



A New Era for India's Workforce: New Labour Codes Implemented

Four New Labour Codes

- The Code on Wages, 2019
- The Industrial Relations Code, 2020
- The Code on Social Security, 2020
- The Occupational Safety, Health and Working Conditions Code, 2020.

Represents one of the most far-reaching reforms in the country's labour law governance in nearly a century. For the first time, the Government of India has consolidated 29 separate labour laws into four unified labour codes, with a modern legislative framework aimed at strengthening worker welfare while enabling businesses to operate with greater clarity, flexibility, and ease of compliance.

This is more than a legislative update, it is the beginning of a structural shift in how India defines work, wages, social security, and workplace rights.

Why do these New Labour Codes matter?

For decades, India's labour law regulations were spread across various Acts enacted between the 1930s and the 1950s, a time when work environments and industries were fundamentally different. With the rise of platform-based employment, digital work models, increased participation of women in the workforce, and the rapid expansion of MSMEs, the older laws struggled to keep pace with today's complexities.

The Labour Codes aim at:

- Simplify compliance for businesses
- Improve working conditions and welfare for employees
- Strengthen social security coverage across sectors

- Maintain consistency and transparency in employer obligations
- Align India with global standards for a modern labour economy

The intent is clear - build a labour environment that supports growth, dignity, and equitable opportunity.

Highlights of key changes and new additions

Title	Old Labour Acts	New Labour Codes
Formalization of employment	No mandatory appointment letters	Mandatory appointment letters to all workers
Social security coverage	Limited social security coverage	Universal: gig workers, platform workers, fixed-term workers, contract workers covered
Minimum wages	Applicable only to scheduled industries	Applicable to all employees across all industries
Preventive healthcare	No legal requirement for employers to provide free annual health check-ups to workers	Free annual health check-ups for workers over 40 years of age
Timely wages	No mandatory compliance for employers payment of wages	Mandatory for employers to provide timely wages
Women workforce participation	Restricted in night shifts/hazardous industries	Women can work in all sectors & night shifts with consent & safety provisions
ESIC coverage	ESIC coverage was confined to notified areas and select industries, with most establishments having fewer than 10 employees remaining outside its scope	ESIC coverage is now PAN-India, voluntary for establishments with fewer than 10 employees and mandatory where even 1 worker is engaged in hazardous processes
Compliance burden	Multiple registrations, licenses and returns across various labour laws	Single registration, PAN-India single license, and single return

Key highlights and transformative changes

Universalized wage protection

The new wage framework ensures that minimum wages apply to all workers, regardless of sector or industry. This eliminates ambiguity and ensures equitable pay norms nationwide. Employers must also provide timely wage payments, strengthening accountability and financial stability for workers.

The National Floor Wage is introduced, with allowances exceeding 50% included in wages. It is designed to establish a uniform minimum earnings threshold nationwide, ensuring that no worker is paid below the income required to maintain a minimum living standard. It acts as a protective benchmark, guiding states in setting their minimum wages and safeguarding workers from unduly low pay.

Expansion of social security to all worker categories

India's labour reforms now formally recognize gig workers, platform workers, contract staff, and fixed-term employees. For the first time, these workers gain access to social security schemes, including:

- Provident Fund
- ESIC benefits
- Insurance and disability coverage
- Gratuity (eligible after 1 year for fixed-term staff)

This is a transformational shift that brings unorganized and digital workers into the national social protection framework.

Mandatory formalization through appointment letters

Every worker across all categories must now receive a written appointment letter. This ensures clarity in job roles, benefits, working conditions, and legal rights while strengthening the validation of employment.

Major boost in occupational safety and health

The OSHWC Code introduces a common national standard for health, safety, and working conditions. Key mandates include:

- Free annual health check-ups for employees aged 40+
- Safety committees in larger establishments
- Strengthened protocols for hazardous industries, mines, ports, and manufacturing units
- Infrastructure requirements such as drinking water, washrooms, creches, and rest areas

These standards aim to reduce occupational risks and improve overall workforce well-being.

Empowering women workers across all sectors

The Labour Codes represent a decisive step towards greater gender parity. Women can now work:

- In night shifts, with their consent and safety measures
- In all industries, including mines and hazardous sectors
- With guaranteed equal pay for equal work

Additionally, grievance redressal committees must now include women members, and the definition of “family” for female employees shall include parents-in-law, which is an important step toward inclusivity.

Fixed-Term employment becomes more structured

Fixed-term employees (FTEs) now receive the same benefits as permanent workers, including social security and bonuses, with gratuity eligibility reduced to just 1 year of service. This encourages fairer contract-based hiring and reduces exploitation.

Single registration and simplified compliance

The Codes introduce a single registration, single license, and single return system for employers, replacing multiple overlapping compliance processes. Inspectors now act as “inspector-cum-facilitators”, focusing on guidance rather than punitive actions. This promotes compliance through cooperation rather than fear.

Sector-specific gains that strengthen the reform

These reforms benefit nearly every major industry segment:

- **Gig and platform economy** – formal recognition, social-security contributions by aggregators, portable IDs, and must contribute 1–2% of the annual turnover, capped at 5% of the amount paid/payable to gig and platform workers.
- **MSMEs** – reduced compliance burden, improved working conditions, and clarity in wage rules. Workers will have access to facilities such as canteens, drinking water, and rest areas. Provisions for standard working hours, double overtime wages, and paid leave.
- **Export and textile sectors** – extended social security and enhanced worker protections, including overtime wages. Every worker has the option of availing annual leaves after 180 days of work in a year.
- **IT & ITES** – mandatory salary release by the 7th of each month, strengthened grievance redressal.
- **Manufacturing and hazardous industries** – Women can work in all establishments, including underground mining, heavy machinery, and hazardous jobs, ensuring equal job opportunities for all. A mandatory safety committee at each site for on-site safety monitoring and safe handling of hazardous chemicals ensured.
- **Workers in mines, plantations, docks, and digital media** – formal rights, mandatory health check-ups, and better workplace infrastructure.

Conclusion: A timely and transformational leap forward

The passage and implementation of the Labour Codes is a defining moment for India's labour ecosystem. It represents the government's commitment to balancing workers needs with business aspirations in a rapidly evolving economic landscape.

For organizations, this is the time to:

- Revisit compensation & benefit policy, and other HR policies
- Align internal processes with the Codes
- Strengthen compliance frameworks
- Communicate changes transparently to employees

For workers, the new Codes promise greater security, dignity, and opportunity.

Together, these reforms lay the foundation for a future-ready, inclusive, and competitive India, one where every worker is valued, and every enterprise can thrive.



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