul	Broader social security obligations	Minimum wage alignment & contractor compliance	Legal redefinition of "wages" & statutory exposure
2. Should Basic be made 50%?	Yes – immediate payroll restructuring needed	Yes – redesign CTC templates	Yes – HR/payroll must reconfigure	Yes – run modelling	Yes	Yes – legally mandatory under Code
3. Will PF outflow increase?	High probability unless PF ceiling used	Yes; restructure PF policies	Yes; PF without ceiling = huge impact	Yes; prepare budget	Yes	Legally possible to restrict employer PF to statutory ceiling
4. Can employer restrict PF to ₹15,000 ceiling?	Yes – allowed under EPF rules	Yes – but communicate clearly	Yes – document in policy	Yes – many clients adopt this	Yes	Yes – Para 26A legally supports it
5. How should allowances be handled?	Allowances cannot exceed 50% wages	Re-examine tax & payroll impacts	Re-engineer allowance design	Redefine "special allowances"	Make allowances variable	Courts may include universal allowances as wages
6. What about contractors?	Rework contracts, audit compliance	Strengthen contractor billing checks	Tight vendor controls & SLAs	Cost modelling with contractors	Compliance checklist approach	Principal employer is liable; formalise agreements
7. What payroll-system changes are required?	Add fields for Code definition, automate checks	Align CTC, tax, payroll systems	Upgrade HRIS & time tracking	Update ERP/payroll	Digitise all registers	Ensure legal registers comply with new formats

FAQ Question	EY	PwC	Deloitte	KPMG	BDO (Mid-tier)	Khaitan & Co (Law Firm)
8. How should companies prepare for inspections?	Maintain digital inspection kits	Keep documented compliance trails	Automated evidence & audit trails	Reconciliation statements	Register maintenance	Legally defensible documentation
9. Impact on gratuity?	Liability increases due to wage formula	Recalculate actuarial liability	Update actuarial models	Provision for impact	Recompute	Mandatory increase with Basic
10. Does the Code increase compliance burden?	Streamlined but stricter	More digital obligations	Integrated reporting increased	Transitional complexity	Operational documentation	Increased penalties and prosecution risk
11. How should fixed term/gig workers be treated?	Include under social security	Update policies for fixed term	HR-tech adjustments	Identify workforce categories	Ensure documentation	Legal parity required for fixed-term workers
12. Is 12-hour shift model allowed?	Possible under new spread-over if state rules permit	Yes, with conditions	Needs strong rostering systems	Must track compliance limits	Use compliant schedules	Check state OSH rules; ensure breaks & safety
13. Should employment letters be revised?	Yes — mandatory	Yes	Yes, plus digital formats	Yes	Standardised templates recommended	Legally mandatory — include wage code definition
14. Should employers' issue new HR circulars?	Yes – communicate wage changes	Yes – with sample illustrations	Yes – ensure change management	Yes – clarity essential	Provide simple templates	Legally required for transparency
15. What is the implementation timeline?	Begin immediately	Phased approach	3–6 months for HR-tech	Early modelling	Quick compliance scan	Dependent on state notifications

FAQ Question	EY	PwC	Deloitte	KPMG	BDO (Mid-tier)	Khaitan & Co (Law Firm)
16. What are the strategic priorities?	Wage restructuring + tech + contractor audit	Communication + taxation alignment	HRIS modernisation + process redesign	Scenario modelling + budgeting	Practical compliance	Legal-risk mapping
17. Is CTC allowed to remain the same?	Yes with internal reshuffling	Yes with transparent communication	Yes through HRIS changes	Yes with scenario runs	Yes	Legally permissible if wages meet % rules
18. Will minimum wage change?	Floor wage → state wages may rise	Evaluate state-wise impact	Monitor rules	Follow notifications	Key compliance risk	Legal obligation under Wage Code
19. Should companies run payroll simulations?	Yes – at least 3 scenarios	Yes – before employee announcement	Yes – HR-tech driven	Yes – financial modelling	Recommended	Legally prudent to avoid payroll errors
20. What is the final compliance advice?	Prepare early; expect audits	Redesign CTC and communicate	Integrate HR-tech & compliance	Build models and vendor controls	Maintain statutory registers	Contact their officials

Regional Compliance firms – Comparative Chart:

ACT / SUBJECT	Karma Technical Guide (Practical)	Khaitan Legal Primer (Legal)	GSS Slide Brief Advisory	Financial Impact (Cross-View)
CODE ON WAGES	Detailed forms (I–VII), T+2 FnF, unified wage definition, register formats, violation penalties, digital compliance, national floor wage, overtime rate clarity.	Specifies notified sections; judicial interpretation; “50% rule” treated as *for computation* where allowances exceed 50%; dependent on state rules, not automatically self-executing; warns against premature restructuring.	Clear slide: new wage definition (Basic+DA 50%), minimum wage vs floor wage, universal applicability, deduction rules & timelines.	PF increases (unless PF ceiling applied); Gratuity up (higher Basic); OT rate doubles on higher basic; Bonus base expands; minimum wage increases under new floor wage may push salaries UP.
Social Security Code (EPF / ESI / Gratuity / Gig)	Expanded coverage (gig/platform/fixed-term), unified registration, digital ECR, PF/ESI workflow, returns integration, gratuity eligibility for FT staff, contribution matrices.	Notes employer liability; contribution rules depend on scheme notification; warns on contractor vs PE responsibility; gratuity expansion is binding.	Highlights EPF/ESI extended coverage; aggregator contributions; HRA exclusion → PF base increases; gratuity entitlement for FT employees.	Statutory costs expand — PF, ESI, Gratuity; Contractor billing increases due to higher PF/ESI; Actuarial liabilities rise sharply; gig-worker compliance cost (if applicable).
Industrial Relations Code (Standing Orders, Union, Retrenchment)	Threshold 300 for SO; model SO templates; grievance committee; reskilling fund; retrenchment process; compliance checklist.	Clarifies legal position on notice, retrenchment calculation (wage-based), appeal pathways, model SO legal status.	Focus on fixed-term employment, union rules, 14-day strike notice, thresholds, SO updates, worker committees.	Retrenchment compensation increases (because based on “wages”); Settlement cost rises; Management flexibility increases, lowering long-term cost; need for legal budgets for SO creation & IR training.
OSH Code (Factories, Shops, Safety, Hours, Welfare)	Spread-over, daily registers, accident logs, safety committees, medical checkups, welfare facilities, shift	Warns on contract labour prohibition for “core activities”; state-level distinction; registration	Slide notes: safety provisions strengthened; women night shifts; single licence for multi-state;	Compliance infra cost up (safety equipment, medical checks); Statutory penalties higher; Roster changes may reduce OT but

ACT / SUBJECT	Karma Technical Guide (Practical)	Khaitan Legal Primer (Legal)	GSS Slide Brief Advisory	Financial Impact (Cross-View)
	scheduling & night-shift procedures, compliance forms.	thresholds; inspector powers.	penalties increased.	increase admin cost; Factory licence consolidation offers savings.
Minimum Wages / Floor Wage Impact	Central floor wage → states must comply; practical risk for contractors; wage register formats.	Notes floor wage is enabling section; actual impact triggered only when notified by Centre.	Slide summary emphasises strong probability of floor wage raising state wages.	Increased base cost nationally; vendor renegotiation; bottom-of-pyramid salary push.
Wage Payment & Deductions	FnF within 2 days; digital payslip; register audit; limits on deductions; monthly & weekly timelines.	Legality of timelines once state rules come; deduction limits are binding; disputes must follow legal process.	Slides highlight updated payment/deduction provisions for ALL employees.	Faster FnF → HR workload cost; payroll acceleration; non-compliance → penalties.
Contract Labour (CLRA link) / PE Liability	Strong vendor audit module; statutory registers; PF/ESI verification; declarations.	PE liable where contractor defaults; core activity restrictions; licence and muster audits.	Emphasis on statutory registers & PF/ESI obligations; service provider cost escalation.	Contractor cost inflation (PF/ESI); PE must budget higher service-charge; audit cost + compliance risk.
Forms, Registers, Digital Records	Forms I–VII; digital wage slips; attendance & muster; accident registers; inspection kits; sample templates.	Legal POV: proper maintenance crucial; penalties severe for falsification; state rules vary.	Slide: digital record-keeping central to compliance.	HRIS modernization cost; audit readiness cost; e-governance savings long-term.
Implementation Strategy	Create taskforce; parallel payroll; HRIS upgrades; contractor onboarding; training.	Two-track approach (policy alignment + wait for schemes); legal memos; risk mapping.	Quick compliance scan; gap analysis; change management training.	Project cost for payroll/HRIS/Legal; mitigation through PF ceiling & allowance redesign.

Financial Impact – Consolidated Table

Financial Head	What changes under the Codes?	Why cost increases?	Mitigation (from briefs)
Provident Fund (EPF)	PF base = "wages" (Basic+DA); exclusion limit 50%	Basic typically increases → PF per person increases → huge cost spike for large companies	Apply **statutory PF ceiling** (Rs.15,000) + give VPF *optional*
Gratuity	Based on new "wages"	Higher basic → higher accrual / actuarial cost	Rebalance CTC; model liabilities annually
ESI	ESI applies until Rs. 21k; reclassification changes ESIC base	More employees may cross eligibility; allowances now included	Vendor restructuring; wage calibration
Minimum Wage	Floor wage forces upward corrections	Low-band workers' salaries rise → contractor billing ↑	Phased absorption; renegotiate service charges
Overtime	OT = 2× ordinary "wage" per hour	Higher Basic → higher hourly OT cost	Use productivity incentives instead of OT
Contractor Cost	PE liable for non-compliance	Contractor PF/ESI, MW → billing ↑	Master Service Agreement revision; audit
Payroll/HRIS	Digital registers, Forms, inspector dashboards	Systems upgrade mandatory	One-time CAPEX with multi-site roll-out

Navigating the Way Ahead with Prudence

This document represents a comprehensive and consolidated interpretation of the New Labour Codes, integrating the substantive provisions of the Acts, relevant notified sections, and the practical and legal insights published by the Big Four consulting firms and other established labour-law advisory bodies. The analysis has been prepared with due diligence and care, based on currently available statutory text, draft rules, and expert commentary.

However, it must be recognised that several key operational aspects—particularly those linked to state-specific rules, scheme notifications under the Social Security Code, and procedural details under the Wage, OSH, and Industrial Relations Codes—are still awaited from the respective authorities. Consequently, certain interpretations may require refinement once final notifications, schedules, and compliance formats are officially released.

A noteworthy structural observation is that the Codes do not explicitly refer to the traditional "Labour Court" framework in the manner it existed under earlier labour legislations. It is widely expected that adjudication, appeal mechanisms, and dispute-resolution structures will undergo reorganisation under the new legislative architecture, with streamlined authorities, designated officers, appellate bodies, and digital governance platforms replacing older institutional terminology. As these mechanisms are formally notified, organisations will need to realign their grievance, disciplinary, and dispute-handling processes accordingly.

In summary, this version serves as the most complete and authoritative interpretation possible at this stage, pending further clarity from the Central and State Governments. Continuous monitoring of notifications, amendments, and implementation guidelines will be essential to ensure full and accurate compliance when the Codes are brought into enforced operation.

Conclusion

India has awaited the operationalisation of a harmonised, transparent, and contemporary labour compliance regime for several decades. The Ministry of Labour and Employment has now issued a notification effecting the implementation of the consolidated Labour Codes with effect from 21 November 2025. Pursuant to this notification, it is incumbent upon employers to undertake an immediate and comprehensive assessment of their compensation architecture to mitigate the foreseeable escalation in employee-related liabilities reflected in the balance sheet.

The revised statutory definition of *"Wages"* under the Labour Codes represents a material departure from the existing regime and is expected to result in increased employer financial exposure, primarily due to the broadened base for calculation of social security contributions and other mandatory outflows. This change is set to have significant implications across the economic spectrum, including the IT/ITES, Services, Manufacturing, Logistics, E-Commerce, and ancillary sectors.

As labour is enumerated under the Concurrent List (List III) of the Constitution of India, the enforceability and uniformity of the new Labour Codes will require concerted legislative and administrative action by State Governments. The true consolidation and standardisation of India's labour law framework shall therefore depend on the expeditious publication and notification of State-specific rules in conformity with the Central Codes.

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V & M ASSOCIATES
(Advocate & Solicitors)

No.13/7, First Floor, 4th Main Road,
Officers Colony, Adampakkam, Chennai 600 088.

Mobile: 9940082347
Email: www.vmlegalassociates.com