



**INDUS
ACTION**
Easing Social Protection

India's Labour Codes: A Comprehensive Review *of* Reforms, Challenges, and the Road Ahead

Contents

About Indus Action.....	3
Section 1: Introduction to the Labour Codes.....	3
Section 2: Acts Subsumed in Labour Codes.....	5
Section 3: Code on Wages, 2019.....	7
Section 4: Code on Social Security.....	10
Section 5: Code on Occupational Safety, Health and Working Conditions.....	19
Section 6: Code on Industrial Relations.....	25
Section 7: Impact On Workers And Employers.....	34
References.....	39
Annexures.....	39

About Indus Action

At Indus Action, we are at the frontline in solving the entrenched challenge of poverty and systemic barriers that keep large sections of the Indian population unable to access their welfare entitlements. Since 2013, our work has helped over a million citizens access entitlements in education, maternity, and various livelihoods provision. Our guiding beacon is a simple yet powerful conviction: every family in India, particularly those subsisting on an income of less than Rs. 10,000 (\$135) per month, should have unrestricted access to their welfare entitlements; entitlements that grant them a path to quality education, robust health, and secure livelihoods, amongst others.

As we navigate the intricate web of policies and regulations, we are faced with the towering figure of 890 million citizens, a segment that continues to live below the poverty line, trapped in a maze of systemic inefficiencies that hinder access to welfare rights anchored in education, health, and livelihood security. The journey to upliftment is anchored to over 500 schemes, a wide range of opportunities that unfortunately culminate in low-impact delivery, leaving a substantial portion of the populace grappling with poverty.

Citation

Indus Action (2025). India's Labour Codes: A Comprehensive Review of Reforms, Challenges, and the Road Ahead. Harshil Sharma
Author: Dr. Harshil Sharma

Section 1: Introduction to the Labour Codes

Labour laws in India have undergone significant transformation with the introduction of four Labour Codes, which consolidate and streamline the 29 existing labour laws. These include the Code on Wages (2019), the Code on Social Security (2020), the Occupational Safety, Health and Working Conditions Code (2020), and the Industrial Relations Code (2020). The primary objectives behind this consolidation are to simplify compliance, enhance worker protections, and improve ease of doing business (PIB,2022).

The four Labour Codes subsume various provisions that were earlier fragmented across different legislations. This restructuring reduces redundancies and aims to create a more coherent legal framework for labour governance. While the codes mark a significant step towards labour law reforms, they also raise concerns about their impact on worker rights, especially regarding job security, social security, and collective bargaining powers. The balance between employer flexibility and worker protection remains a critical area of debate when implementing these reforms.

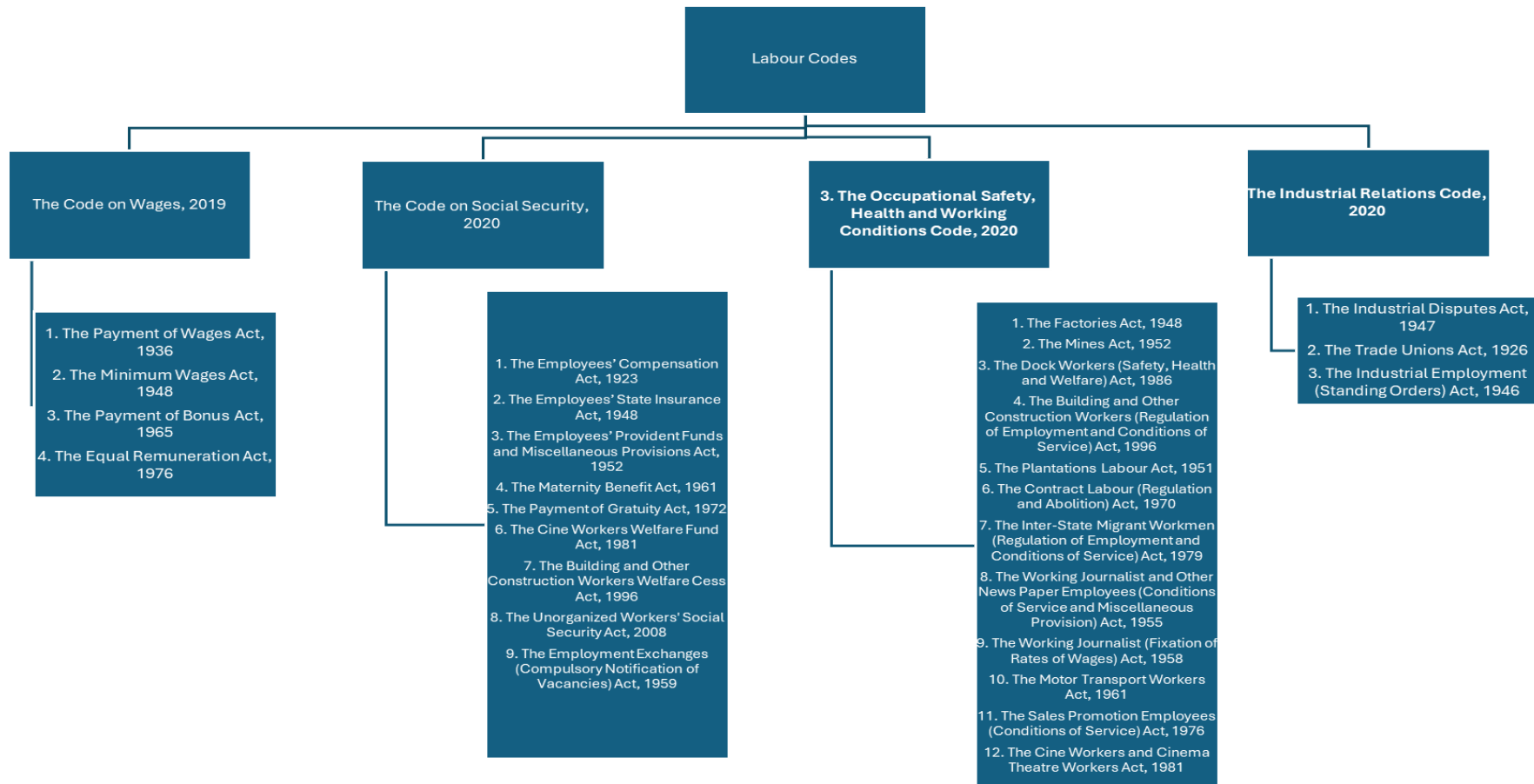
Despite being notified five years ago, the implementation of the Labour Codes has faced significant delays due to multiple challenges. A primary reason is the dependency on state governments to frame and notify the rules required for execution. Many states have either not finalized the rules or are still in the pre-publication stage, causing a lack of uniformity in roll out. Additionally, resistance from various stakeholders, including trade unions concerned about worker protections and employers cautious about compliance costs, has contributed to delays(Nitish Desai Associates, 2022; Reuters, 2024). The codes aim to streamline labour laws, improve ease of doing business, and provide social security coverage to unorganised workers, including gig and platform workers. However, issues such as the lack of a centralized digital infrastructure, complexities in harmonizing different state and central regulations, and the need for further clarifications on key provisions have slowed down their rollout. A coordinated effort between the central government, state governments, and industries and civil society representatives is essential to ensure effective implementation that balances both economic growth and worker welfare.

The methodology for this document involves a detailed analysis of the four Labour Codes by comparing their provisions with pre-existing labour laws. The study draws upon government reports, legislative texts, and secondary research from industry and worker organizations. The assessment also includes a review of parliamentary proceedings and expert opinions to provide a nuanced understanding of the intent, implications, and challenges of these new codes. The document aims to provide an outsider perspective by highlighting the advantages and concerns of these reforms.

This document serves as a ready reckoner for understanding the major amendments and structural changes introduced by the Labour Codes. Comparing existing and revised provisions would provide a structured understanding of the changes and their implications. This primer is intended to be a resource for policymakers, researchers, civil society organizations, and legal practitioners seeking clarity on the evolving labour landscape in India. Given the sweeping nature of the reforms, this summary ensures that critical aspects of compliance, worker protections, and employer responsibilities are clearly articulated. It also aids policymakers in evaluating the effectiveness of these laws and identifying potential areas for further refinement.

Section 2: Acts Subsumed in Labour Codes

The four Labour Codes aim to bring uniformity and consolidation to India's labour law landscape. The Code on Wages, 2019, unifies laws on minimum wages and payment regulations, introducing a national floor wage. The Code on Social Security, 2020, integrates nine previous laws, extending coverage to gig and platform workers while retaining separate provisions for various schemes. The Occupational Safety, Health and Working Conditions Code, 2020, merges 13 existing laws to enhance workplace safety and worker protections, though it excludes smaller establishments with fewer than 10 workers. The Industrial Relations Code, 2020, revises trade union recognition and dispute resolution mechanisms while also increasing the threshold for government approval in retrenchment, leading to concerns over job security. The table below shows the Acts subsumed in Labour codes.



Section 3: Code on Wages, 2019

The Code on Wages, 2019, consolidates and amends existing wage laws to ensure a simplified and uniform wage structure across all sectors. The key objective of the Code is to universalize the concept of minimum wages, ensuring that all categories of workers, whether in the organized or unorganized sector, receive fair remuneration. The Code introduces a statutory floor wage, which will be set by the central government in consultation with states, acting as a benchmark below which no state can set its minimum wage. Additionally, the Code mandates timely wage payments, provides for digital wage transfers, and enforces gender neutrality in wage payments. By reducing compliance burdens and establishing uniform wage criteria, the Code aims to improve both employer adherence and worker benefits, though concerns persist about enforcement mechanisms and the adequacy of minimum wage levels. Notable revisions in the code over existing provisions are shown below in the table:

CODE 1 The Code on Wages, 2019 (the “Code on Wages”)			
PREVIOUS LAWS	EXISTING PROVISION	REVISED PROVISION	REMARKS

<p>1. The Minimum Wages Act, 1948,</p>	<p>1. National floor level Minimum Wage</p> <p>2. Multiplicity of wage definition Fixation of minimum wages through schedule employment. Occupational minimum wages rates or wage fixation through scheduled employment. The other method includes minimum wage rate setting by skill categories or geographical areas or both.</p> <p>3. No such timelines existed</p>	<p>1. National Floor Wage has been raised from 176 to 178 and would be revised every 5 years.</p> <p>2. Reduction in multiplicity of wage definition. No schedule employments in fixation of wages</p> <p>The procedure of setting the minimum rate of wages by skill categories or geographical areas or both. Simplification and rationalisation of the complex minimum wage structure in India. This simplification would reduce rates of minimum wages to be set per state would be reduced to minimum of three and maximum of twelve rates.</p> <p>3. The Wage Code prescribes a limitation period of 3 years for filing of claims by an employee as</p>	<p>National Floor Level wage level calculated is very low of ₹ 178 which amounts ₹ 4450 per month and Delhi minimum wage level is more than 300 % more the floor set by Central Government.</p> <p>2. According to Economic survey there are more than 1915 minimum wage rates across state spheres through different Scheduled Employments. Those complexities would not be totally eliminated but reduce significantly.</p> <p>3. It benefits additional 7.64 crore wage earners who were not covered under Minimum wage Act</p>
---	---	---	--

	<p>4. Every employer had to maintain register and records</p> <p>5. Minimum wages have “basic rates of wages” and “dearness allowance.”</p> <p>6. Skill based definition</p>	<p>against the timelines prescribed under the existing enactment. An Employee or the Inspector cum Facilitator can file an application for claims under the Wage Code before the notified authority which shall decide the same claim within a period of 3 months. The same provision exists for the Appellate Authority.</p> <p>4. Exemption added Section 50 (4) excludes employer employing less than five workers for domestic and agricultural work for maintaining registers of employees and issuance of wage slip for workers.</p> <p>5. The minimum wage regulation includes basic criteria and mechanisms related to fixation, revision and adjustment of the floor and minimum wages under their ambit. The criteria and methods for fixation of floor wage by central government would include involving broad component like food, clothing, housing and any other factors considered appropriate in Rule 11 (1) Minimum wages have “basic rates of wages”, “dearness allowance” and “retaining allowance”.</p> <p>6. In Rule 4(2), for defining skill levels of employees (unskilled, semi-skilled, skilled and highly skilled), technical committee is to be</p>	<p>1948. These wage earners are the ones not the ones who are employed under non- standard forms of employment.</p> <p>4. The employee is defined as “any person employed on wages by an establishment”. But this definition of establishment does not include wage earners in the households and agricultural sectors. The workers who are between the cracks of the definition may find themselves in position of difficulty.</p> <p>5. Method selection for calculation of minimum wage is more rigorous and improvement over existing method.</p>
--	--	---	---

	<p>7. Appellate Authority Earlier writ used to be filed.</p>	<p>constituted for advising central government as per the National Skills Qualifications Framework (NSQF) and the National Classification of Occupation (NCO). Though under Rule 2, the definition of skill levels has retained its previous definition which causes numerous problems in identifying the updated skills found in the Indian labour market.</p> <p>7. State assigned as appellate authority</p>	<p>7. Work of Labour Department will increase manifold as they will be appellate authority to hear cases on minimum wages.</p>
<p>2. The Payment of Wages Act, 1936</p>	<p>1. Inspector used to ensure compliance of the Law and prosecutions were filed in case of non-compliance.</p> <p>2. Penal provisions were stringent and prescribed imprisonment for the first offence even. There was no provision for compounding of the offence.</p>	<p>1. The role of the Inspector has been changed to that of Facilitator who will provide the Employer an opportunity to rectify the non-compliance within specified time before initiating any prosecution proceedings.</p> <p>2. Offences and Penalties : Unlike the provisions of earlier enactments, the penal consequences under the Wage Code are not stringent and only entail imprisonment for the second and subsequent offences. However, the quantum of fines for contraventions under the Wage Code have been significantly increased. Further, the offences punishable under the Wage Code, not being the offences punishable with imprisonment only, be compounded by a gazetted officer, as appointed by the appropriate government.</p>	

		The Wage Code now envisages uniform applicability of the provisions of timely payment of wages and minimum wages to all employees irrespective of the wage ceiling and sectors.	
3. The Equal Remuneration Act, 1976,	Equal Remuneration Act mentioned male and female specifically.	The Code prescribes non-discrimination of wages against all genders which includes transgender.	
4. The Payment of Bonus Act, 1965.	Non-payment of bonus was an offence under the 'Payment of Bonus Act, 1965'.	The dispute of fixation of bonus or eligibility to be deemed to be an 'Industrial Dispute' and claim can be filed by an employee/registered trade union/Inspector-cum-Facilitator before the Notified Authority.	

Section 4: Code on Social Security

The Code on Social Security, 2020, aims to streamline and extend social security coverage to all workers, including those in the gig and unorganized sectors. It establishes frameworks for provident funds, employee state insurance, gratuity, maternity benefits, and welfare schemes for construction and unorganized workers. A significant reform is the inclusion of gig and platform workers under social security provisions, marking a shift towards recognizing new forms of employment. The Code also proposes a centralized database for unorganized workers and mandates digitized record-keeping for better implementation. While these reforms increase formal coverage, concerns persist about weak integration between existing schemes, inadequate funding mechanisms, and the lack of a robust governance structure. Few labour experts argue that the Code largely compiles previous laws without meaningful innovation instead of creating a unified and rights-based social security framework. The effectiveness of the Code will depend on its implementation, particularly in ensuring equitable access and financial sustainability (Vaidya and Sindhu, 2023; Verma, 2023; Ranjab and Yadav, 2023). Notable revisions in the code over existing provisions are shown below in the table:

Code 2: The Code on Social Security, 2020 (the “SS Code”)

PREVIOUS LAWS	EXISTING PROVISION	REVISED PROVISION	REMARKS
a. The Employees' Compensation Act, 1923	<p>1. No extra compensation was payable in case of accident occurring at the work place.</p> <p>2. No such concept such as fixed term employment present</p>	<p>1. In case of an accident at the work place 50% more will be payable on the compensation amount.</p> <p>2. Fixed term employment brought into code</p>	<p>2. Fixed term employment will increase purview of organized workers but would lead to decline in permanent employees being hired. They can be fired without notice and will not be able to participate in strikes with other workers.</p>
b. The Employees' State Insurance Act, 1948	<p>1. Definition of Employee Defined only specific to this Act.</p> <p>2. Applies to establishments hiring at least 10 employees. Benefits available to those earning up to Rs 21,000 per month.</p>	<p>1. Definition expanded for all Acts subsumed in the code</p> <p>2. ESI Scheme will apply to establishments hiring 10 or more employees. However, if the employer and majority of employees agree, then ESI may apply to such establishment by notification. Further, the central government can extend ESI to any hazardous occupation even if a single employee is engaged.</p>	<p>1.The Code distinguishes between employees based on wage ceiling for determining their eligibility to various social security benefits.</p>

	2. The ESIC facilities are available in 566 districts presently.	2. The ESIC facilities will now be extended to all 740 Districts.	
--	--	---	--

	3. New concept introduced	3. Free health check-up once a year by the employer of workers who are more than a certain age.	
c. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952,	<p>1. It was applicable in all factories. For factory only 10 employees with power were required.</p> <p>2. Earlier there was no limitation period prescribed for recovery of past dues under ESI and EPF from employers.</p>	<p>1. The EPFO will be applicable on all establishments employing more than 20 employees.</p> <p>2. Limitation period fixed for 5 years.</p>	1. Large section of small-scale establishments will be out of purview of PF.
d. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959,	1. "Employment exchanges" to provide career services to employers and persons who seek employment. Private sector establishments which employ 25 or more persons required to notify vacancies.	1. "Career centres" to provide career services to employers, persons who seek employment, and for those seeking vocational guidance, career counseling or guidance to start self-employment. Code requires notification of vacancies to career centres by every establishment.	

<p>e. The Maternity Benefit Act, 1961</p>	<p>1. The coverage of the Act was not that wide.</p> <p>2. In case of violation by the employer, imprisonment for three months and fine of Rs.500 or both</p> <p>3. In addition to maternity benefit, every woman is entitled to medical bonus of up to Rs 3,500 (if pre-natal confinement and post-natal care is not</p>	<p>1. Maternity benefit applicable to every shop and establishment in which 10 or more employees are employed</p> <p>2. In case of violation by the employer, imprisonment for six months or fine upto Rs.50,000 or both</p> <p>3. Removes the upper limit of Rs 20,000</p>	<p>Wider purview</p>
---	---	---	----------------------

	provided by employer). Central Government may amend this to up to Rs 20,000.		
f. The Payment of Gratuity Act, 1972,	<p>1. Gratuity was payable after five years of service</p> <p>2. Gratuity for working Journalists was payable after 5 years</p>	<p>1. Gratuity is now payable to Fixed term employees on basis of pro-rated gratuity based on terms of the contract. Any business can engage/hire employees for a fixed period under a written contract. These workers should have same working conditions relating to working hours, allowances and other benefits as given to the permanent workers. These workers can be hired and fired according to contract and employer's discretion.</p> <p>In case the employer fails to pay gratuity to an employee, who is entitled to gratuity, the employer shall be punishable with imprisonment which may extend to one year or fine up to Rs.50,000 or with both.</p> <p>2. Gratuity for working Journalists payable after 3 years</p>	
g. The Cine-Workers Welfare Fund Act, 1981,			

<p>h. The Building and Other Construction Workers' Welfare Cess Act, 1996 and</p>	<p>1. Definition of Building or other construction work. (did not include any exemption) different definition for establishment and building and other construction work.</p>	<p>1. Definition of Building and other construction work Amalgamated definition of establishment and 'building and other construction work any building or other construction work employing less than ten workers in the preceding twelve months or where such work is related to own residential purposes</p>	<p>1. A worker who happens to be engaged in an establishment employing less than ten workers and other exempted establishments, would statutorily not qualify as a 'building worker' [S. 2(7), SS Code] but would only get included in the definition of</p>
---	--	---	--

	<p>2. Functions of Board</p> <ul style="list-style-type: none"> ● Usage of word 'May' ● State government could make new provisions for other welfare schemes <p>3. Dissolve and reconstitute board No provision existed</p> <p>4. Registration or renewal fees</p>	<p>of an individual or group of individuals for their own residence and the total cost of such work does not exceed fifty lakhs rupees</p> <p>2. Function of Board</p> <ul style="list-style-type: none"> ● Usage of word 'shall' ● New provisions of welfare schemes to be prescribed by central government. <p>3. Dissolve and reconstitute Board State government when having sufficient reasons can dissolve and reconstitute board</p> <p>4. Registration fees omitted</p>	<p>'unorganised worker' [S. 2(86), SS Code].</p> <p>Only a 'building worker' can claim and receive statutory welfare schemes from the BOCW boards [Chapter VIII, SS Code]. The unorganised worker are left to try their luck under the Unorganised Workers Board [Chapter XI, SS Code].</p> <p>This can have detrimental effects on cess collection as well for construction work employing less than workers and total cost of construction does not exceed 50 lakhs.</p> <p>2. Functions of Board changed from 'may' to 'shall' making the provisions more binding. Centralization of welfare schemes with central government as ss code takes away the agency from state governments to frame welfare schemes as per stat specific conditions and grants the same to central government.</p> <p>3. Dissolution of Board would subjective to legislative review.</p>
--	--	---	--

	<p>5. Repeated offence There was no provision for enhanced punishment for repeated offences.</p>	<p>5. For repeated offence the minimum mandatory sentence is two years with a fine of Rupees Three lakhs which is quite considerable.</p>	<p>4. will help in reaching out to more construction workers.</p> <p>5. The law has been made very strict for the subsequent offences and in cases of non-payment of cess, maternity benefits, gratuity or compensation the punishment is considerable amount.</p>
<p>i. The Unorganised Workers Social Security Act, 2008.</p>	<p>1. State Social Security Board</p> <p>2. Registration records by District Administration</p> <p>3. No mention of Gig and platform workers</p>	<p>1. State Unorganized Worker's Social Security Board</p> <p>2. Electronic registration but no mention of District Administration</p> <p>3. First time gig and platform workers mentioned in labour laws</p>	<p>1. Delhi would have to register more than 50 lakh workers and there is no clear provision of financing of schemes for benefits of unorganized workers as was the case with earlier Board as well.</p> <p>2. Earlier in Delhi there was confusion that DM office has register organize workers of labour department not with omission of word District administration labour department would register the unorganized sector workers.</p> <p>3. Registration of Gig and platform workers working in Zomato, OLA, Swiggy, Uber etc. will try to provide safety net for disability cover, Education, old age protection etc to the new form of workers.</p>

Section 5: Code on Occupational Safety, Health and Working Conditions

The Occupational Safety, Health and Working Conditions (OSHC) Code, 2020, consolidates and updates regulations related to workplace safety, health, and welfare for workers across various industries. It standardizes provisions on working conditions, including ventilation, sanitation, drinking water, and first aid, while also mandating regular health check-ups and safety measures. The Code introduces a single registration system for establishments, replacing multiple labor laws, and extends coverage to gig and platform workers. One of the major reforms is the introduction of a structured compliance mechanism, including randomized web-based inspections and self-certification provisions to reduce bureaucratic hurdles. However, the Code excludes establishments with fewer than 10 workers, leaving a significant portion of India's workforce without formal safety protections. Additionally, while it allows women to work night shifts with safeguards, concerns remain about the practical enforcement of such provisions. Overall, the OSHWC Code represents an effort to modernize labor safety regulations but falls short in ensuring universal protection and stringent enforcement mechanisms. Notable revisions in the code over existing provisions are shown below in the table:

Code 3: The Occupational Safety, Health and Working Conditions Code, 2020 (the “OSH Code”)

PREVIOUS LAWS	EXISTING PROVISION	REVISED PROVISION	REMARKS
<p>i) The Factories Act, 1948,</p>	<p>1. Definition of factory Included Any place where 10 or more workers carry out manufacturing process 20 or more workers (without power).</p> <p>2. All Regd. Factories were covered under the P F Act.</p> <p>3. The employer could be criminally prosecuted for the offence in case of violation.</p>	<p>1. Definition of factory Included Any place where 20 or more workers carry out manufacturing process 40 or more workers (without power).</p> <p>2. Factories engaging 20 workmen are obliged to implement Provident Fund Clauses. No universal coverage of workers.</p> <p>3. The Employer can be criminally prosecuted only in repeated offence.</p>	<p>1. Increase in limit of workers will keep large section of small-scale factories out of purview of being classified as ‘factory’.</p> <p>2. It excludes establishments with less than 10 workers. This raises the question of whether workers in smaller establishments should be covered by health and safety laws. (Section 2 (u) (v) (iii))</p>

	4. No such condition earlier	4. The Labour Inspector cannot make surprise inspections. Any health survey in the establishment will be conducted after giving in writing notice to the establishment. Composition of offences to be allowed in case of first offender. An Officer to be notified in this regard.	4. Establishments being notified before inspections would not help in producing desired results through inspections
--	------------------------------	---	---

	<p>5. Inspection Earlier controlled inspection</p> <p>6. No such provision earlier It was merely a provision in Shops and Establishment Act. In Factories only, muster roll was required</p> <p>7. One day paid leave for every 20 working days if he has worked for 240 days.</p> <p>8. No such provision existed</p> <p>9. No such provision existed</p> <p>10. No such provision existed</p>	<p>5. Now, Randomized web-based inspection</p> <p>6. To get the appointment letter issued to every workman for the first time to be a legal right now.</p> <p>7. One day paid leave for every 20 working days if he has worked for 180 days.</p> <p>8. Free health check up once a year by the employer of workers who are more than a certain age.</p> <p>9. social security fund for the welfare of the unorganised workers and the amount received from composition of offence and penalty to be credited to this.</p> <p>10. state and central government can exempt any new factory from provisions of this code.</p>	<p>5. Labour officers cannot control which establishment to inspect and it would be randomly assigned through web-based portal which will increase transparency and impartiality.</p> <p>9. Inspector delinked from certain geographical areas to discourage formation of nexus</p> <p>10. Working conditions and occupational safety should never be allowed for exemption. Issues like hours of work, safety standards, retrenchment process, collective</p>
--	---	--	---

			bargaining rights, contract labour are not for exemption to boost growth.
ii). The Contract Labour (Regulation and Abolition) Act, 1970,	<p>1. contract labour provisions apply to establishments/contractors hiring at least 20 workers.</p> <p>2. primary responsibility of providing welfare facilities on contractor to the principal employer.</p> <p>3. Multiple registrations were required.</p>	<p>1. Threshold increased to 50 workers.</p> <p>2. shifts the primary responsibility of providing welfare facilities from the contractor to the principal employer.</p> <p>3. Only one registration for establishment instead of multi-registration now required.</p>	<p>1. Will reduce hiring of contract labour but increase in fixed term employment.</p> <p>2. Will help in solving dispute cases.</p>
iii)The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979,	<p>1. Only workers employed through contractors were included</p> <p>Experience certificate (annually) or when demanded by the contract labour (earlier no prescribed format).</p>	<p>1. Migrant workers include workers employed directly or through contractor</p> <p>Now, every concerned contractor shall issue, on demand, experience certificate, <i>in such form as may be prescribed by the appropriate Government, to the contract labour giving details of the work performed by such contract labour</i>).</p>	Will increase the ambit of workers who are defined as migrant workers as labour law flouting would be difficult with addition of direct employer.
iv)The Mines Act, 1952			
v) The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996,	Definition of Building and other construction work	Different definitions under SS and OSHWC code	OSHWC does not include exemptions in definition which can lead to confusion who all will be considered under building and other construction work and in turn who all are to be considered as building worker.

vi) The Dock Workers (Safety, Health and Welfare) Act, 1986,			
vii) The Plantations Labour Act, 1951,		Definition of a family extended to include dependent grand-parents of the worker	Due to increase in life expectancy, the grand-parents who are part of family will also get welfare benefits under Plantation Act
viii)The Working Journalists and Other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955			
ix)The Working Journalists (Fixation of Rates of Wages) Act, 1958,		Definition of working journalist has also been modified to include journalists working in electronic media also	
x) The Motor Transport Workers Act, 1961,			
xi) The Sales Promotion Employees (Conditions of			

Service) Act, 1976,			
xii) The Beedi and Cigar Workers (Conditions of Employment) Act, 1966 and			
xiii) The Cine-Workers and Cinema Theatre Workers (Regulation of Employment) Act, 1981.		Definition of Cine worker has been modified to include all audio-visual workers	

Section 6: Code on Industrial Relations

The Industrial Relations (IR) Code, 2020, focuses on trade unions, industrial disputes, and employment conditions, aiming to streamline industrial relations and promote ease of doing business. A key reform is the introduction of a sole negotiating union in establishments with multiple unions, requiring at least 51% representation to gain negotiating rights. The Code also restricts strikes by mandating a 60-day notice period, extending limitations previously applicable only to public utility services to all establishments. This makes legally sanctioned strikes nearly impossible, significantly weakening collective bargaining power. Additionally, it raises the employee threshold for prior government permission on layoffs and retrenchments from 100 to 300, reducing worker protections. While the Code introduces a re-skilling fund for retrenched workers and provides clearer dispute resolution mechanisms through Industrial Tribunals, critics argue that it favors employers by curtailing trade union influence and making workforce reductions easier. Overall, the IR Code simplifies legal procedures but raises concerns about eroding workers' rights and collective bargaining strength.

Notable revisions in the code over existing provisions are shown below in the table:

	<p>14 days' notice to six weeks' notice.</p> <p>3. Lay off/retrenchment permission was required in establishments having 100 or more workers</p>	<p>notice of strike and does not permit them to proceed on strike within 14 days of such notice.</p> <p>3. Lay off/retrenchment permission in Industrial establishment has been increased from 100 to 300.</p>	<p>which are declared as public utility services, in other establishments trade unions can strike work without giving notice. There are restrictions on trade unions in public utility services to give notice before they go for strike. Once notice is given, labour administration initiates conciliation process and during the period of conciliation, strike is prohibited.</p> <p>Thus, in the proposed scheme of things, legally valid strike would be almost an impossibility. Further, definition of strike is set to include mass casual leave involving at least 50 percent of workers. Overall, proposed Code has almost taken away the legal rights of going for strikes by trade unions as an instrument of collective bargaining.</p> <p>3. The Code provides for employers to terminate the services of a worker, i.e., retrenchment. For establishments have less than 300 workers without permission of government. This will lead to fall in bargaining power of worker as if large section of factory workers decide to go on strike they can</p>
--	--	---	--

	<p>4. Penalties:</p> <p>According to Section 25Q. of the SO Act, the penalty for lay-off and retrenchment without previous permission can be imprisonment for a term which may extend to one month, or with fine which may extend to one thousand rupees, or with both.</p> <p>For failure to certify standing orders or the modifications to the same and comply with the finally certified standing orders, fine which may extend to five thousand rupees, and in the case of a continuing offence with a further fine which may extend to INR 200 for every day after the first during which the offence continues.</p>	<p>4. Penalties:</p> <ul style="list-style-type: none"> ● Fine of not less than Rs. 50,000 up to INR 2,00,000. ● In case of non-certification of standing orders, an additional fine of INR 2,000 per day during which the contravention continues. ● In subsequent contravention of the finally certified standing orders, fine up to INR 4,00,000 and imprisonment for a term up to 3 months, or both 	<p>be removed from job without proper permission from government</p> <p>4. Penalties are more stringent under code.</p>
--	--	--	---

	5. No such provision existed	5. IR code regulations can be exempted by central and state governments	5. Issues like hours of work, safety standards, retrenchment process, collective bargaining rights, contract labour are not for exemption to boost growth.
2. Industrial Employment (Standing Orders) Act, 1946 (or SO Act)	<p>1. Definition:</p> <p>i. Fixed term employment:</p> <p>No such provision in the SO Act.</p> <p>ii. Standing Orders</p> <p>The applicability threshold for the provisions of this Act was any industrial establishment employing such number of persons less than one hundred as may be specified in the</p>	<p>1. Definition:</p> <p>i. Fixed term employment:</p> <p>The Code has introduced the term Fixed-term Employment, which refers to workers employed for a fixed duration based on a contract signed between the worker and employer.</p> <p>ii. Standing Orders</p> <p>Only the industrial establishments defined under the SO Act needed to formulate standing orders and get them certified (“CSO”) if they had 100 or more workers. Certain States had reduced this applicability threshold to 50 workers. The Code provides a broader definition of</p>	

	notification.	'industrial establishment' and increases the applicability threshold for CSO to 300 or more workers . This will bring uniformity and remove the CSO requirement for new smaller industrial establishments.	
3. The Trade Unions Act, 1926n (or TU Act)	<p>1. Wage Ceiling enhanced:</p> <p>No such provision in the TU Act.</p> <p>3. "Negotiating Unions"</p> <p>No such provision in the TU Act.</p>	<p>1. Wage Ceilings enhanced:</p> <p>The threshold for including supervisory employees within the ambit of "workers" has been enhanced from INR 10,000 to INR 18,000. Thus, going forward, supervisory employees earning monthly wages between INR 10,000 and INR 18,000 will qualify as "workers", and their employers may, amongst others, need to follow the retrenchment requirements to terminate their services.</p> <p>3. "Negotiating Unions"</p> <p>(Mentioned in Section 14 (1) onwards)</p>	

	<p>4. Grievance Redressal</p> <p>No such provision in the TU Act.</p>	<p>The Code mentions that if more than one Trade Union of workers registered under this Code are functioning in an industrial establishment, then, the Trade Union having fifty-one per cent or more workers on the muster roll of that industrial establishment, verified in such manner as may be prescribed, supporting that Trade Union shall be recognised by the employer of the industrial establishment, as the sole negotiating union of the workers. The representatives of such registered Trade Unions which have the support of not less than twenty per cent of the total workers on the muster roll of that industrial establishment so verified and such representation shall be of one representative for each twenty per cent and for the remainder after calculating the membership on each twenty per cent.</p> <p>4. Grievance Redressal</p> <p>Under the Code, a maximum of 10 members is required to constitute a grievance redressal committee ("GRC") as against the maximum of 6 members required under the existing law. The GRC also needs to have adequate representation of women workers. Now, a limitation period of 1 year has been prescribed for presenting grievances to</p>	
--	--	--	--

		the GRC. Further, if a grievance remains	
--	--	--	--

	<p>5. Re-skilling fund</p> <p>No such provision in the TU Act.</p>	<p>unresolved by the GRC, or a worker is aggrieved by the GRC's decision, the process no longer remains internal to the industrial establishment, as the worker has recourse to conciliation proceedings. Since non-constitution of a GRC is punishable with a fine of up to INR 100,000, the employers will need to take serious note of such compliance.</p> <p>5. Re-skilling fund</p> <p>Chapter XI introduced a worker re-skilling fund. According to the provision, the employer will be required to deposit an amount equal to fifteen days last drawn wages of every retrenched worker</p>	
--	---	---	--

Section 7: Impact On Workers And Employers

The Labour Codes represent one of the most significant reforms in India's labor law history, introducing both opportunities and challenges. While they seek to enhance ease of doing business and ensure worker welfare, their effectiveness hinges on balanced implementation through a tripartite approach involving industry, workers, and government representatives. Striking the right equilibrium is crucial to preventing large-scale detrimental effects on workers, especially in sectors with high informality. Key policy decisions, such as those related to fixed-term employment, social security coverage, and retrenchment norms, must be carefully calibrated to avoid unintended consequences. The success of these reforms will ultimately depend on continuous dialogue, robust enforcement mechanisms, and adaptive policymaking that prioritises both economic growth and worker rights. The below given summary table summarizes the major impact on workers and employers of major revised provisions under the 4 labour codes.

Code	Major Changes	Impact on Workers	Impact on Employers
1. The Code on Wages, 2019	1. National Floor level Minimum Wage	Absolute Lowest wage defined	
	2. Reduction in multiplicity of minimum wage definitions		Easier to understand minimum wage definitions
	3. Timelines set for filing of claims of 3 years and appellate authority to take decisions within 3 months	Timely hearing and disposal of cases	No prolonged cases
	4. Inspector-cum-facilitator		Chance for compliance before prosecution proceedings
	5. Fine amounts increased but Penal provisions not stringent now.	Compounding of offences gives leverage to employers for non-compliance initially and getting away with it without stringent punishment.	
2.The Code on Social Security, 2020	1. The EPFO will be applicable on all establishments employing more than 20 employees.	Large section of small-scale establishments will be out of purview of PF.	Employers of less than 20 employees don't have to take care of PF of workers.

	2. Fixed Term Employment introduced	Less or almost no permanent workers will be hired	Fixed term employees can be hired and fired according to term of appointment but have to be given ESI, PF and other benefits that are given to permanent workers.
	3. Gratuity was payable after five years of service	Gratuity is now payable to Fixed term employees on basis of pro-rated gratuity based on terms of the contract after one year of service.	

	4. Definition of Building or other construction work added exceptions of work employing less than 10 workers and “Maybe” cost of construction less than 50 lakhs	Workers working in small sites with less than 10 workers cannot be classified as building workers and cannot take benefits of Welfare schemes under BOCW board.	Also have detrimental effects on cess and clearing out official data recording for a construction work.
	5. Functions of Construction Board: New provisions and schemes to be prescribed by Central Government		
	6. Registration and Renewal fees omitted from construction Board	Will help in reaching a wider set of workers and increase purview of the scheme.	
	7. State Unorganized Worker’s Board	Delhi would have to register more than 50 lakh unorganized workers but there is no clear provision of finance for welfare activities for these workers.	
	8. Gig and platform workers introduced	Gig workers will be recognized as workers	
3. The Occupational Safety, Health and Working Conditions Code, 2020	1. Definition of factory changed from 10 workers and 20 workers (without power) to 20 workers and 40 workers (without power)	Increase in limit of workers will keep large section of small-scale factories out of purview of being classified as ‘factory’ which in turn will be detrimental for workers working in small factories.	Don’t have to meet requirements of codes if establishment has less than 20 workers.
	2. The Labour Inspector cannot make surprise inspections. Any health survey in the establishment will be conducted after giving in writing notice to the establishment.	Establishments being notified before inspections would not help in producing desired results through inspections	
	3. Randomized web-based inspection	Earlier Labour inspectors used to do controlled inspections.	
	4. state and central government can exempt any new factory from provisions of this code.	Working conditions and occupational safety should never be allowed for exemption. Issues like hours of work, safety standards, retrenchment process, collective bargaining rights, contract labour are not for exemption to boost growth.	If provisions of code are not to be followed then it may boost growth.

	5. shifting the primary responsibility of providing welfare facilities from the contractor to the principal employer.		
--	---	--	--

	6. Migrant workers include workers employed directly or through contractor	Will increase the ambit of workers who are defined as migrant workers as labour law flouting would be difficult with addition of direct employer.	
4. The Industrial Relations Code, 2020	Fixed term Employment	Code does not restrict the type of work in which fixed term workers may be hired. Therefore, they may be hired for roles offered to permanent workmen. More fixed term employment workers will be hired which can be hired and fired according to terms of hiring and lead to mass decline in permanent jobs. Provisions for fixed term employment were introduced for central sphere establishments in 2018. However, unequal bargaining powers between the worker and employer could affect the rights of such workers since the power to renew such contracts lies with the employer. This may result in job insecurity for the employee and may deter him from raising issues about unfair work practices, such as extended work hours, or denial of wages or leaves.	
	2. Increasing Strike advance Notice period from 14 days to 60 days	Effectively extends the barriers for striking by essential service employees to all employees, and thereby making strikes legally non-tenable. Further, definition of strike is set to include mass casual leave involving at least 50 percent of workers. Overall, proposed Code has almost taken away the legal rights of going for strikes by trade unions as an instrument of collective bargaining.	Employer can adequately prepare for strike well in advance.

	3. Lay off/retrenchment permission in Industrial establishment has been increased from 100 to 300.	This will lead to fall in bargaining power of worker as if large section of factory workers decides to go on strike, they can be removed from job without proper permission from government. Also, for Delhi having more than 300 workers factory is a very small section of Industrial establishment.	Ease of hire and fire
	4. Penalties are more stringent under code.		
	5. IR code regulations can be exempted by central and state governments	Issues like hours of work, safety standards, retrenchment process, collective bargaining rights, contract labour are not for exemption to boost growth.	If provisions of code are not to be followed then it may boost growth.
	6. “Negotiating Unions” The Code mentions that if more than one Trade Union of workers registered under this Code are functioning in an industrial establishment, then, the Trade Union having fifty-one per cent or more workers on the muster roll of that industrial establishment, verified in such manner as may be prescribed, supporting that Trade Union shall be recognised by the employer of the industrial establishment, as the sole negotiating union of the workers. The representatives of such registered Trade Unions which have the support of not less than twenty per cent of the total workers on the muster roll of that industrial establishment so verified and such representation shall be of one representative for each twenty per cent and for the remainder after calculating the membership on each twenty per cent.	Which unions can talk to management would be clearly defined	Employers would know who are the stakeholders of workers with whom negotiations have to take place.

References

- Vaidya, I., & Sindhu, S. (2023). Critical analysis of the Social Security Code 2020 in India: Assessing implications and challenges. In A. Singh & P. Kumar (Eds.), *Labour law reforms in India: Recent trends and challenges* (pp. 45-67). Routledge.
- Verma, S. (2023). Critical analysis of the Social Security Code in light of the gig and platform economy. *India Law Journal*, 16(2).
- Ranjan, A., & Yadava, A. (2023). A critical analysis of the Code on Social Security, 2020. *International Journal of Legal Research and Analysis*, 5(3), 123-145. Ministry of Labour and Employment (2019). *The Code on Wages, 2019*. Government of India. Retrieved from https://labour.gov.in/sites/default/files/the_code_on_wages_as_introduced.pdf
- Ministry of Labour and Employment . (2020). *The Code on Social Security, 2020*. Government of India. Retrieved from: https://labour.gov.in/sites/default/files/ss_code_gazette.pdf
- Ministry of Labour and Employment (2020). *The Occupational Safety, Health and Working Conditions Code, 2020*. Government of India. Retrieved from: https://labour.gov.in/sites/default/files/osh_gazette.pdf
- Ministry of Labour and Employment (2020). *The Industrial Relations Code, 2020*. Government of India. Retrieved from: https://labour.gov.in/sites/default/files/ir_gazette_of_india.pdf
- Nishith Desai Associates (2022). *New Labour Codes in India Delayed*. Retrieved from: <https://www.nishithdesai.com/NewsDetails/5436#:~:text=Analysis,that%20it%20has%20been%20deferred>
- Reuters. (2024). *Thousands protest across India seeking repeal of labour codes*. Retrieved from: <https://www.reuters.com/world/india/thousands-protest-across-india-seeking-repeal-labour-codes-2024-09-23/>
- Press Information Bureau. (2022). *New Labour Code*. Government of India. Retrieved from: <https://pib.gov.in/PressReleaseDetail.aspx?PRID=1882845®=3&lang=1>

Annexures

Annexure 1 : Central Acts which are related to labour laws but have not been subsumed by the Codes

Additional Central Laws	Description of the Act
Labour Laws (Simplification of Procedure for Furnishing Returns and Maintaining Registers by Certain Establishments) Act, 1988	Allows establishments with up to 19 workers and up to 40 workers to submit combined annual returns and unified registers under 16 central laws (covering wages, factories and contract labour)
Apprentices Act, 1961	Provides for the regulation of training of apprentices.
Bonded Labour System (Abolition) Act, 1976	Provides for the abolition of the bonded labour system.
Child and Adolescent Labour (Prohibition and Regulation) Act 1986	Prohibits employment of children (below 14 years) in all occupations and of adolescents (14-17 years) in hazardous occupations and processes.

Public Liability Insurance Act 1991	Makes provisions for public liability insurance to provide relief to persons affected by accidents which occurred while handling any hazardous substance.
-------------------------------------	---

Additional Central Laws	Description of the Act
Dock Workers (Regulation of Employment) Act 1948	Makes provisions for framing a scheme for regulating the employment of dock workers. Sets up a Board to administer the scheme.
Dock Workers (Regulation of Employment) (Inapplicability to Major Ports) Act 1997	Provides for inapplicability of the Dock Workers (Regulation of Employment) Act, 1948 to dock workers of major ports in India.
Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948	Makes provisions for framing provident fund, pension, deposit linked-Insurance and bonus schemes for persons employed in coal mines.
Provident Funds Act, 1925	Deals with provident funds primarily relating to the government, local authorities, Railways and certain other institutions.
Seamen's Provident Fund Act, 1966	Makes provisions for framing a provident fund scheme for seamen.
Sexual Harassment at Workplace Act, 2013	Creates a process to redress complaints of sexual harassment at the workplace.
Boilers Act, 1923	Regulates the manufacture and use of steam boilers.
Employment of Manual Scavengers and Construction of Dry Latrines (Prohibition) Act, 1993	Prohibits employment of manual scavengers for certain activities. Regulates construction and maintenance of water seal latrines.
Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013	Prohibits employment of manual scavengers, manual cleaning of sewers and septic tanks without protective equipment, and construction of insanitary latrines.

Annexure 2: Comparison between fixed term employment, permanent employment and contract labour

Feature	Fixed Term Employee	Permanent Employee	Contract Labour
Type of employment	<ul style="list-style-type: none"> ▪ Employment under written contract. No contractor or agency is involved. ▪ On the payroll of the establishment. 	<p>Employment directly under a written contract.</p> <ul style="list-style-type: none"> ▪ On the payroll of the establishment. 	<ul style="list-style-type: none"> ▪ Engaged in an establishment through a contractor or agency. ▪ Not on the payroll of the establishment.
Term	<ul style="list-style-type: none"> ▪ Stipulated fixed term. 	<ul style="list-style-type: none"> ▪ Employed on a permanent basis 	

	<ul style="list-style-type: none"> ▪ Employment lapses on completion of term, unless renewed. No notice is required to be given for retrenchment. 	<ul style="list-style-type: none"> ▪ Notice has to be given for termination of employment. 	Based on terms negotiated with the contractor.
Nature of work	Not specified.	Hired for routine work.	Employment may be prohibited in certain cases, e.g., if similar work is carried out by regular workmen.