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India’s Four Labour Codes: A Transformational Reform for the Nation’s Workforce

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The Historic Implementation

On November 21, 2025, the Government of India made a landmark decision by implementing four Labour Codes ie., the Code on Wages (2019), the Industrial Relations Code (2020), the Code on Social Security (2020), and the Occupational Safety, Health and Working Conditions Code (2020). This historic move consolidates and modernizes 29 existing central labour laws, marking a significant departure from colonial-era labour structures that have governed Indian workers for nearly a century. The decision represents India's commitment to aligning its labour ecosystem with global standards while ensuring social justice and protection for all workers across the country.

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The Need for Reform: Understanding the Pre-Reform Landscape

Outdated Legal Framework

India's labour laws were primarily framed during the pre-Independence and early post-Independence periods (1930s–1950s), when both the economy and the nature of work were fundamentally different from today's reality. While most major economies have updated and consolidated their labour regulations in recent decades, India continued to operate under a fragmented, complex, and often outdated system spread across 29 separate Central labour laws. These restrictive frameworks struggled to keep pace with changing economic realities and the emergence of new forms of employment, including gig work, platform-based employment, and flexible work arrangements.

Challenges Faced by Workers and Industry

The pre-reform system created significant uncertainty and increased compliance burdens for both workers and employers. Workers lacked uniform protections across sectors, with many categories of employment remaining outside the formal social security net. Large sections of the workforce including gig workers, contract workers, and those in the informal sector had limited or no access to basic protections such as minimum wages, social security coverage, and occupational safety standards. Simultaneously, employers faced the burden of navigating multiple overlapping registrations, licenses, and returns across various labour laws, creating inefficiencies and hindering business growth.

Core Reforms: Before and After Comparison

Employment Formalization

Pre-Reform Conditions: Before the implementation of the Labour Codes, there was no mandatory requirement for employers to issue appointment letters to workers. Employment relationships often remained informal and undocumented, leaving workers vulnerable to disputes and without clear evidence of their employment status.

Post-Reform Changes: The new framework makes appointment letters mandatory for all workers. This written documentation ensures transparency, provides workers with job security, clarifies terms of employment, and creates a formal record of employment that enables access to social security benefits and legal protections.

Social Security Coverage

Pre-Reform Conditions: Social security coverage was extremely limited before the reforms. Large sections of the workforce, particularly gig workers, platform workers, contract workers, and those in the informal sector, remained outside the social security system. Even those with some coverage often lacked portability of benefits across states and sectors.

Post-Reform Changes: Under the Code on Social Security (2020), all workers including gig and platform workers are now entitled to social security coverage. This includes provident fund (PF), ESIC (Employee State Insurance Corporation) coverage, insurance, and other social security benefits. The implementation of an Aadhaar-linked Universal Account Number ensures that welfare benefits are fully portable and accessible regardless of where workers migrate, breaking down state and sectoral barriers.

Minimum Wage Protection

Pre-Reform Conditions: Before the reforms, minimum wages were applied only to scheduled industries and specific employments, leaving vast sections of the workforce uncovered. Many workers, particularly in unorganized sectors, had no legal entitlement to minimum wage protection, making them vulnerable to exploitation and inadequate compensation.

Post-Reform Changes: The Code on Wages (2019) establishes a statutory right to minimum wage payment for all workers. Additionally, a National Floor Wage ensures that no worker receives wages below the minimum living standard determined by the Central Government. This universal protection provides financial security and ensures that workers across all sectors and employment types receive fair compensation.

Preventive Healthcare

Pre-Reform Conditions: Before the Labour Codes, there was no legal requirement for employers to provide free health check-ups to workers. This meant that workers, particularly those in hazardous industries, often had to bear the cost of medical examinations themselves, and early detection of work-related illnesses was uncommon.

Post-Reform Changes: The new framework mandates that employers provide all workers above 40 years of age with free annual health check-ups. This provision promotes a preventive healthcare culture and ensures timely detection of health issues, improving worker well-being and reducing long-term health complications related to occupational hazards.

Timely Wage Payment

Pre-Reform Conditions: Previously, there was no mandatory compliance requirement for employers to pay wages on time. This often resulted in delayed payments, creating financial stress for workers and their families, and reducing overall morale and productivity.

Post-Reform Changes: The Labour Codes now make timely wage payment mandatory for all employers. This ensures financial stability for workers, reduces work-related stress, and boosts overall morale. For IT and ITES workers specifically, salary release by the 7th of every month is legally mandated, ensuring transparency and trust in employment relationships.

Women's Workforce Participation

Pre-Reform Conditions: Before the reforms, women's employment was significantly restricted in many sectors. Women were prohibited from working night shifts and were excluded from certain occupations, particularly in hazardous industries such as underground mining and heavy machinery operations. These restrictions limited women's earning potential and career advancement opportunities.

Post-Reform Changes: The new codes permit women to work at night and in all types of work across all establishments, subject to their informed consent and mandatory safety measures.

ESIC Coverage Expansion

Pre-Reform Conditions: ESIC coverage was historically limited to notified areas and specific industries. Establishments with fewer than 10 employees were generally excluded from mandatory ESIC coverage, and hazardous-process units did not have uniform mandatory coverage across India. This created significant gaps in worker protection, particularly for small enterprises and those in hazardous sectors.

Post-Reform Changes: Under the new framework, ESIC coverage and benefits are now extended on a pan-India basis. While coverage for establishments with fewer than 10 employees remains voluntary, it is now mandatory for all establishments regardless of size that employ even one worker engaged in hazardous processes. This expansion ensures that workers in small enterprises and hazardous industries receive comprehensive social protection and medical benefits.

Simplified Compliance Framework

Pre-Reform Conditions: The pre-reform system required employers to navigate multiple registrations, licenses, and returns across various labour laws. This fragmented approach created administrative burden, increased compliance costs, and often resulted in inadvertent non-compliance due to the complexity and overlap of requirements.

Post-Reform Changes: The Labour Codes introduce a unified compliance framework with a single registration, a pan-India single license, and a single return. This simplification dramatically reduces administrative burden, lowers compliance costs, and makes it easier for employers particularly small enterprises to operate within the legal framework while maintaining full worker protections.

Sectoral Benefits: Transformative Changes Across Key Worker Categories

Fixed-Term Employees (FTE)

The distinction between fixed-term and permanent employees has historically created a two-tier workforce system. Previously, fixed-term employees received minimal benefits compared to permanent staff. Under the new codes, fixed-term employees now receive all benefits equal to permanent workers, including leave, medical benefits, and social security coverage. Most significantly, they become eligible for gratuity after just one year of continuous service, compared to the previous requirement of five years. FTEs also receive equal wages as permanent staff, ensuring income protection. This reform promotes direct hiring by employers and reduces the excessive contractualization that had characterized Indian labour markets, while providing dignity and security to millions of workers.

Gig and Platform Workers

For the first time in Indian labour law, the terms “gig work,” “platform work,” and “aggregators” have been formally defined and incorporated into the legal framework. This recognition was critical, as millions of workers in this category previously operated in a legal grey area with no protections. Aggregators (platform companies) are now required to contribute 1–2% of their annual turnover, capped at 5% of the amount paid to gig and platform workers, into a social security fund. This ensures that gig workers receive social security benefits despite their non-traditional employment relationship. The introduction of an Aadhaar-linked Universal Account Number makes welfare benefits easily accessible and fully portable across states, addressing one of the key challenges gig workers face the loss of benefits when they migrate for work.

Contract Workers

Contract workers, who often faced precarious employment conditions and minimal protections, now benefit significantly from the new codes. As fixed-term employees, they receive equal benefits to permanent employees. They become eligible for gratuity after one year of continuous service. Principal employers are now mandated to provide health benefits and social security benefits to contract workers, ending the practice of shifting employer responsibility to contractors. Additionally, contract workers receive free annual health check-ups, ensuring preventive healthcare access. These provisions substantially improve the security and dignity of contract work.

Women Workers

The Labour Codes represent a major step forward for gender equality in the workplace. Gender discrimination is now legally prohibited, and equal pay for equal work is explicitly ensured. Women are permitted to work night shifts and in all types of work, including underground mining and heavy machinery operation, subject to their informed consent and mandatory safety measures. This opens high-paying job roles previously unavailable to women. Mandatory women’s representation in grievance redressal committees ensures that women’s concerns are heard in workplace dispute resolution. Additionally, the provision to add parents-in-law to the family definition for female employees expands dependent coverage and demonstrates a more inclusive approach to family recognition.

Youth Workers

Young workers entering the workforce benefit from comprehensive protections under the new codes. All youth workers are guaranteed minimum wages based on the national floor wage determined by the Central Government, ensuring a decent standard of living. Mandatory appointment letters create formal employment history and enable access to social security schemes. Worker exploitation is explicitly prohibited, with mandatory payment of wages during leave periods. These protections ensure that youth enter the workforce with formal employment status, job security, and fair compensation, setting a strong foundation for their careers.

MSME Workers

Small and medium enterprises (MSMEs) employ a significant portion of India’s workforce, yet their workers often received minimal protections due to exemptions in old labour laws. Under the new codes, all MSME workers are covered under the Social Security Code (2020), with eligibility determined by employee count. All MSME workers are guaranteed minimum wages, and employers are required to provide facilities such as canteens, drinking water, and rest areas. Standard working hours, double overtime wages for work beyond those hours, and paid leave are now mandated. Timely wage payment is ensured, providing financial security to millions of MSME workers.

Beedi and Cigar Workers

Workers in the beedi and cigar manufacturing sector, traditionally characterized by low wages and long working hours, now receive significant protections. Minimum wages are guaranteed for all workers in this sector. Working hours are capped at 8–12 hours per day, with a maximum of 48 hours per week, ensuring reasonable working conditions. Overtime work beyond prescribed hours must be consent-based and paid at double the normal wage rate, protecting workers from exploitation. Timely payment of wages is mandated, and workers become eligible for bonuses after completing just 30 days of work in a year, providing additional financial security.

Plantation Workers

Plantation workers, who often work in remote areas and face occupational hazards from chemical exposure and heavy labour, are now brought under the Occupational Safety, Health and Working Conditions Code and the Social Security Code. The codes apply to plantations with more than 10 workers or 5 or more hectares. Mandatory safety training on handling, storing, and using chemicals protects workers from occupational health risks. Protective equipment is now mandatory to prevent accidents and chemical exposure. Workers and their families receive full ESI medical facilities, and education facilities for workers' children are guaranteed, improving the overall well-being of plantation worker families.

Audio-Visual and Digital Media Workers

Digital and audio-visual workers, including journalists in electronic media, dubbing artists, and stunt persons categories often working on project-based or freelance arrangement receive full labour protections for the first time. Mandatory appointment letters clearly state their designation, wages, and social security entitlements, providing clarity and formality to previously informal arrangements. Timely payment of wages is ensured. Overtime work beyond prescribed hours is consent-based and paid at double the normal wage rate, protecting workers from excessive unpaid labour.

Mine Workers

Mining is inherently hazardous, and mine workers now benefit from enhanced protections. The Social Security Code treats certain commuting accidents as employment-related, subject to conditions of time and place of employment, extending social security coverage to workers injured during travel to and from work sites. The Central Government has notified standards to standardize workplace occupational safety and health conditions across mines. Free annual health check-ups are provided to all workers, enabling early detection of occupational illnesses. Working hours are limited to 8–12 hours per day, with a maximum of 48 hours per week, ensuring workers' health and work-life balance.

Hazardous Industry Workers

Workers in hazardous industries face raised occupational risks and now receive strengthened protections. All workers receive free annual health check-ups for early detection of occupational health issues. The Central Government frames national standards for worker safety, ensuring consistent protections across all hazardous industries. Women can now work in all establishments, including underground mining and heavy machinery operations, subject to proper safety measures, ensuring equal job opportunities. Mandatory safety committees at each site provide on-site safety monitoring, and safe handling of hazardous chemicals is ensured through standardized protocols.

Textile Workers

Textile workers, particularly migrant workers, now receive enhanced protections. All migrant workers whether directly employed, contractor-based, or self-migrated receive equal wages and welfare benefits. Public Distribution System (PDS) benefits are now portable, allowing migrant workers to access rations regardless of their location. Workers can raise claims for settlement of pending dues for up to three years, enabling flexible and easy resolution of wage disputes. Double wages for overtime work protect workers from exploitation through excessive work hours.

IT and ITES Workers

IT and ITES workers, part of India's high-growth knowledge economy, now benefit from explicit wage protections and formality provisions. Mandatory salary release by the 7th of every month ensures transparency and timely payment. Equal pay for equal work is mandated, strengthening women's participation in the sector. Women have the facility to work night shifts in all establishments, enabling them to access higher-paying roles. Timely resolution of harassment, discrimination, and wage-related disputes is ensured through the Industrial Relations Code mechanisms. Social security benefits are guaranteed through fixed-term employment arrangements and mandatory appointment letters.

Dock Workers

Dock workers face unique occupational hazards and have historically been outside the formal social security system. All dock workers now receive formal legal recognition and protection. Mandatory appointment letters guarantee social security benefits to all, whether contract or temporary workers. Provident fund, pension, and insurance benefits are ensured for all dock workers. Employer-funded annual health check-ups are mandatory. Mandatory medical facilities, first aid stations, sanitary and washing areas ensure decent work conditions and safety, recognizing the unique hazards of dock work.

Export Sector Workers

Workers in India's export sector, who contribute significantly to the nation's economic growth, now receive comprehensive protections. Fixed-term workers in the export sector receive gratuity, provident fund (PF), and other social security benefits. Every worker has the option of availing annual leaves after 180 days of work in a year. Workers have the right to timely wage payment with no unauthorized deductions and no wage ceiling restrictions. Women are allowed to work night shifts with consent, ensuring opportunities to earn higher incomes. Safety and welfare measures include mandatory written consent for night shifts, double wages for overtime, safe transportation, CCTV surveillance, and security arrangements.

Beyond Sector-Specific Reforms: Cross-Cutting Improvements

National Floor Wage Framework

The introduction of a National Floor Wage ensures that no worker in India receives wages below the minimum living standard. This cross-cutting reform establishes a baseline wage protection across all sectors and employment types, providing a social safety net and ensuring worker dignity.

Gender-Neutral Pay and Non-Discrimination

The codes explicitly mandate gender-neutral pay and job opportunities across all sectors and employment types. Importantly, discrimination is prohibited on the basis of gender and explicitly includes protection against discrimination based on transgender identity, ensuring inclusivity and equal opportunities for all workers.

Inspector-cum-Facilitator Model

A fundamental shift in labour enforcement philosophy is introduced through the Inspector-cum-Facilitator model. Rather than focusing on punitive action and penalties, labour inspectors now emphasize guidance, awareness, and compliance support. This approach is more conducive to compliance, particularly for small enterprises, while maintaining worker protection standards.

Faster Dispute Resolution

The codes introduce mechanisms for faster and more predictable dispute resolution. Two-member Industrial Tribunals replace the traditional three-member system, reducing deliberation time. Importantly, workers now have the option to approach tribunals directly after conciliation. This ensures quicker resolution of wage disputes and other employment-related conflicts.

Unified Compliance System

The single registration, single pan-India license, and single return system across safety and working-conditions requirements replace the previous multiple overlapping filings. This unified approach dramatically simplifies compliance for employers while maintaining full worker protection standards.

National Occupational Safety and Health Board

A National OSH Board has been established to set harmonized safety and health standards across sectors. This centralized standard-setting ensures consistency in occupational safety provisions while allowing sector-specific customization where necessary.

Mandatory Safety Committees

Establishments with 500 or more workers are now required to maintain mandatory safety committees. These committees improve workplace accountability by involving workers in safety decision-making and creating mechanisms for ongoing safety improvements and hazard identification.

Higher Factory Applicability Limits

The codes increase the threshold for factory applicability, easing the regulatory burden for small units while retaining full worker safeguards. This balanced approach recognizes the constraints of small enterprises while ensuring that worker protections are not compromised.

Implementation and Transition

The Government of India has committed to engaging the public and stakeholders in framing the detailed rules, regulations, schemes, and standards necessary for implementing the Labour Codes. During the transition period, relevant provisions of existing labour acts and their associated rules, regulations, notifications, standards, and schemes will continue to remain in force, ensuring continuity and avoiding gaps in worker protection during the changeover.

The Broader Context: India's Social Security Achievements

The implementation of the four Labour Codes represents a major milestone in India's journey toward comprehensive worker protection. Over the past decade, India has dramatically expanded social security coverage, increasing from approximately 19% of the workforce in 2015 to over 64% in 2025. This achievement has earned India global recognition for its milestone progress in social protection. The Labour Codes mark the next major step in this trajectory, further widening the social security net and embedding portability of benefits across states and sectors.

Conclusion: A Pro-Worker, Pro-Women, Pro-Youth, and Pro-Employment Framework

The implementation of the four Labour Codes on November 21, 2025, represents a transformational shift in India's labour governance framework. By consolidating outdated colonial-era laws into a modern, comprehensive system, the codes place workers especially women, youth, unorganized sector workers, gig workers, and migrant workers firmly at the centre of labour policy. The expanded social security coverage, stronger workplace protections, and nationwide portability of entitlements reflect the government's commitment to social justice and worker dignity.

Simultaneously, by reducing compliance burden and enabling flexible, modern work arrangements, the codes create a more conducive environment for business growth and employment generation. This balance between worker protection and business facilitation reinforces the government's vision of a pro-worker, pro-women, pro-youth, and pro-employment labour ecosystem that supports Aatmanirbhar Bharat (Self-Reliant India). The codes align India's labour system with global standards while addressing the unique needs of a diverse workforce spanning organized and unorganized sectors, traditional and emerging forms of employment, and workers across all regions of the country. In doing so, they lay the foundation for a protected, productive, and future-ready workforce that can drive India's continued economic growth and development.

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