

A Comprehensive Legal Analysis of India's New Labour Codes: Implications for Contract, Temporary, and Flexible Workforces

Dr D Srujana

Principal,

ALC

India's announcement and enactment of its four New Labour Codes—the Code on Wages (2019), the Industrial Relations Code (2020), the Code on Social Security (2020), and the Occupational Safety, Health and Working Conditions Code (2020)—mark the end of a century of fragmented and overlapping labour laws. This legislative overhaul, which consolidates twenty-nine central labour statutes,¹ aims not only to simplify administration but also to fundamentally reshape the Indian employment landscape². For the contract and temporary workforce, often at the margins of legal protections, the new laws establish a clear framework for classification, benefit equality, and liabilities. This overview analyses the legal structure of these reforms, focusing on how the unified wage definitions, formalized fixed-term contracts, revised thresholds for contract labour, and the first-ever statutory recognition of gig and platform workers will impact millions of workers and thousands of industries enterprises³.

The Code on Wages, 2019: Establishing a Uniform Financial Baseline

The Code on Wages, 2019, represents the cornerstone of the reform process by standardizing the financial obligations of employers across all sectors of the economy. Prior to this, the definition of "wages" was a source of persistent litigation, as different acts—such as the Minimum Wages Act, 1948, and the Payment of Bonus Act, 1965—offered divergent interpretations. The new Code resolves this by providing a single, comprehensive definition of wages that applies across all four codes, thereby eliminating the possibility of interpretational arbitrage that previously allowed employers to minimize social security contributions.

The Mechanism of the 50% Rule and Its Impacts

¹ New labour codes: Roadmap for effective implementation - PwC India, accessed January 2, 2026, <https://www.pwc.in/tax-knowledge-hub/new-labour-codes.html>

² A Guide to The New Labour Codes: What you need to know - Cyril Amarchand Mangaldas, accessed January 2, 2026, <https://www.cyrilshroff.com/wp-content/uploads/2025/12/Guide-to-the-Labour-Codes.pdf>

³ India's New Labor Codes: 9 Steps Multinational Employers Can Take Now | Fisher Phillips, accessed January 2, 2026, <https://www.fisherphillips.com/en/news-insights/indias-new-labor-codes.html>

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The core innovation in the Wage Code is the "50% Rule." According to this rule, wages include basic pay, dearness allowance, and retaining allowance. Components like House Rent Allowance (HRA), conveyance, and employer contributions to provident funds are not included in this calculation, but their total exclusions are limited to 50% of the total wages. If the sum of these excluded elements surpasses this cap, the excess is added back to the wage base for calculating statutory benefits such as Provident Fund (PF), Employee State Insurance (ESI), and gratuity. For the contract and temporary workforce, where salary structures are often heavily weighted toward allowances to keep the "basic pay" at the minimum possible level, this rule will result in a mandatory increase in statutory contributions. While this enhances the long-term social security of the worker, it significantly increases the Cost to Company (CTC) for principal employers and contractors alike.

Wage Component Category	Components Included	Impact on Temporary Workforce
Primary Wages	Basic Pay, Dearness Allowance (DA), Retaining Allowance.	Forms the base for all statutory calculations.
Excluded (up to 50%)	HRA, Conveyance, Statutory Bonus, Employer PF/ESI, Overtime, Gratuity.	If these exceed 50% of total pay, the excess is treated as wages.
In-Kind Remuneration	Goods or services provided in lieu of cash.	Limited to 15% of the total wage for statutory purposes.
Payment Timelines	Full and Final (F&F) settlement.	Must be paid within 2 working days of exit (resignation/termination).

Universalisation of Minimum Wages and the National Floor Wage

The Code on Wages removes the historical distinction between "scheduled" and "non-scheduled" employment, effectively universalising minimum wage protections for all workers, including those in the informal or temporary sectors. A critical introduction is the "National Floor Wage," to be set by the Central Government after considering minimum living standards. State governments must ensure their minimum wages are at or above this floor. This creates a geographical and sectoral safety net that prevents "race to the bottom" wage competition in contract labour

markets. Furthermore, the Code mandates "Equal Pay for Equal Work" across all genders, including transgender persons, which is particularly relevant for the diversified temporary workforce where gender-based wage gaps have been historically prevalent⁴.

The Industrial Relations Code, 2020: Formalizing Flexibility through Fixed-Term Employment (FTE)

The Industrial Relations (IR) Code, 2020, introduces the concept of Fixed-Term Employment (FTE), which is perhaps the most transformative development for the temporary workforce. FTE allows employers to engage workers directly for a specific duration via a written contract, without the intermediation of a third-party labour contractor⁵. This model provides the employer with organizational flexibility while granting the worker the same statutory rights as permanent employees.

Statutory Parity and the Gratuity Revolution

A fundamental tenet of the FTE framework is the requirement for parity in wages, allowances, and benefits. If an FTE worker performs the same work as a permanent worker, they must be compensated identically. This eliminates the dual-wage structure that frequently plagued the contract labour system⁶.

The most significant legal shift regarding FTE is the reduction of the gratuity eligibility period. Under traditional laws, five years of continuous service was the prerequisite for gratuity. The IR Code and the Code on Social Security reduce this threshold to just one year for FTE workers, with gratuity payable on a pro-rata basis. This ensures that temporary workers on year-long projects are no longer deprived of long-term savings benefits.

Employment Parameter	Permanent Employee	Fixed-Term Employee (FTE)	Contract Labour
Relationship	Direct (Employer-Employee)	Direct (Employer-Employee)	Indirect (Through Contractor)
Duration	Indefinite	Fixed via Written	Project-based/Task-

⁴ A Guide to The New Labour Codes: What you need to know - Cyril Amarchand Mangaldas, accessed January 2, 2026, <https://www.cyrilshroff.com/wp-content/uploads/2025/12/Guide-to-the-Labour-Codes.pdf>

⁵ India Implements New Labour Codes: An Overview ... - AZB & Partners, accessed January 2, 2026, <https://www.azbpartners.com/bank/india-implements-new-labour-codes-an-overview-into-the-changes/>

⁶ India's New Labour Codes: Impacts on Workers and Businesses - Emptrack, accessed January 2, 2026, <https://emptrack.com/blog/indias-new-labour-codes-implications-for-workers-and-businesses/>

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Employment Parameter	Permanent Employee	Fixed-Term Employee (FTE)	Contract Labour
		Contract	based
Gratuity Eligibility	5 Years	1 Year	5 Years (typically through contractor)
Retrenchment Pay	Mandatory if applicable	No pay on natural expiry	Dependent on contractor terms
Benefit Parity	Standard	Mandatory on par with permanent	Not strictly mandated under old law

Statutory Parity and the Gratuity Shift

FTE workers are entitled to all benefits—including wages, allowances, and medical benefits—on par with permanent employees performing similar work. Crucially, the eligibility period for gratuity for FTEs is reduced from five years to just **one year** of continuous service.

Operational Safeguards

- **Notice Period for Strikes:** All industrial establishments must now provide a 14-day notice period before any strike or lockout.
- **Retrenchment Thresholds:** The threshold for seeking prior government permission for layoffs or retrenchment has been increased from 100 to **300 workers**.
- **Worker Re-skilling Fund:** In cases of retrenchment, employers must contribute **15 days' last drawn wages** per worker to a government fund to facilitate skill upgradation

Safeguards Against Disguised Permanency

To prevent the misuse of FTE as a tool to bypass the job security associated with permanent employment, the codes include specific safeguards. Employers are prohibited from converting existing permanent roles into FTE roles. Furthermore, legal precedents and the code's emphasis on "bona fide" contracts suggest that repeated renewals of FTE contracts without valid operational reasons could lead to judicial intervention, whereby such roles may be deemed permanent. For the workforce, this means the end of the "revolving door" where workers were kept on

short-term contracts for decades without ever achieving permanency status or benefits⁷.

The Occupational Safety, Health and Working Conditions Code, 2020: The New Contract Labour Paradigm

The Occupational Safety, Health and Working Conditions (OSHC) Code, 2020, replaces the

Contract Labour (Regulation and Abolition) Act, 1970 (CLRA), with significant updates. It adopts a different regulatory approach: while the CLRA aimed to phase out contract labour in long-term roles, the OSHWC Code recognizes contract labour as a permanent part of the modern economy, but enforces stricter health, safety, and welfare standards.

The Core Activity Doctrine

The OSHWC Code introduces the concept of "Core Activity," prohibiting the engagement of contract labour in any activity for which the establishment is primarily set up. This is a departure from the "perennial nature" test under the old CLRA, which was often criticized for being vague and susceptible to arbitrary interpretations⁸.

The Code provides a specific "Negative List" of activities that are explicitly deemed non-core, even if they are essential to the establishment's functioning⁹. This allows businesses to outsource support functions without the fear of legal challenges regarding the perennial nature of the work¹⁰.

Category	Activities (Non-Core)	Legal Implication
Facility Management	Sanitation, Sweeping, Cleaning, Housekeeping.	Contract labour permitted regardless of duration.
Security	Watch and Ward services.	Standard outsourcing model is statutorily protected.
Support Services	Canteens, Gardening, Courier,	Defined as support services, thus

⁷ India's Labor Law Overhaul: Snapshot of Key Changes | Littler, accessed January 2, 2026, <https://www.littler.com/news-analysis/asap/indias-labor-law-overhaul-snapshot-key-changes>

⁸ OSHWC vs CLRA: Key Differences Explained | PDF | Employment | Labour Law - Scribd, accessed January 2, 2026, <https://www.scribd.com/document/569822887/STUDY-NOTES-MT>

⁹ THE OCCUPATIONAL SAFETY, HEALTH AND WORKING ..., accessed January 2, 2026, https://labour.gov.in/sites/default/files/osh_gazette.pdf

¹⁰ India's New Labor Codes: 9 Steps Multinational Employers Can Take Now | Fisher Phillips, accessed January 2, 2026, <https://www.fisherphillips.com/en/news-insights/indias-new-labor-codes.html>

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Category	Activities (Non-Core)	Legal Implication
	Guest Houses.	non-core.
Intermittent Work	Any activity performed for <120 days a year.	Even if the activity is "core," contract labour is allowed.

However, the Code allows contract labour in core activities under three specific conditions: if the normal functioning of the establishment is such that the activity is ordinarily done through a contractor; if the activity does not require full-time staff; or if there is a sudden increase in the volume of work requiring time-bound completion. This provides significant operational flexibility to industries like e-commerce or retail during festive seasons, where the core activity (delivery or sales) requires a temporary surge in the workforce

Thresholds and Licensing Modernization

The OSHWC Code increases the threshold for the applicability of contract labour regulations from 20 to 50 workers. This deregulation of establishments employing fewer than 50 contract workers is intended to boost small-scale industrialization and reduce the compliance burden for MSMEs. For larger contractors, the licensing process has been streamlined through the introduction of a "Single All-India License" valid for five years. This replaces the multi-license regime that required a contractor to seek fresh permission for every new client and every new state of operation.

A pivotal change is the "Deemed Approval" mechanism¹¹. If an application for registration or licensing is complete and submitted via the Shram Suvidha portal, and the official does not act upon it within seven days, the registration is deemed granted. This digital-first approach significantly reduces "Inspector Raj" and the procedural delays that historically stalled business operations.

Principal Employer Accountability

While the OSHWC Code simplifies compliance, it concurrently increases the substantive liability of the "Principal Employer". Unlike the CLRA, where the contractor was primarily responsible for welfare facilities like canteens or restrooms (which often proved impractical as the contractor does not own the site), the OSHWC Code makes the principal employer solely responsible for providing all basic amenities.

¹¹Draft Rules under Occupational Safety, Health and Working ..., accessed January 2, 2026, <https://prsindia.org/billtrack/draft-rules-under-occupational-safety-health-and-working-conditions-code-2020>

Furthermore, the "Liable to Perform" clause is a severe deterrent against non-compliance. If a principal employer engages contract labour through an unlicensed contractor, the principal employer is legally deemed to have performed all the duties and assumed all the liabilities of the contractor. This includes the responsibility for unpaid wages and the provision of social security benefits, effectively making the workers the de facto employees of the principal employer.

The Code on Social Security, 2020: Expanding the Safety Net to the Gig and Platform Economy

The Code on Social Security (SS Code), 2020, represents a historic legislative milestone by extending social protection to segments of the workforce that were previously invisible to the law: gig workers and platform workers. The "gig economy," characterised by task-based engagements mediated by digital platforms, has grown exponentially in India, yet its workers remained classified as "independent contractors," leaving them without insurance, pension, or maternity benefits.

Statutory Definitions: Gig vs. Platform Workers

The SS Code establishes specific legal definitions for these categories, recognising the unique aspects of their work setups.

- **Gig Worker:** An individual who performs tasks or engages in work arrangements and earns income from these activities, outside a traditional employer-employee framework.¹²
- **Platform Worker:** A type of gig worker whose work is accessed via online platforms that connect them with organisations or individuals.
- **Aggregator:** The digital platform or marketplace (such as Uber, Swiggy, Zomato) that links users with service providers. The Aggregator Contribution and the Social Security Fund

The Code mandates that aggregators contribute between 1% and 2% of their annual turnover—capped at 5% of the total payments made to gig/platform workers—to a centrally managed Social Security Fund. This fund is intended to finance schemes for life and disability cover, health and maternity benefits, and provident fund options.

This is a profound shift in the "Social Contract." For the first time, a business is legally required to contribute to the welfare of individuals who are not its

¹²INTERNATIONAL JOURNAL OF LEGAL AFFAIRS AND ... - ijlae.com, accessed January 2, 2026, <https://ijlae.com/wp-content/uploads/2025/05/LABOUR-LAWS-IN-THE-GIG-ECONOMY-A-CRITICAL-EVALUATION-By-Susmita.pdf>

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"employees" in the traditional sense. However, the Code has faced criticism for not extending traditional employment status to gig workers, meaning they still lack the right to minimum wages, regulated working hours, or the ability to form recognized trade unions.

Expanded Healthcare and ESIC

- **Preventive Health Check-ups:** Employers must provide mandatory free annual health check-ups for all workers above the age of **40 or 45** (depending on the sector).
- **ESIC Extension:** Coverage is extended pan-India and made mandatory for any establishment engaged in hazardous processes, even with only **one employee**.
- **Portability:** Aadhaar-linked Universal Account Numbers (UAN) ensure that social security benefits are fully portable across states and employers.

Sector-Specific Impacts and Provisions

Sector	Key Legal Change
Audio-Visual / Media	Includes journalists, stunt persons, and dubbing artists; mandatory appointment letters required.
Plantation	Mandatory safety training and protective equipment; ESI medical facilities for families.
IT & ITES	Statutory release of salary by the 7th of every month; formal recognition of work-from-home models.
Mines	Commuting accidents now treated as employment-related for compensation.
Export Sector	Leave eligibility reduced to 180 workdays (from 240); option for annual leave encashment.

Gender Inclusion and Workplace Standards

- **Night Shifts:** Women are permitted to work night shifts (7 PM to 6 AM) with their consent and mandatory safety/transport measures.
- **Crèche Facilities:** Establishments with **50 or more workers** must provide crèche facilities; state rules may allow a child care allowance of at least ₹500 per child.
- **Inclusivity:** Equal pay and anti-discrimination protections explicitly cover transgender persons.

Enforcement and Compliance Facilitation

The regime transitions from a punitive to a facilitative model. The **Inspector-cum-Facilitator** role emphasizes guidance and awareness alongside digital, randomized inspections. Monetary penalties have been significantly increased (up to ₹10-20 lakhs), but first-time offences are largely **compoundable**, allowing employers to settle by paying 50-75% of the fine.

The Universalization of PF and ESI

The SS Code also streamlines traditional social security. The Employees' Provident Fund (EPF) and Employees' State Insurance (ESI) coverage is being expanded to include all establishments with 20 or more and 10 or more employees respectively, regardless of the industry type. For temporary workers, the Code introduces "Aadhaar-based registration," facilitating the portability of social security accounts¹³. This means a contract worker can move from one contractor to another across different states while maintaining a single, continuous PF and ESI history.

Feature	Unorganized Workers	Gig/Platform Workers	Traditional Contract Labour
Registration	Mandatory on National Portal.	Mandatory for benefits eligibility.	Mandatory for principal employer & contractor.
Primary Funding	Government Schemes.	Aggregator Contribution (1-2%).	Employer/Contractor PF & ESI contributions.
Benefits Scope	Life, Disability, Health.	Life, Disability, Health, Maternity.	Comprehensive (PF, ESI, Gratuity, Bonus).
Status	Non-employees.	Non-employees.	Deemed employees of contractor.

Protection for Inter-State Migrant Workers: Rights and Portability

One of the most critical socio-legal developments within the new codes is the expanded protection for Inter-State Migrant Workers (ISMW). The 1979 Act was limited in scope, as it primarily regulated those recruited through licensed

¹³ ELB E-Bulletin | August 2025 - Khaitan & Co, accessed January 2, 2026, <https://www.khaitanco.com/sites/default/files/2025-09/ELB%20e-Bulletin-August%202025.pdf>

contractors. The OSHWC Code now includes "self-migrant" workers—those who move states on their own volition to seek work¹⁴.

Enhanced Welfare Entitlements

The codes mandate several specific benefits for migrant workers to ensure their dignity and health during employment:

- **Journey Allowance:** Principal employers are required to provide an annual to-and-fro journey allowance to migrant workers to visit their home state.
- **Portability of Public Distribution System (PDS):** Migrant workers can now access their ration benefits in the state of employment through the "One Nation One Ration Card" scheme, integrated with the labour codes.
- **BOCW Cess Portability:** Construction workers can access the benefits of the Building and Other Construction Workers (BOCW) welfare funds even if they migrate between different state jurisdictions.
- **Health and Safety:** Free annual health check-ups for migrant workers and the provision of adequate housing or housing allowances are emphasized under state-specific draft rules.

Industrial Relations and Collective Bargaining: The Impact on Temporary Staff

The Industrial Relations (IR) Code, 2020, introduces structural changes that affect how temporary and contract workers interact with management and trade unions.

Negotiating Unions and Councils

The Code introduces the concept of a "Sole Negotiating Union," which must represent at least 51% of the workers in an establishment to have exclusive bargaining rights. In establishments where no union meets this threshold, a "Negotiating Council" is formed, consisting of representatives from unions that have at least 20% support¹⁵.

For the temporary workforce, this system creates a higher barrier to representation. Since contract workers and gig workers are often not members of the "regular" union, they may find themselves without a seat at the table during collective bargaining over conditions of service that nonetheless affect them, such as safety standards or canteen quality. However, the Code classifies any dispute relating to

¹⁴Occupational Safety, Health and Working Conditions (OSH) Code, 2020, accessed January 2, 2026, <https://static.pib.gov.in/WriteReadData/specificdocs/documents/2025/nov/doc20251122702801.pdf>

¹⁵Industrial Relations Code, 2020: Promoting Harmony and Ease ... - PIB, accessed January 2, 2026, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2193100>

the termination of an *individual* worker as an industrial dispute, allowing temporary staff to seek legal redress even without union backing¹⁶.

The Strike Notice and Dispute Resolution

The IR Code mandates a 14-day notice period for any strike or lockout in *all* industrial establishments. This prevents "flash strikes" which were common in sectors employing large numbers of contract workers. To balance this, the Code streamlines dispute resolution by establishing two-member Industrial Tribunals to settle cases within a year and by allowing workers to approach the tribunal directly if conciliation fails after 45 days.

The Worker Re-skilling Fund:

When retrenching workers, the IR Code mandates that employers contribute an amount equal to 15 days of wages for each retrenched worker into a government-managed fund. This payment must be completed within 45 days of the layoffs. The purpose is to offer immediate financial support and assist in training retrenched workers, including those on long-term contracts, to meet changing industry needs.

Compliance and Enforcement: From Policing to Facilitation

The enforcement mechanism of the New Labour Codes undergoes a radical shift from a "policing" model to a "facilitative" one, intended to promote the "Ease of Doing Business" while ensuring "Ease of Compliance".

The Inspector-cum-Facilitator Model

The traditional "Inspector" is replaced by the "Inspector-cum-Facilitator". The official's dual role is to provide advisory information and sensitive employers/workers to their rights and duties, alongside their traditional inspection powers. Inspections will now be primarily web-based, randomized, and centralized to reduce the scope for individual discretion and corruption.

Decriminalization and Compounding

The Labour Codes prioritize monetary penalties over imprisonment for most first-time offences. Imprisonment is reserved for serious infractions, such as the failure to deposit the employees' portion of social security contributions or for repeated safety violations resulting in death or serious injury.¹⁷

¹⁶The Occupational Safety, Health And Working Conditions Code, 2020 - PRS India, accessed January 2, 2026, <https://prsindia.org/billtrack/the-occupational-safety-health-and-working-conditions-code-2020>

¹⁷A Guide to The New Labour Codes: What you need to know - Cyril Amarchand Mangaldas, accessed January 2, 2026, <https://www.cyrilshroff.com/wp-content/uploads/2025/12/Guide-to-the-Labour-Codes.pdf>

A critical feature is the "Compounding of Offences". Employers can settle many offences by paying 50% to 75% of the maximum prescribed penalty either before or after an enquiry is held. For the manager of a contract workforce, this means that procedural errors (like a missing entry in a digital register) will no longer lead to criminal prosecution, provided they are rectified and a fine is paid.

Penalty Parameter	Old Regime (Legacy Laws)	New Labour Codes
Typical Fine Range	₹100 to ₹20,000	₹50,000 to ₹20,00,000.
Imprisonment	Common for various non-compliances.	Reserved for serious/repeated offences.
Compounding	Limited availability.	Broadly permitted for fine-only offences.
Rectification Opportunity	Rarely granted formally.	Mandatory for certain non-compliances.
Statutory Look-back	Variable (often indefinite).	5-year limit for social security inquiries.

Gender Sensitivity and Women's Inclusion in the Temporary Workforce

The new codes take significant strides in making the workforce more inclusive, particularly for women who are increasingly present in the temporary and contract segments.

- **Night Shift Permissions:** Women are formally permitted to work night shifts (7 PM to 6 AM) across all sectors, provided their consent is obtained and safety/transportation standards are met. This is vital for sectors like Business Process Outsourcing (BPO), manufacturing, and retail.
- **Mandatory Crèche Facilities:** Establishments with 50 or more workers (inclusive of contract staff) must provide crèche facilities. Some states propose a child care allowance of ₹500 per month per child as an alternative for smaller setups or where physical space is unavailable.
- **Grievance and Safety Committees:** The codes mandate proportional representation of women in Grievance Redressal Committees and Safety Committees in larger establishments.¹⁸

¹⁸ India's New Labour Codes: Impacts on Workers and Businesses - Empxtrack, accessed January 2, 2026, <https://empxtrack.com/blog/indias-new-labour-codes-implications-for-workers-and-businesses/>

- **Maternity Benefits Extension:** Paid maternity leave of 26 weeks is extended to women in the unorganized sector, ensuring that temporary status does not lead to the loss of fundamental reproductive rights.

Strategic Implications for Principal Employers and Contractors

The transition to the New Labour Codes requires a comprehensive audit and restructuring of existing employment practices.

Audit of Workforce Classification

Principal employers must re-evaluate their entire workforce strategy. This involves:

1. **Identifying Core Activities:** Determining which roles must be permanent and which can be outsourced legally.
2. **FTE vs. Contractor Analysis:** Deciding whether to engage workers directly through Fixed-Term Employment—to benefit from greater control and reduced vendor fees—or through contractors for genuine non-core activities¹⁹.
3. **Vendor Compliance Audits:** Since principal employers are now liable for the defaults of unlicensed contractors, rigorous auditing of vendor licenses and social security deposits is no longer optional—it is a survival requirement²⁰.

Payroll and Cost-to-Company (CTC) Recalibration

The 50% wage rule will lead to an increase in the statutory base. For organisations with thousands of contract workers, even a 5% increase in the wage base for PF and gratuity can result in a multi-million dollar impact on EBITDA. Organisations must re-model their CTC structures to ensure compliance while managing bottom-line impact.

Digital Infrastructure and Record Keeping

The shift to one registration, one license, and one return requires a centralised digital record-keeping system. The mandatory issuance of appointment letters and experience certificates to *every* contract worker—a task often neglected by smaller contractors—is now a critical compliance checkpoint.

The Road Ahead: Implementation Challenges and the Dual Regulatory Environment

¹⁹Fixed Term Employment Rules Under IR Code: Employer ..., accessed January 2, 2026, <https://corridalegal.com/fixed-term-employment-rules-under-ir-code-employer-guidelines-for-legal-compliance/>

²⁰Contract Labour: Changes under the Code on Occupational Safety ..., accessed January 2, 2026, <https://www.proind.in/blog/contract-labour-changes-under-the-code-on-occupational-safety-health-and-working-conditions-2020/>

While the Central Government has notified the codes, the "Dual Regulatory Environment" persists. Under the Indian Constitution, "Labour" is a Concurrent List subject. While the four codes replace the central acts, the operationalisation depends on the rules formulated by individual state governments.

As of the current implementation date of November 21, 2025, while a majority of states have issued draft rules, there is significant variance in details like the number of overtime hours permitted, the calculation methods for leave encashment, and the specific thresholds for state-level boards. For a national enterprise, this means compliance remains a multi-jurisdictional challenge where central code provisions must be read alongside varying state-level notifications.

Conclusion: A New Era for the Indian Workforce

The implementation of the New Labour Codes represents a monumental shift from an era of "regulatory avoidance" to one of "regulated flexibility". For the contract and temporary workforce, the codes provide a path toward formalisation, benefit parity, and social security. The recognition of gig workers and the reduction in the gratuity threshold for fixed-term employees are progressive steps that align India's labour laws with the realities of the 21st-century "liquid" labour market.

However, the success of this legal overhaul will not be measured by the text of the codes alone, but by the transparency of the digital compliance portals and the effectiveness of the new dispute resolution mechanisms. For principal employers and contractors, the immediate future involves a period of intensive policy recalibration, payroll restructuring, and legal auditing to ensure that the promise of "Ease of Doing Business" is matched by the reality of a secure and productive workforce. As the state rules stabilise and the first round of digital inspections commences, the New Labour Codes have the potential to unlock a new phase of industrial harmony and inclusive growth for India's massive and diverse workforce.