



**INDUS  
ACTION**

*Enabling Social Protection*

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

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## **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 education, maternity, and various livelihood provision entitlements. 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, among 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**

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## Section 1: Introduction to the Labour Codes

Labour laws in India have undergone a 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 the ease of doing business (PIB,2022).

The four Labour Codes subsume various earlier provisions 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.

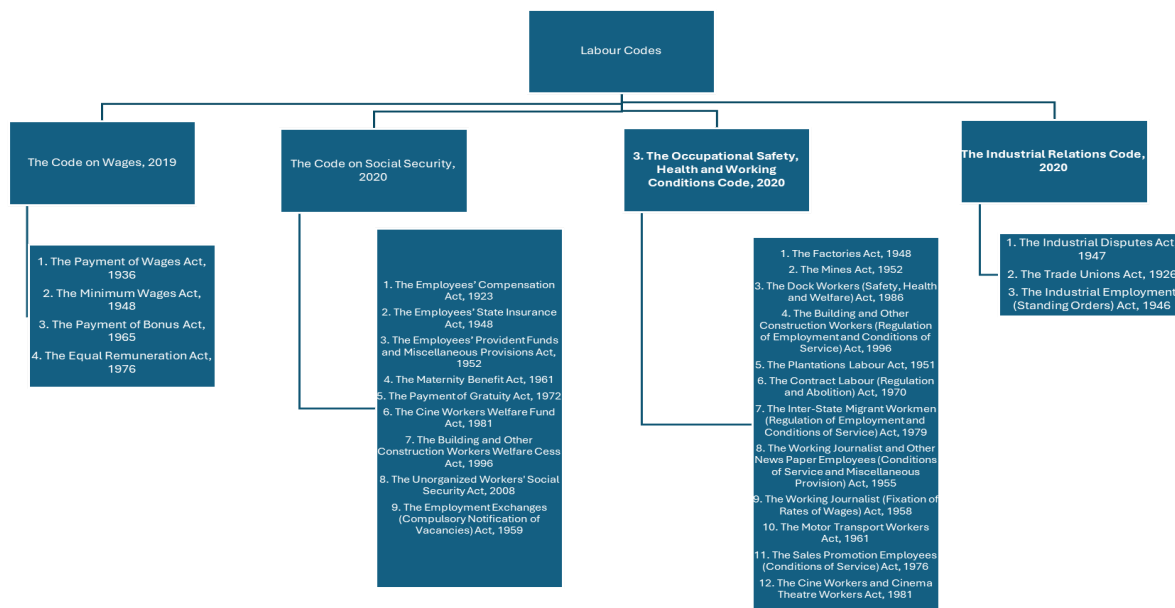
Despite being notified five years ago, the implementation of Labour Codes has faced significant delays due to multiple challenges. A primary reason is the dependency on state governments to frame and notify the rules required for execution. Many states have either not finalised the rules or are still in the pre-publication stage, causing a lack of uniformity in the rollout. 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 business efficiency, and provide social security coverage to unorganised workers, including gig and platform workers. However, issues such as the lack of a centralised digital infrastructure, complexities in harmonising 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, 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 organisations. 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 is 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 organisations, 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 of 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 universalise the concept of minimum wages, ensuring that all categories of workers, whether in the organised or unorganised 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. However, 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:

<b>CODE 1 The Code on Wages, 2019 (the “Code on Wages”)</b>			
<b>PREVIOUS LAWS</b>	<b>EXISTING PROVISION</b>	<b>REVISED PROVISION</b>	<b>REMARKS</b>
<b>1. The Minimum Wages Act, 1948,</b>	1. Minimum wage	1. National Floor Wage has been raised from 176 to 178 and would be revised every 5 years.	1. The National Floor Level wage level calculated is very low at ₹178 which amounts to ₹4,450 per month, and the Delhi minimum wage level is 300% more than the floor set by the central government.

	<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</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 wage by skill categories or geographical areas or both.</p> <p>Simplification and rationalisation of the complex minimum wage structure in India. This simplification would reduce the number of minimum wage rates set per state to a minimum of three and a maximum of twelve rates.</p>	<p>2. According to an economic survey, there are more than 1,915 minimum wage rates across state spheres via different Scheduled Employments. These complexities would not be totally eliminated, but would reduce significantly.</p>
	<p>3. No such timelines existed</p>	<p>3. The Wage Code prescribes a limitation period of 3 years for filing of claims by an employee as 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 who shall decide the same claim within a period of 3 months. The same provision exists for the Appellate Authority.</p>	<p>3. It benefits additional 7.64 crore wage earners who were not covered under Minimum wage Act, 1948. These wage earners are the ones not the ones who are employed under non-standard forms of employment.</p>
	<p>4. Every employer had to maintain register and records</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</p>	<p>4. The employee is defined as “any person employed on wages by an establishment”. This definition of “establishment”, however,</p>

		and issuance of wage slip for workers.	does not include wage earners in households and agricultural sectors. The workers who fall between the cracks of this definition may find themselves in a difficult position.
	5. Minimum wages have “basic rates of wages” and “dearness allowance.”	5. The minimum wage regulation includes basic criteria and mechanisms related to fixation, revision and adjustment of floor and minimum wages under their ambit. The criteria and methods for fixation of floor wage by the central government would include involving broad components like food, clothing, housing and other factors considered appropriate in Rule 11 (1) Minimum wages have “basic rates of wages”, “dearness allowance” and “retaining allowance”.	5. Method selection for calculation of minimum wage is more rigorous and is an improvement over the existing method.
	6. Skill-based definition	6. In Rule 4(2) for defining skill levels of employees (unskilled, semi-skilled, skilled and highly skilled), a technical committee is to be constituted to advise the 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 leads to numerous problems in identifying the updated skills found in the Indian labour market.	
	7. Appellate Authority Earlier writ used to be filed.	7. State assigned as the appellate authority.	7. Work of the Labour Department will increase manifold as it will be the appellate authority to hear cases on minimum wages.
<b>2. The Payment of Wages Act, 1936</b>	1. The inspector used to ensure compliance of the Law and prosecutions were filed in case of non-compliance.	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 the specified time before initiating any prosecution proceedings.	
	2. Penal provisions were stringent and prescribed imprisonment for the first offence even. There was no provision for compounding of the offence.	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 by imprisonment only, be compounded by a gazetted officer, as appointed by the appropriate government.	

		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.	
<b>3. The Equal Remuneration Act, 1976</b>	Equal Remuneration Act mentioned male and female specifically.	The Code prescribes non-discrimination of wages against all genders, including transgenders.	
<b>4. The Payment of Bonus Act, 1965</b>	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 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 unorganised sectors. It establishes frameworks for provident funds, employee state insurance, gratuity, maternity benefits, and welfare schemes for construction and unorganised workers. A significant reform is the inclusion of gig and platform workers under social security provisions, marking a shift towards recognising new forms of employment. The Code also proposes a centralised database for unorganised workers and mandates digitised 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:

<b>Code 2: The Code on Social Security, 2020 (the “SS Code”)</b>			
<b>PREVIOUS LAWS</b>	<b>EXISTING PROVISION</b>	<b>REVISED PROVISION</b>	<b>REMARKS</b>
<b>1. The Employee’s Compensation Act, 1923</b>	1. No extra compensation was payable in case of an accident occurring at the workplace.	1. In case of an accident at the workplace, 50% more will be payable on the compensation amount.	
	2. There is no concept such as fixed term employment present.	2. Fixed term employment brought into Code.	2. Fixed term employment will increase the purview of organised workers but would lead to a decline in permanent employees being hired. They can be fired without notice and will not be able to participate in strikes with other workers.

<b>2. The Employee's State Insurance Act, 1948</b>	1. Definition of employee only specific to this Act	1. Definition expanded for all Acts subsumed in the code.	1. The Code distinguishes between employees based on wage ceiling to determine their eligibility for various social security benefits.
	2. Applies to establishments hiring at least 10 employees. Benefits are available to those earning up to Rs 21,000 per month.	2. The 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 establishments by notification. Further, the central government can extend ESI to any hazardous occupation, even if a single employee is engaged.	
	3. ESIC facilities are available in 566 districts presently.	3. ESIC facilities will now be extended to all 740 districts.	
	4. New concept introduced.	4. Free health checkup provided by the employer for workers over a certain age.	
<b>3. The Employee's Provident Funds and Miscellaneous Provisions Act, 1952</b>	1. It was applicable in all factories. For the factory only 10 employees with power were required.	1. The EPFO will be applicable to all establishments with over 20 employees.	1. A large section of small-scale establishments will be out of purview of PF.
	2. Earlier there was no limitation period prescribed for recovery of past dues under ESI and EPF from employers.	2. Limitation period fixed for 5 years.	
<b>4. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959</b>	1. "Employment exchanges" to provide career services to employers and persons who seek employment. Private sector establishments that employ 25 or more persons required	1. "Career centres" to provide career services to employers, persons seeking employment, and those seeking vocational guidance, career counseling or guidance in	

	to notify vacancies.	self-employment. The Code requires notification of vacancies to career centres by every establishment.	
<b>5. The Maternity Benefit Act, 1961</b>	1. The coverage of the Act was limited.	1. Maternity benefits applicable to every shop and establishment with 10 or more employees.	Wider purview.
	2. In case of violation by the employer, imprisonment for three months and a fine of Rs.500, or both	2. In case of violation by the employer, imprisonment of six months or fine up to Rs.50,000, or both	
	3. In addition to maternity benefits, every woman is entitled to a medical bonus of up to Rs 3,500 (if pre-natal confinement and post-natal care is not provided by the employer). Central government may amend this to up to Rs 20,000.	3. Removes the upper limit of Rs 20,000	
<b>6. The Payment of Gratuity Act, 1972</b>	1. Gratuity was payable after five years of service.	1. Gratuity is now payable to fixed term employees on the 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 the same working conditions in terms of working hours, allowances and other benefits, as provided to permanent workers. These workers can be hired and fired according to the contract and the employer's discretion.  In case the employer fails to pay gratuity to an employee who is	

		entitled to gratuity, the employer shall face imprisonment which may extend to one year or a fine up to Rs.50,000, or both.	
	2. Gratuity for working journalists was payable after 5 years.	2. Gratuity for working journalists payable after 3 years.	
<b>7. The Cine-Workers Welfare Fund Act, 1981</b>			
<b>8. The Building and other Construction Workers' Welfare Cess Act, 1996 and</b>	<b>1. Definition of building or other construction work</b> (did not include any exemption). Different definitions for establishment and building and other construction work.	<b>1. Definition of Building and other construction work.</b> 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 of an individual or group of individuals for their own residence and the total cost of such work does not exceed fifty lakh rupees.	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 included in the definition of 'unorganised worker' [S. 2(86), SS Code]. Only a 'building worker' can claim and receive statutory welfare schemes from the BOCW boards [Chapter VIII, SS Code]. The unorganised worker is left to try their luck under the Unorganised Workers Board [Chapter XI, SS Code]. This can have detrimental effects on cess collection as well for construction work employing less than 10

			workers, and the total cost of construction does not exceed 50 lakhs.
	<p>2. Functions of Board</p> <ul style="list-style-type: none"> <li>● Usage of the word 'may'.</li> <li>● State government could make new provisions for other welfare schemes.</li> </ul>	<p>2. Function of Board</p> <ul style="list-style-type: none"> <li>● Usage of the word 'shall'.</li> <li>● New provisions of welfare schemes to be prescribed by the central government.</li> </ul>	<p>2. Functions of the Board changed from 'may' to 'shall' making the provisions more binding. Centralisation of welfare schemes with the central government as ss code takes away agency from state governments to frame welfare schemes as per state-specific conditions and grants the same to the central government.</p>
	<p>3. Dissolve and reconstitute board No provision existed.</p>	<p>3. Dissolve and reconstitute the Board. State governments, when having sufficient reasons can dissolve and reconstitute the Board.</p>	<p>3. Dissolution of the Board would be subjective to legislative review.</p>
	<p>4. Registration or renewal fees.</p>	<p>4. Registration fees omitted.</p>	<p>4. Will help in reaching more construction workers.</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 Rs.3 lakh, which is considerable.</p>	<p>5. The law has been made very strict for subsequent offences, and in cases of non-payment of cess, maternity benefits, gratuity or compensation, the punishment is a considerable amount.</p>
<p><b>9. The Unorganised Workers Social Security Act, 2008</b></p>	<p>1. State Social Security Board.</p>	<p>1. State Unorganised Worker's Social Security Board.</p>	<p>1. Delhi would have to register more than 50 lakh workers and there is no clear provision to finance schemes for benefits of unorganised</p>

			workers as was the case with earlier Board as well.
	2. Registration records by the District Administration.	2. Electronic registration but no mention of District Administration.	2. No confusion not on maintenance of records.
	3. No mention of gig and platform workers.	3. First-time gig and platform workers mentioned in labour laws.	3. Registration of gig and platform workers working with Zomato, OLA, Swiggy, Uber, etc. will try to provide a safety net for disability cover, education, old age protection etc. to new a form of workers.



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

The Occupational Safety, Health and Working Conditions (OSHWC) Code, 2020, consolidates and updates regulations related to workplace safety, health, and welfare for workers across various industries. It standardises 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 labour laws, and extends coverage to gig and platform workers. One of the major reforms is introducing a structured compliance mechanism, including randomised 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 modernise labour safety regulations, but it fails to ensure universal protection and stringent enforcement mechanisms. Notable revisions in the code over existing provisions are shown below in the table:

<b>Code 3: The Occupational Safety, Health and Working Conditions Code, 2020 (the “OSH Code”)</b>			
<b>PREVIOUS LAWS</b>	<b>EXISTING PROVISION</b>	<b>REVISED PROVISION</b>	<b>REMARKS</b>
<b>1. The Factories Act, 1948</b>	<b>1. Definition of factory</b> Includes any place where 10 or more workers (with power and electricity) or 20 or more workers (without power and electricity) carry out manufacturing process	<b>1. Definition of factory</b> Includes any place where 20 or more workers (with power and electricity) or 40 or more workers (without power and electricity) carry out manufacturing process	1. An increase in workers will keep a large section of small-scale factories out of the purview of being classified as ‘factory’.
	2. All Regd. factories were covered under the PF Act.	2. Factories engaging 20 workers are obliged to implement Provident Fund Clauses. No universal coverage for workers.	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))

	3. The employer could be criminally prosecuted in case of any violation.	3. The employer can be criminally prosecuted only for repeated offences.	
	4. No such condition earlier.	4. The Labour Inspector cannot make surprise inspections. Any health survey in the establishment will be conducted after giving notice in writing to the establishment. Composition of offences to be allowed in case of first-time offender. An officer to be notified in this regard.	4. Establishments being notified before inspections would not help in producing desired results through inspections
	5. The inspector controlled the inspection earlier.	5. Now, randomised web-based inspections.	5. Labour officers cannot control which establishment they inspect. It would be randomly assigned through a web-based portal to increase transparency and impartiality.
	6. No such provision earlier. It was merely a provision in the Shops and Establishment Act. In factories, only a muster roll was required.	6. To get an appointment letter issued to every worker for the first time to be legal right now.	
	7. One day paid leave for every 20 working days if the worker has worked for 240 days.	7. One day paid leave for every 20 working days if the worker has worked for 180 days.	
	8. No such provision existed.	8. Free health checkup once a year by the employer of workers who are more than a certain age.	

	9. No such provision existed.	9. Social security fund for the welfare of unorganised workers and the amount received from the compilation of offence and penalty to be credited to this.	9. Inspector delinked from certain geographical areas to discourage formation of nexus.
	10. No such provision existed.	10. State and central governments can exempt any new factory from provisions of this code.	10. 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.
<b>2. The Contract Labour (Regulation and Abolition) Act, 1970</b>	1. Contract labour provisions apply to establishments/contractors hiring at least 20 workers.	1. Threshold increased to 50 workers.	<b>1. Will reduce hiring of contract labour but increase in fixed term employment.</b>
	2. Primary responsibility of providing welfare facilities on contractor to the principal employer.	2. Shifts the primary responsibility of providing welfare facilities from the contractor to the principal employer.	<b>2. Will help in solving dispute cases.</b>
	3. Multiple registrations were required.	3. Only one registration for establishment instead of multi-registration required now.	
<b>3. The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979</b>	1. Only workers employed through contractors were included.  Experience certificate (annually) or when demanded by the contract labour (earlier no prescribed format).	1. Migrant workers include workers employed directly or through contractor  Now, every concerned contractor shall issue, on demand, an experience certificate, in such form	1. Will increase the ambit of workers who are defined as migrant workers as labour law flouting would be difficult with addition of direct employer.

		as may be prescribed by the appropriate government, to the contract labour giving details of the work performed by such contract labour.	
4. The Mines Act, 1952			
e. 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.	<b>OSHC does not include exemptions in definition, which can lead to confusion in who all will be considered under building and other construction work and in turn who all are considered building workers.</b>
5. The Dock Workers (Safety, Health and Welfare) Act, 1986			
6. The Plantations Labour Act, 1951		Definition of a family extended to include dependent grandparents of the worker.	Due to increase in life expectancy, the grandparents who are part of the family will also get welfare benefits under the Plantation Act.
7. The Working Journalists and Other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955			
8. The Working Journalists (Fixation of Rates of Wages) Act, 1958		Definition of <b>working journalist</b> has been modified to include journalists working in electronic media as well.	
9. The Motor Transport Workers Act, 1961			

<b>10. The Sales Promotion Employees (Conditions of Service) Act, 1976</b>			
<b>11. The Beedi and Cigar Workers (Conditions of Employment) Act, 1966 and</b>			
<b>12.. The Cine-Workers and Cinema Theatre Workers (Regulation of Employment) Act, 1981</b>		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 favours 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:

<b>Code 3: The Occupational Safety, Health and Working Conditions Code, 2020 (the "OSH Code")</b>			
<b>PREVIOUS LAWS</b>	<b>EXISTING PROVISION</b>	<b>REVISED PROVISION</b>	<b>REMARKS</b>
<b>1. Industrial Disputes Act, 1947</b>	1. No such definition existed.	1. Fixed term employment included in definition. Fixed term employment refers to workers employed for a fixed duration based on a contract signed between the worker and the employer.	1. 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 workers. More fixed term employment workers will be hired who 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

			<p>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.</p>
	<p>2. Strikes and Lockouts</p>	<p>2. Strikes and Lockouts</p> <p>The Code requires workers of all industrial establishments to give <b>60 days' advance notice</b> of strike and does not permit them to proceed on strike within 14 days of such notice.</p>	<p>2. Effectively extends the barriers for striking by essential service employees to all employees, thereby making <b>strikes legally non-tenable</b>. In the existing legislation, except those 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, the labour administration initiates the conciliation process, and during this period of conciliation, strikes are prohibited.</p>

			<p>Thus, in the proposed scheme of things, a legally valid strike would be almost impossible. Further, the definition of a strike is set to include mass casual leave involving at least 50% of workers. Overall, the proposed Code has almost taken away the legal rights of strikes by trade unions as an instrument of collective bargaining.</p>
	<p>3. Lay off/retrenchment permission was required in establishments having 100 or more workers.</p>	<p>3. Lay off/retrenchment permission in industrial establishments has been increased from 100 to 300.</p>	<p>3. The Code enables employers to terminate the services of a worker, i.e., retrenchment. For establishments with less than 300 workers without permission of the government. This will lead to fall in bargaining power of worker, as if a large section of factory workers decide to go on strike, they can be removed from a job without proper permission from the government.</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 Rs. 1,000, or both.</p> <p>For failure to certify standing orders or modifications to the same and comply with the finally certified standing orders, fine which may extend to Rs. 5,000, and in the case of a continuing offence with a further fine which may extend to Rs. 200 for every day after the first during which the offence continues.</p>	<p>4. Penalties:</p> <ul style="list-style-type: none"> <li>● Fine of not less than Rs. 50,000 up to Rs. 2,00,000.</li> <li>● In case of non-certification of standing orders, an additional fine of Rs. 2,000 per day during which the contravention continues.</li> <li>● In subsequent contravention of the finally certified standing orders, fine up to Rs. 4,00,000 and imprisonment for a term up to 3 months, or both.</li> </ul>	<p>4. Penalties are more stringent under the Code.</p>
	<p>5. No such provision existed.</p>	<p>5. IR Code regulations can be exempted by central and state governments.</p>	<p>5. Issues like hours of work, safety standards, retrenchment process, collective bargaining rights, contract labour are not for exemption to boost growth.</p>
<p><b>2. Industrial Employment (Standing Orders) Act, 1946 (or SO Act)</b></p>	<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>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</p>	

	<p>The applicability threshold for the provisions of this Act was any industrial establishment employing such a number of persons less than 100 as may be specified in the notification.</p>	<p>signed between the worker and employer.</p> <p>ii. Standing Orders</p> <p>Only 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 ‘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.</p>	
<p><b>3. The Trade Unions Act, 1926n (or TU Act)</b></p>	<p><b>1. Wage Ceiling enhanced:</b></p> <p>No such provision in the TU Act.</p>	<p><b>1. Wage Ceiling enhanced:</b></p> <p>The threshold for including supervisory employees within the ambit of “workers” has been enhanced from Rs. 10,000 to Rs. 18,000. Thus, going forward, supervisory employees earning monthly wages between Rs. 10,000 and Rs. 18,000 will qualify as “workers”, and their employers may, amongst others, need to follow the retrenchment requirements to terminate their services.</p>	

	<p><b>2. "Negotiating Unions"</b></p> <p>No such provision in the TU Act.</p>	<p><b>2. "Negotiating Unions"</b></p> <p>(Mentioned in Section 14 (1) onwards)</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 51% 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 20% of the total workers on the muster roll of that industrial establishment so verified and such representation shall be of 20% and for the remainder after calculating the membership on each 20%.</p>	
	<p><b>3. Grievance Redressal</b></p> <p>No such provision in the TU Act.</p>	<p><b>3. Grievance Redressal</b></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</p>	

		<p>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 the GRC. Further, if a grievance remains 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 Rs. 1,00,000, the employers will need to take serious note of such compliance.</p>	
	<p><b>4. Re-skilling fund</b></p> <p>No such provision in the TU Act.</p>	<p><b>4. Re-skilling fund</b></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 last drawn wages of last 15 days of every retrenched worker in the reskilling fund.</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
<b>1. The Code on Wages, 2019</b>	<b>National Floor level Minimum Wage</b>	Absolute lowest wage defined.	
	Reduction in multiplicity of minimum wage definitions.		Easier to understand minimum wage Definitions.
	Timelines set for filing of claims of 3 years and appellate authority to take decisions within 3 months.		
	<b>Inspector-cum-facilitator</b>		Chance for compliance before prosecution proceedings
	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.	
<b>2. The Code on Social Security, 2020</b>	The EPFO will be applicable to all Establishments employing more than 20 employees.	Large section of small-scale establishments will be out of purview of PF.	Employers with less than 20 employees don't have to take care of PF of workers.

	<b>Fixed Term Employment introduced.</b>	Less or almost no permanent workers will be hired.	Fixed term employees can be hired and fired according to the term of appointment but have to be given ESI, PF and other benefits that are given to permanent workers.
	Gratuity was payable after five years of service.	Gratuity is now payable to fixed term employees on the basis of pro-rated gratuity based on terms of the contract after one year of service.	
	<b>Definition of building or other construction work added with exceptions of workplaces employing less than 10 workers and “maybe” cost of construction less than Rs. 50 lakhs.</b>	Workers working at small sites with less than 10 workers cannot be classified as building workers and cannot take benefits of Welfare schemes under BOCW board.	<b>Also has detrimental effects on cess and clearing out official data recording for construction work.</b>
	Functions of Construction Board: New provisions and schemes to be prescribed by central government.		
	Registration and renewal fees omitted from the construction board.	Will help in reaching a wider set of workers and increase purview of the scheme.	
	State Unorganised Worker’s Board	Delhi would have to register more than 50 lakh unorganised workers but there is no clear provision of finances for welfare activities for these workers.	
	Gig and platform workers introduced.	Gig workers will be recognized as workers	
<b>3. The Occupational Safety, Health and Working Conditions Code, 2020</b>	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 a large section of small-scale factories out of the purview of being classified as ‘factory’, which in turn will be detrimental for workers	Don’t have to meet requirements of codes if establishment has less than 20 workers.

		working in small factories.	
	The labour inspector cannot make surprise inspections. Any health survey at the establishment will be conducted after giving a notice in writing to the establishment.	Establishments being notified before inspections would not help in producing desired results through inspections.	
	Randomised web-based inspection	Earlier labour inspectors used to do controlled inspections	
	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 the Code are not to be followed, then it may boost growth.
	Shifting the primary responsibility of providing welfare facilities from the contractor to the principal employer.		
	Migrant workers include workers employed directly or through contractors.	Will increase the ambit of workers who are defined as migrant workers, as labour law flouting would be difficult with the addition of a direct employer.	
<b>4. The Industrial Relations Code, 2020</b>	<b>Fixed Term Employment</b>	The 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. <b>More fixed term employment workers will be hired who can be hired and fired according to the terms of hiring and lead to a mass decline</b> 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 them from raising issues about unfair work practices, such as extended work hours, or denial of wages or leaves.	
	<b>Increasing strike advance notice period from 14 days to 60 days.</b>	Effectively extends the barriers for striking by essential service employees to all employees, thereby making strikes legally non-tenable. Further, the definition of a strike is set to include mass casual leave involving at least 50% of workers. <b>Overall, the proposed Code has almost taken away the legal rights of trade unions going on strike as an instrument of collective bargaining.</b>	The employer can adequately prepare for a strike well in advance.
	<b>Lay off/retrenchment permission in industrial establishments has been increased from 100 to 300.</b>	<b>This will lead to a fall in bargaining power of the worker, as if a large section of factory workers decides to go on strike, they can be removed from the job without proper permission from the government.</b> Also, for the majority of MSME industries, having more than 300 workers factory is a very	Ease of hiring and firing.



		small section of industrial establishment.	
	Penalties are more stringent under the Code.		
	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 exempted to boost growth.	If provisions of the Code are not to be followed, it may boost growth.
	<p>“Negotiating Unions” The Code mentions that if more than one Trade Union registered under this Code are functioning in an industrial establishment, then, the Trade Union having 51% 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 20% of the total workers on the muster roll of that industrial establishment.</p>	Which unions can talk to the management would be clearly defined.	Employers would know who are the stakeholders among workers with whom negotiations have to take place.

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## Annexures

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

<b>Additional Central Laws</b>	<b>Description of the Act</b>
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.

<b>Additional Central Laws</b>	<b>Description of the Act</b>
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
<b>Type of employment</b>	<ul style="list-style-type: none"> <li>▪ Employment under written contract. No contractor or agency is involved.</li> <li>▪ On the payroll of the establishment.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Employment directly under a written contract.</li> <li>▪ On the payroll of the establishment.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Engaged in an establishment through a contractor or agency.</li> <li>▪ Not on the payroll of the establishment.</li> </ul>
<b>Term</b>	<ul style="list-style-type: none"> <li>▪ Stipulated fixed term</li> <li>▪ Employment lapses on completion of term, unless renewed. No notice is required to be given for retrenchment.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Employed on a permanent basis</li> <li>▪ Notice has to be given for termination of employment.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Based on terms negotiated with the contractor.</li> </ul>
<b>Nature of work</b>	Not Specified	Hired for routine work	Employment may be prohibited in certain cases, e.g., if similar work is carried out by regular workers.

