

# India Labour Codes 2026

Old vs New – A Detailed Comparative Guide

## Team Management Services (TMS)

Simplifying HR, Payroll & Compliance Across India

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Aspect	Old Labour Laws	New Labour Codes (2026)
50% Wage Rule	No restriction on salary structuring; basic pay could be minimized	Basic salary + DA must be at least 50% of total remuneration
Minimum Wages	Applicable only to scheduled employments	Applicable to all employees across all sectors
Social Security Coverage	Limited to employees in the organized sector	Extended to gig, platform, and unorganized workers
Fixed-Term Employment	Not clearly defined; limited clarity on benefits	Recognized with equal benefits, including pro-rata gratuity
Layoff & Retrenchment	Government approval required for establishments with 100+ employees	Threshold increased to 300 employees
Compliance Framework	Multiple registrations, returns, and registers under different laws	Single registration, unified return, and digital compliance system
Working Conditions	Varied across states and industries	Standardized working hours (48 hours/week) with defined overtime rules
Women Employment	Restrictions on working in night shifts	Allowed in night shifts with safety and consent provisions
Inspection Mechanism	Manual inspections by labour inspectors	Digital inspections with Inspector-cum-Facilitator approach
Implementation Framework	No unified implementation; fragmented enforcement	Implemented from Nov 2025 with evolving state-level rules

# **OLD VS NEW LABOUR CODES – LATEST CHANGES (2025–2026)**

Integrated Analysis with Comparative Summary

## **1. 50% Wage Rule**

### **Old Rule:**

Under the earlier labour law framework, there was no restriction on how employers structured salary components. Organizations often kept the basic salary portion low and increased allowances to reduce statutory liabilities such as provident fund and gratuity contributions.

### **New Rule:**

Under the new labour codes, it is mandatory that basic salary along with dearness allowance must constitute at least fifty percent of the total remuneration paid to an employee. This introduces a standardized structure for wage calculation.

### **Impact:**

This change increases statutory contributions such as provident fund and gratuity, leading to higher employer costs. At the same time, employees benefit from improved long-term savings, although their immediate take-home salary may decrease.

## **2. Universal Applicability of Minimum Wages**

### **Old Rule:**

The Minimum Wages Act was applicable only to scheduled employments notified by the government, leaving a large portion of the workforce outside its scope.

### **New Rule:**

The Code on Wages extends minimum wage applicability to all employees across all sectors, including both organized and unorganized employment.

### **Impact:**

This ensures a minimum level of income for all workers, reduces wage disparity, and improves financial security across industries.

### **3. Expansion of Social Security Coverage**

#### **Old Rule:**

Social security benefits such as provident fund, insurance, and gratuity were primarily limited to employees in the organized sector. Gig workers and unorganized workers were largely excluded.

#### **New Rule:**

The Code on Social Security expands coverage to include gig workers, platform workers, and unorganized sector employees, thereby widening the scope of protection.

#### **Impact:**

This significantly enhances financial inclusion and provides a safety net to a broader workforce, while also increasing compliance and contribution requirements for employers and aggregators.

## **4. Introduction of Fixed-Term Employment**

### **Old Rule:**

Fixed-term employment was not clearly defined under earlier labour laws, leading to ambiguity in terms of employee rights and benefits.

### **New Rule:**

The Industrial Relations Code formally recognizes fixed-term employment and ensures that such employees receive the same benefits as permanent employees, including gratuity on a pro-rata basis.

### **Impact:**

This provides flexibility to employers in workforce management while ensuring equitable treatment and benefits for fixed-term employees.

## **5. Increase in Layoff Threshold**

### **Old Rule:**

Employers with more than 100 employees were required to obtain prior government approval before proceeding with layoffs, retrenchments, or closure.

### **New Rule:**

The threshold has been increased to 300 employees under the Industrial Relations Code, reducing the need for prior government approval.

### **Impact:**

This allows businesses to make quicker operational decisions and respond to market conditions more effectively, although it raises concerns regarding employee job security.

## **6. Simplification of Compliance System**

### **Old Rule:**

Employers were required to maintain multiple registrations, licenses, registers, and file numerous returns under different labour laws.

### **New Rule:**

The new labour codes introduce a unified compliance system with single registration, common licensing, and consolidated return filing through digital platforms.

### **Impact:**

This reduces administrative burden, improves efficiency, and enhances transparency in compliance processes.

## **7. Standardization of Working Conditions**

### **Old Rule:**

Working hours and labour conditions varied across states and industries, resulting in inconsistent labour practices.

### **New Rule:**

The Occupational Safety, Health and Working Conditions Code standardizes working hours to 48 hours per week and mandates overtime payment at double the regular wage rate.

### **Impact:**

This creates uniformity across industries and improves clarity for both employers and employees regarding working conditions.

## **8. Employment of Women in Night Shifts**

### **Old Rule:**

Women were restricted from working night shifts in several sectors due to safety concerns.

### **New Rule:**

The new labour codes allow women to work night shifts, subject to safety measures, consent, and compliance requirements.

### **Impact:**

This promotes gender equality, increases workforce participation, and opens more employment opportunities for women.

## **9. Introduction of Digital Inspection System**

### **Old Rule:**

Labour inspections were conducted manually by inspectors, often leading to inefficiencies and lack of transparency.

### **New Rule:**

The system introduces the role of Inspector-cum-Facilitator and adopts web-based inspection mechanisms, focusing on both compliance and guidance.

### **Impact:**

This reduces the scope for arbitrary inspections, enhances transparency, and fosters a more supportive compliance environment.

## **10. Current Implementation Status (2026)**

### **Old Rule:**

There was no unified implementation framework, and labour laws were enforced independently across different jurisdictions.

### **New Rule:**

The labour codes have been implemented from November 2025, with states continuing to finalize rules for full execution.

### **Impact:**

Businesses are currently in a transition phase and must continuously adapt to evolving state-level regulations to ensure compliance.

# Stay Compliant. Stay Ahead.

The new Labour Codes 2026 bring significant changes for businesses. Ensuring compliance while managing costs and workforce effectively is now more important than ever.

**Team Management Services (TMS)** helps you simplify compliance and adapt seamlessly to the new labour law framework.


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## Our Services

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## Contact Us

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