

## New Labour Codes- Explained Pointwise

In a landmark move, the Government of India has decided to bring all four Labour Codes— **the Code on Wages (2019), Industrial Relations Code (2020), Code on Social Security (2020), and Occupational Safety, Health and Working Conditions Code (2020)**— into force from 21 November 2025, **replacing and consolidating 29 existing labour laws.**

This reform aims to modernise labour governance, improve worker welfare, and align labour practices with emerging workplace trends, paving the way for a future-ready workforce and more resilient industries under the vision of Aatmanirbhar Bharat.

### Labour and Constitutional Rights in India

The **Constitution of India** provides several safeguards and rights concerning labour and workers:

1. **Article 19(1)(c):** Grants all citizens the **right to form associations or unions**, enabling collective bargaining and organisation of workers.
2. **Article 23:** Prohibits **forced labour**, making it unconstitutional to compel any person to work against their will.
3. **Article 24:** Prohibits **child labour**, specifically banning the employment of children below **14 years in hazardous occupations or processes.**
4. **Article 38(1) & 38(2):**
  - (1) Directs the state to **promote the welfare of the people.**
  - (2) Seeks to **reduce economic inequalities**, including income disparities.
5. **Article 43(A):** Provides for **workers' participation in the management of industrial and other undertakings**, fostering cooperative industrial relations.

## Overview of Labour Codes

Labour Codes	Major Acts Subsumed	Key Provisions
<b>Code on Wages, 2019</b>	<ul style="list-style-type: none"> <li>– Payment of Wages Act, 1936</li> <li>– Minimum Wages Act, 1948</li> <li>– Payment of Bonus Act, 1965</li> <li>– Equal Remuneration Act, 1976</li> </ul>	<p>Establishes a <b>uniform definition of 'wages'</b> for all workers.</p> <p>Mandates <b>timely payment of wages</b> to every employee.</p> <p>Introduces a <b>national minimum wage</b>, adjustable by states above the central floor.</p>

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		Ensures <b>equal remuneration</b> for men and women performing the same or similar work.
<b>Industrial Relations Code, 2020</b>	<ul style="list-style-type: none"> <li>- Trade Unions Act, 1926</li> <li>- Industrial Employment (Standing Orders) Act, 1946</li> <li>- Industrial Disputes Act, 1947</li> </ul>	<p>Simplifies <b>trade union registration and recognition</b>.</p> <p>Introduces <b>negotiation unions or councils</b> for dispute resolution.</p> <p>Sets conditions for strikes, including a 60-day notice period for strikes in public utility services.</p> <p>Establishes <b>grievance redressal mechanisms</b>.</p> <p>Raises threshold for prior government permission for closure, lay-off, or retrenchment from <b>100 to 300 workers</b>.</p> <p>Introduces fixed-term employment, providing flexibility for employers while ensuring protection for workers.</p>
<b>Code on Social Security, 2020</b>	<ul style="list-style-type: none"> <li>- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;</li> <li>- Employees' State Insurance Act, 1948; - Maternity Benefit Act, 1961;</li> <li>- Payment of Gratuity Act, 1972;</li> <li>- Unorganised Workers Social Security Act, 2008</li> </ul>	<p>Expands <b>employee definition</b> to include <b>gig and platform workers</b>.</p> <p>Introduces <b>social security schemes</b> for gig, platform, and unorganised workers.</p> <p>Mandates creation of a <b>social security fund</b> for unorganised workers.</p> <p>Provides <b>maternity benefits and gratuity</b> to women workers, including those in the unorganised sector.</p>

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<p><b>Occupational Safety, Health and Working Conditions (OSHC) Code, 2020</b></p>	<ul style="list-style-type: none"> <li>-Factories Act, 1948</li> <li>-Mines Act, 1952</li> <li>-Contract Labour (Regulation and Abolition) Act, 1970</li> <li>-Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979</li> </ul>	<p>Ensures <b>health, safety, and welfare</b> for all workers.</p> <p>Mandates <b>annual health check-ups</b> for employees.</p> <p>Regulates <b>working hours and conditions</b> for different sectors.</p> <p>Introduces a <b>single licensing mechanism</b> for contractors and employers.</p> <p>Increases <b>thresholds for contract labour applicability</b> and prohibits contract labour in core activities, with certain exceptions.</p> <p>Shifts primary responsibility for welfare facilities from <b>contractors to principal employers</b>.</p>
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### Comparison of the Labour Ecosystem Before and After Labour Codes

Parameter	Pre-Labour Reforms	Post-Labour Reforms
<p><b>Formalisation of Employment</b></p>	<p>No mandatory appointment letters.</p>	<p>Written appointment letters mandatory for all workers, ensuring transparency, job security, and formal employment.</p>
<p><b>Social Security Coverage</b></p>	<p>Limited coverage; many workers, especially in the informal sector, remained outside the social security net.</p>	<p>Under the <b>Code on Social Security, 2020</b>, all workers—including gig and platform workers—are eligible for PF, ESIC, insurance, and other social security benefits.</p>
<p><b>Minimum Wages</b></p>	<p>Minimum wages applied only to scheduled industries/employments, leaving large segments uncovered</p>	<p>Under the Code on Wages, 2019, every worker has a statutory right to minimum wages. Timely payment and wage protection enhance financial security.</p>

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<b>Preventive Healthcare</b>	No legal mandate for employers to provide annual health check-ups	Employers are required to provide <b>free annual health check-ups to workers aged 40+</b> , promoting preventive healthcare and timely diagnosis.
<b>Timely Wages</b>	No strict compliance requirement for timely wage payments.	<b>Employers must ensure timely payment of wages</b> , improving financial stability and worker morale while reducing exploitation.
<b>Women Workforce Participation</b>	Women faced restrictions on night shifts and certain occupations	Women are permitted to work in all occupations, including night shifts, with consent and adequate safety measures, enhancing access to high-paying opportunities
<b>ESIC Coverage</b>	Limited to notified areas; establishments with fewer than 10 workers were largely excluded; hazardous units had non-uniform coverage.	<b>ESIC benefits extended PAN-India:</b> voluntary for establishments with fewer than 10 workers, and mandatory for even one worker in hazardous processes, ensuring wider social protection.
<b>Compliance Burden</b>	Multiple registrations, licences, and returns under separate laws	<b>Single registration, PAN-India licence</b> , and unified return reduce compliance burden and simplify processes for businesses.

### Benefits of Labour Reforms Across Key Sectors

#### 1. Fixed-Term Employees (FTE)

- FTEs will receive all benefits equal to permanent workers, such as leave, medical benefits and social security.
- Gratuity eligibility reduced from five years to one year of continuous service.
- Equal wages with permanent employees ensure higher income and better protection.
- Encourages direct hiring, reducing excessive contractual dependence.

#### 2. Gig & Platform Workers

- For the first time, '**Gig work**', '**Platform work**' and '**Aggregators**' are legally defined.
- Aggregators must contribute **1-2% of annual turnover** (capped at 5% of payments made/payable to workers) for worker welfare.
- **Aadhaar-linked Universal Account Number (UAN)** enables fully portable social security benefits across states and migration.

#### 3. Contract Workers

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- Fixed-term employment increases employability, ensuring **legal and social security benefits equal to permanent employees**.
- FTEs become eligible for **gratuity after one year** of continuous service.
- **Principal employers** must provide social security and health benefits to contract workers.
- Workers are entitled to a **free annual health check-up**.

### 4. Women Workers

- Gender discrimination is legally prohibited; **equal pay for equal work is ensured**.
- Women can work **night shifts and in all types of work**, including underground mining and heavy machinery, **with consent and safety measures**.
- **Mandatory representation of women on grievance redressal committees**.
- Family definition expanded to include **parents-in-law for women employees**, increasing dependent coverage.

### 5. Youth Workers

- **Minimum wage guaranteed** for all workers.
- Mandatory **appointment letters** ensure formal employment and employment history records.
- Employers must **pay wages even during leave**, preventing exploitation.
- Workers to receive wages as per **Central Government floor wage**, enabling a decent standard of living.

### 6. MSME Workers

- All MSME workers covered under the **Social Security Code, 2020**, based on employee count.
- Minimum wages ensured for all workers.
- Workers get access to **canteens, drinking water, restrooms**, and other welfare facilities.
- Provides **standard working hours, paid leave and double overtime**.
- **Timely wage payment is mandatory**.

### 7. Beedi & Cigar Workers

- Minimum wages guaranteed.
- Working hours fixed at **8–12 hours a day; 48 hours per week cap**.
- Overtime is **voluntary** and paid at **double the normal wage rate**.
- Timely wage payment ensured.
- Workers become **eligible for bonus after 30 days of work in a year**.

### 8. Plantation Workers

- Covered under the **OSHC Code and Social Security Code**.
- Codes apply to plantations with **more than 10 workers or on 5+ hectares of land**.
- **Mandatory safety training** for handling and storing chemicals.
- **Protective gear compulsory** to prevent accidents and chemical exposure.
- Workers and families receive **full ESI medical facilities, and education benefits for children**.

### 9. Audio-Visual & Digital Media Workers

- Workers such as journalists, dubbing artists and stunt persons get **full social security benefits**.
- **Mandatory appointment letters**, defining wages and entitlements.
- Timely wage payment enforced.
- Overtime requires consent and is paid at **double the normal wage rate**.

### 10. Mine Workers



- The Social Security Code treats **certain commuting accidents as employment-related**, under specific conditions.
- Central Government will notify **uniform occupational safety standards**.
- Workers get **free annual health check-ups**.
- Working hours limited to **8-12 hours per day, 48 hours per week**, ensuring work-life balance.

#### 11. Hazardous Industry Workers

- **Free annual health check-ups** for all workers.
- National safety standards framed by the Central Government.
- Women can work in hazardous sectors, including underground mining and heavy machinery, **with equal opportunities and safety safeguards**.
- **Mandatory safety committee at every hazardous site** for workplace monitoring and chemical handling safety.

#### 12. Textile Workers

- All migrant textile workers (direct, contract-based, self-migrated) get **equal wages, welfare benefits and PDS portability**.
- Workers can claim dues up to **three years back**, easing dispute settlements.
- Overtime wages must be **double the normal rate**.

#### 13. IT & ITES Workers

- Salary must be released **by the 7th of every month**.
- **Equal pay for equal work**, with strengthened participation of women.
- Women allowed night shifts with opportunities to earn higher wages.
- Mechanisms established for **timely resolution of harassment, discrimination and wage disputes**.
- Social security ensured through **fixed-term employment and mandatory appointment letters**.

#### 14. Dock Workers

- All dock workers receive **formal legal recognition and protection**.
- Appointment letters mandatory, guaranteeing social security benefits.
- Provident fund, pension and insurance benefits apply to **contract and temporary workers** as well.
- **Annual employer-funded health check-ups** and medical facilities, sanitation and washing areas made mandatory.

#### 15. Export Sector Workers

- Fixed-term export workers to receive **gratuity, PF and full social security benefits**.
- Annual leave available after **180 days of work in a year**.
- Right to **timely wage payment, no unauthorized deductions and no wage ceiling restrictions**.
- Women allowed **night shifts with consent**, including guaranteed safety protocols—transport, double overtime wages, CCTV, security arrangements.

### Challenges with the New Labour Codes

#### 1. Uneven implementation across States

- Labour is in the Concurrent List, so states frame their own rules.

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- By mid-2025, **30+ states/UTs had published draft rules**, but some (e.g., West Bengal, Meghalaya) were still lagging (Ministry of Labour).

- This has created a patchwork of protections → workers in Karnataka may enjoy better safeguards than those in Assam.

### 2. Excessive delegation of Powers

- Key provisions like the **definition of “wages” or thresholds for retrenchment** are left to government notifications.

- This reduces parliamentary oversight and opens scope for arbitrary decisions.

- The **Standing Committee on Labour (2023)** flagged this as a major concern.

### 3. Inadequate Protection for Gig & Informal Workers

- Despite **30+ crore unorganised workers registered on e-Shram**, benefits are still unclear.

- Positive state efforts: **Karnataka’s 2025 law** mandating platform firms to contribute to a welfare fund; **Maharashtra mapping 10 lakh gig workers**; **Telangana study** found gig workers earn ~₹20,000/month but face long hours & high commissions.

- Union Budget 2025–26 extended **PM-JAY health coverage** to gig workers, but a comprehensive national framework is missing.

### 4. Weakening of collective bargaining

- The **Industrial Relations Code** requires **75% approval for strikes**, nearly impossible in large firms.

- In 2024, trade unions held **nationwide protests in Delhi, Lucknow, and Kolkata**, calling this provision “anti-labour.”

### 5. Reduced Job Security

- Retrenchment/closure threshold raised from **100 to 300 workers**.

- Critics say this tilts towards “Ease of Doing Business” over worker security.

- Example: **Gurugram auto-component firms (2024)** downsized without government approval due to the new threshold.

### 6. Precarious Fixed-Term Contracts

- Employers use fixed-term contracts to avoid permanency.

- **The Supreme Court (2024)** criticised exploitative contract renewals.

- **Telangana HC (2025)** ordered regularisation of ad hoc staff, calling repeated contracts “unfair labour practice.”

### 7. Broad exemptions diluting protections

- Governments can exempt industries in “public interest,” a vague term prone to misuse.

- This could let factories bypass rules on wages, safety, and working hours.

### 8. Low awareness & compliance (MSMEs and Informal Sector)

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- Many MSMEs struggle with digital compliance.
- **CII's 2024 survey:** only 46% of small firms were fully aware of labour code requirements.
- Informal workers remain under-informed about e-Shram benefits.

### Way Forward

- **Uniform Implementation Across States-** Establish a national benchmark framework for minimum wages, occupational safety, and social security. **For Example-** A **GST Council-like institutional mechanism** for labour could promote inter-state harmonisation while preserving federal flexibility.
- **Strengthening Legislative Oversight-** Ensure **greater legislative clarity** by embedding critical definitions (e.g., “wages,” retrenchment thresholds) within the Codes themselves.
- **Comprehensive Social Security for Gig & Informal Workers-** Draft a **National Gig and Platform Workers Policy** mandating aggregator contributions to welfare funds. The **e-Shram portal** should be integrated with **DBT-enabled schemes** covering health (PM-JAY), pensions (PM-SYM), and accident insurance for effective last-mile delivery.
- **Reviving Collective Bargaining Rights-** Rationalise the **strike approval threshold** (from 75% to around 51%) to make it practical while ensuring industrial peace. Promote **tripartite consultations** (Government–Employers–Workers) for dispute resolution.
- **Balancing Flexibility with Worker Security-** Couple greater flexibility for firms with mandatory unemployment insurance and reskilling programmes for retrenched workers. This would align with global best practices in labour transition support.
- **Regulating Fixed-Term Contracts-** Introduce a **cap on contract renewals** (e.g., 2–3 cycles). Beyond this, workers should either be granted permanency or strengthened social security entitlements to avoid “permanent temporariness.”
- **Restricting Exemptions-** Narrow down the scope of “public interest” exemptions. Make them time-bound, criteria-based, and subject to judicial or legislative review to prevent misuse.
- **Improving Awareness and Compliance-** Launch **multilingual awareness campaigns, labour helplines, and simplified digital compliance portals**. Special digital support cells for MSMEs should be set up to ease compliance without imposing excessive costs.

Read more- [PIB](#)

UPSC Syllabus- GS 2 & GS 3- Social Sector Initiatives & Labour Reforms