

New Labour Codes

Mains: *GS II - Governance*

Why in News?

Recently, the government on Friday (November 21, 2025) notified all four Labour Codes and they replace 29 fragmented laws, some of them dating back to 1930s.

What are the four Labour codes?

- **The four Labour Codes**
 - Code on Wages (2019),
 - Industrial Relations Code (2020),
 - Code on Social Security (2020)
 - The Occupational Safety, Health and Working Conditions (OSHWC) Code (2020)
- **Need for the reform** - India's old labour laws were too many, too complex, and outdated.
 - They increased the compliance burden and discouraged businesses from hiring.
 - Many workers, especially gig, platform, MSME, and migrant workers, had no uniform social security.
 - States had already begun reforming their labour laws, leading to fragmented rules.

• LABOUR CODES COME INTO EFFECT: WHAT WILL CHANGE

After a five-year-wait, the Centre has notified the four labour codes on wages, industrial relations, social security & occupational safety health and working conditions, effective November 21. The Ministry of Labour and Employment has detailed the key features below:



	PRE-LABOUR REFORMS	POST-LABOUR REFORMS
Formalisation of employment	No mandatory appointment letters.	Mandatory appointment letters to all workers to ensure transparency, job security, and formalisation.
Social Security Coverage	Limited social security coverage	Under the Code on Social Security, gig & platform workers will also get social security coverage
Minimum wages	Minimum wages only for scheduled industries; large sections of workers not covered	Code on Wages introduced concept of floor wage, provides workers statutory right of minimum wage payment
Preventive healthcare	No legal requirement for employers to provide free annual health check-ups to workers	Employers must provide all workers with a free annual health check-up
Timely wages	No compliance for timely payment of wages	Mandatory for employers to provide timely wages. Provides financial stability, cuts work stress and boosts overall morale of the workers
Women's workforce participation	Female employment in night shifts and certain occupations was restricted	Women to be permitted to work at night and in all types of work across all establishments, subject to their consent and required safety measures
Compliance burden	Multiple registrations, licences and returns across various labour laws	Single registration, pan-India single licence and single return

What changes will take place for different worker groups?

- **Gig & platform workers**
 - Legally defined for the first time.
 - Aggregators must contribute 1-2% of turnover (capped at 5% of payouts) to a welfare fund.
 - Commuting accidents are covered as employment-related.
 - Aadhaar-linked UAN enables portability of benefits across states.
- **Contractual workers**
 - Health and social security benefits are ensured by the principal employer.
 - Free annual health check-ups.
- **Women workers**
 - Equal pay and prohibition of gender discrimination.
 - Consent-based night work permitted with safety protocols.
 - Up to 26 weeks maternity leave, crèche facilities, medical bonus.
 - Parents-in-law included in the family definition.
- **Migrant workers**
 - Equal wages and welfare benefits.
 - PDS portability.
 - Claims allowed for pending dues up to three years.
 - Double wages for overtime.
- **Sector-specific provisions**
 - Covers workers across MSMEs, plantations, beedi and cigar, audio-visual, textile,

mines, IT, hazardous industries, ports and export hubs.

- Major benefits include regulated working hours, double overtime, appointment letters, safety standards, ESI coverage, PPE, annual health check-ups and stronger workplace protections
- **Fixed Term Employment**
 - The Codes frame Fixed Term Employment as a tool to reduce contractualisation and increase direct employment.
 - Workers receive the same benefits as permanent staff.
 - Wages must be equal to permanent employees.
 - Gratuity eligibility starts after one year instead of five.
 - Leave, working hours and medical benefits are fully regulated.
 - The government argues that FTE promotes formalisation, shifts workers to company payrolls and expands social security coverage

What are the benefits gained from labour reforms in different states?

- **Gujarat**
 - GSDP reached ₹25.63 trillion in 2023-24, growing 13.36% year-on-year.
 - Manufacturing's share in GSDP stands at 28-30%, against the national average of 17%.
- **Punjab**
 - GSDP grew at a CAGR of 9.43% between FY16 and FY24.
 - Expected to touch ₹8.02 lakh crore in FY25.
 - Attracted ₹1.25 lakh crore in investments, expected to generate 4.5 lakh jobs.
- **Bihar**
 - GSDP projected at ₹9.76 lakh crore in 2024-25, a 13.5% rise over the previous year.
- **Maharashtra**
 - India's highest GSDP at ₹42 lakh crore in 2024-25.
 - 5.5% annual growth.
 - ₹1.4 lakh crore in new investments in the past year.
 - Organised manufacturing workforce grew by 3 lakh between 2010-11 and 2017-18.
- **Uttar Pradesh**
 - Organised manufacturing employment up by 7.4 lakh workers (2014-15 to 2023-24).
- **Andhra Pradesh**
 - GSDP for 2024-25: ₹16.41 lakh crore (12.5% growth).
 - Investor summits: ₹13.25 lakh crore proposals, 16 lakh projected jobs.
 - Electronics hubs in Sri City and Kopparthy linked to 5,000-7,000 jobs.
 - Organised manufacturing employment rose by 5.7 lakh — the highest among states.
 - Increase of 7.1 percentage points in factories employing 300+ workers.
- **Haryana**
 - Tertiary-sector employment share rose from 38.8% to 41.9% between 2017-18 and 2019-20.
 - Unemployment fell from 9.3% to 3.4% between 2018-19 and 2023-24.

- **Rajasthan**

- Raised thresholds led to 25-30% faster growth in factories employing over 100 workers, compared to the national average.
- Factory output rose by 20-25%.
- Organised manufacturing employment increased by 1.22 lakh (2010-11 to 2017-18).
- Share of employment in large plants (300+ workers) rose from 40.9% to 51.2%.
- Allowing women to work night shifts resulted in:
 - 3.5% increase in the share of female workers
 - 13% rise in the number of female employees
 - 6.5% higher likelihood of firms employing women

References

1. [The Hindu| Labour Codes](#)
2. [The Indian Express| New Labour Codes](#)

