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.

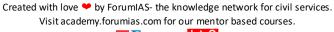
Labour and Constitutional Rights in India

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.
- o (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
Code on Wages, 2019	 Payment of Wages Act, 1936 Minimum Wages Act, 1948 Payment of Bonus Act, 1965 Equal Remuneration Act, 1976 	Establishes a uniform definition of 'wages' for all workers. Mandates timely payment of wages to every employee. Introduces a national minimum wage, adjustable by states above the central floor.





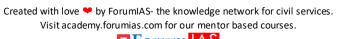
		Ensures equal remuneration for men and women performing the same or similar work.
Industrial Relations Code, 2020	-Trade Unions Act, 1926 - Industrial Employment (Standing Orders) Act, 1946 - Industrial Disputes Act, 1947	Simplifies trade union registration and recognition. Introduces negotiation unions or councils for dispute resolution. Sets conditions for strikes, including a 60-day notice period for strikes in public utility services. Establishes grievance redressal mechanisms. Raises threshold for prior government permission for closure, lay-off, or retrenchment from 100 to 300 workers. Introduces fixed-term employment, providing flexibility for employers while ensuring protection for workers.
Code on Social Security, 2020	 Employees' Provident Funds and Miscellaneous Provisions Act, 1952; Employees' State Insurance Act, 1948; Maternity Benefit Act, 1961; Payment of Gratuity Act, 1972; Unorganised Workers Social Security Act, 2008 	Expands employee definition to include gig and platform workers. Introduces social security schemes for gig, platform, and unorganised workers. Mandates creation of a social security fund for unorganised workers. Provides maternity benefits and gratuity to women workers, including those in the unorganised sector.



Occupational Safety, Health and Working Conditions (OSHWC) Code, 2020	-Factories Act, 1948 -Mines Act, 1952 -Contract Labour (Regulation and Abolition) Act, 1970 -Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979	Ensures health, safety, and welfare for all workers. Mandates annual health checkups for employees. Regulates working hours and conditions for different sectors. Introduces a single licensing mechanism for contractors and employers. Increases thresholds for contract labour applicability and prohibits contract labour in core activities, with certain exceptions. Shifts primary responsibility for welfare facilities from contractors to principal employers.
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Comparison of the Labour Ecosystem Before and After Labour Codes

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





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

Benefits of Labour Reforms Across Key Sectors

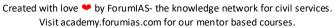
1. Fixed-Term Employees (FTE)

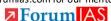
- FTEs will receive all benefits equal to permanent workers, such as leave, medical benefits and social security.
- Gratuity eligibility reduced from five years to one year of continuous service.
- Equal wages with permanent employees ensure higher income and better protection.
- Encourages direct hiring,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





- 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 OSHWC 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

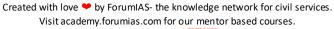
- All dock workers receive formal legal recognition and protection.
- Appointment letters mandatory, guaranteeing social security benefits.
- Provident fund, pension and insurance benefits apply to contract and temporary workers as well.
- Annual employer-funded health check-ups and medical facilities,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

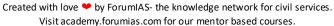
Challenges with the New Labour Codes

- 1. Uneven implementation across States
- Labour is in the Concurrent List, so states frame their own rules.





- 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.
- o This reduces parliamentary oversight and opens scope for arbitrary decisions.
- o 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
- o The **Industrial Relations Code** requires **75% approval for strikes**, nearly impossible in large firms.
- o In 2024, trade unions held **nationwide protests in Delhi, Lucknow, and Kolkata**, calling this provision "antilabour."
- 5. **Reduced Job Security**
- o Retrenchment/closure threshold raised from 100 to 300 workers.
- o 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
- o Employers use fixed-term contracts to avoid permanency.
- o **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
- o Governments can exempt industries in "public interest," a vague term prone to misuse.
- o This could let factories bypass rules on wages, safety, and working hours.
- 8. Low awareness & compliance (MSMEs and Informal Sector)





- o Many MSMEs struggle with digital compliance.
- o **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

