

LABOUR LAWS REFORM 2025

INDIA'S WORKFORCE REVOLUTION EXPLAINED

"The progress of any society depends on the progress of the working class. Labour is not a commodity, it is the vital force in the production process."

– Dr. B.R. Ambedkar

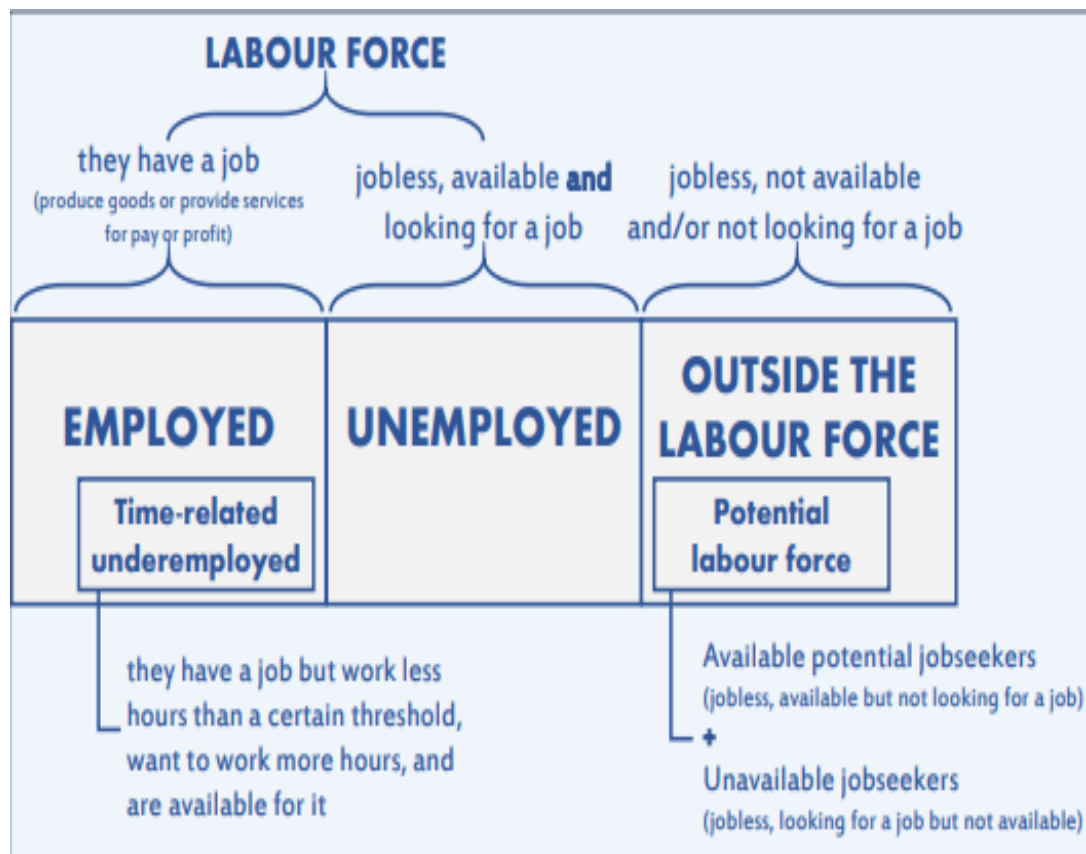
Context:

- The **Government of India has announced** the implementation of the **four Labour Codes** with effect from **21st November 2025** rationalising **29 existing labour laws**.



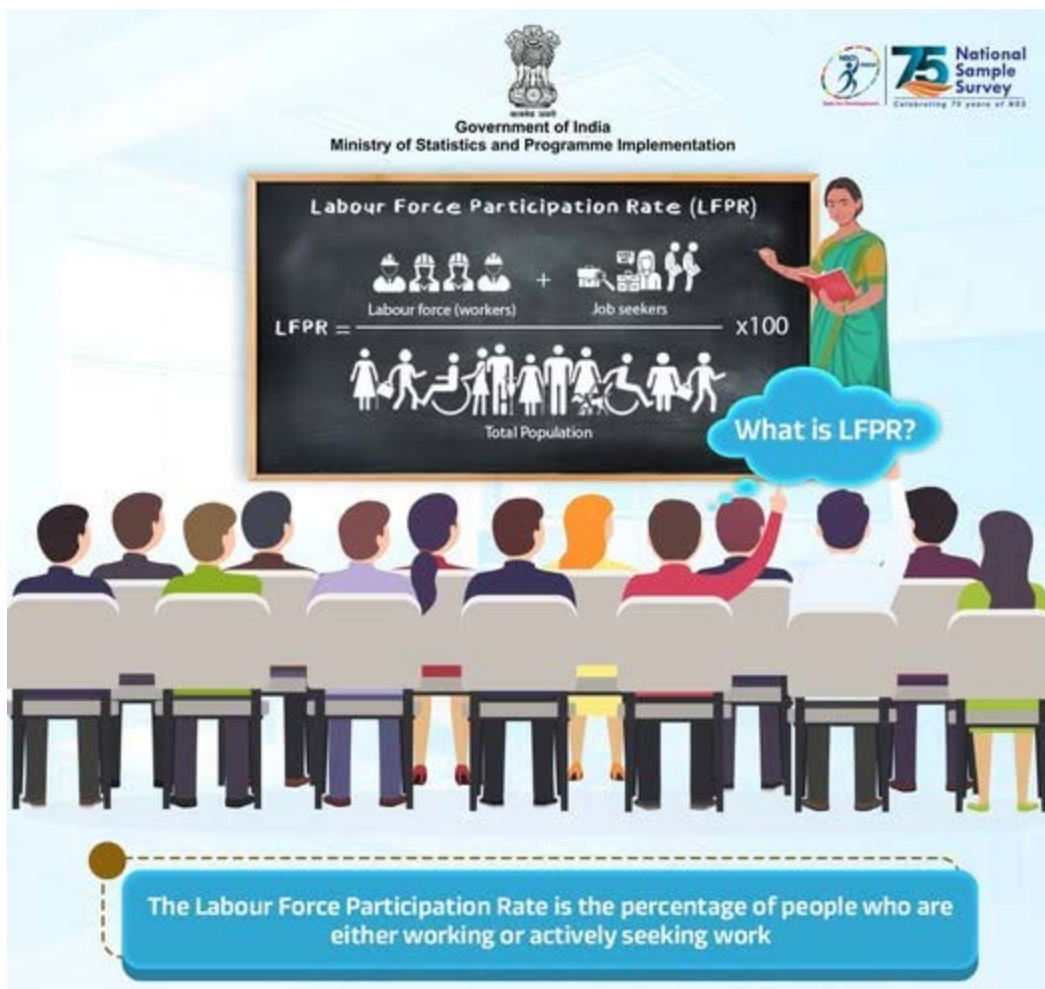
1. What is Labour force?

- According to ILO, The **labour force** is the sum of persons in **employment plus persons in unemployment**.
- Together these two groups of the population represent the current supply of labour for the production of goods and services taking place in a country through **market transactions in exchange for remuneration**.



2. What is Labour Force Participation Rate?

- **Labour Force Participation Rate (LFPR)** is defined as the percentage of persons in labour force (i.e. working or seeking or available for work) in the population.

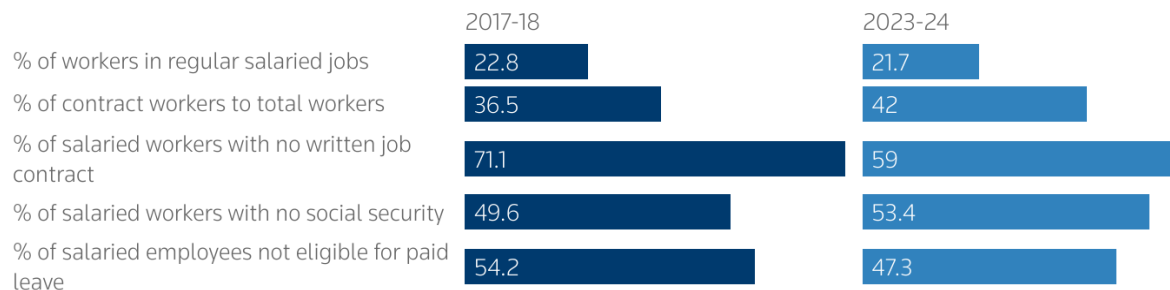


3. What is the status of labour force in India?



India's workforce continues to be dominated by informal workers

Labour reforms expected to formalise workforce, analysts say



Note: Data prior to 2017-18 not strictly comparable due to change in collection, survey methodology

1a: WOMEN'S IMPRINT IN LABOUR FORCE GROWS

Estimated labour force, million

■ Men ■ Women



1b: VILLAGES ADD MORE TO THE LABOUR MARKET

Estimated labour force, million

■ Rural ■ Urban



Note: Ratios from PLFS are applied on the mean of projected populations at the beginning and at the end of PLFS reference periods

1c: EMPLOYMENT SITUATION IMPROVES

Estimated labour force, million

■ Workers ■ Unemployed

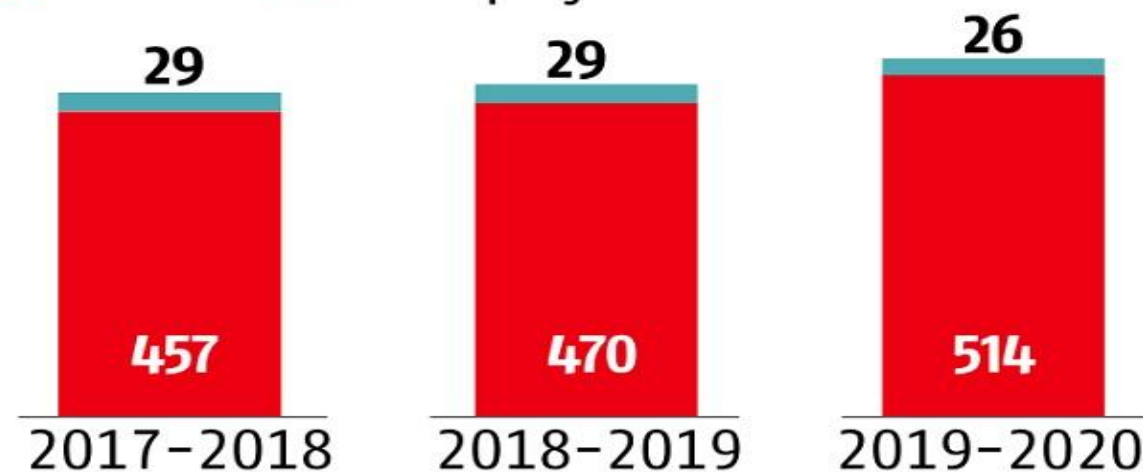
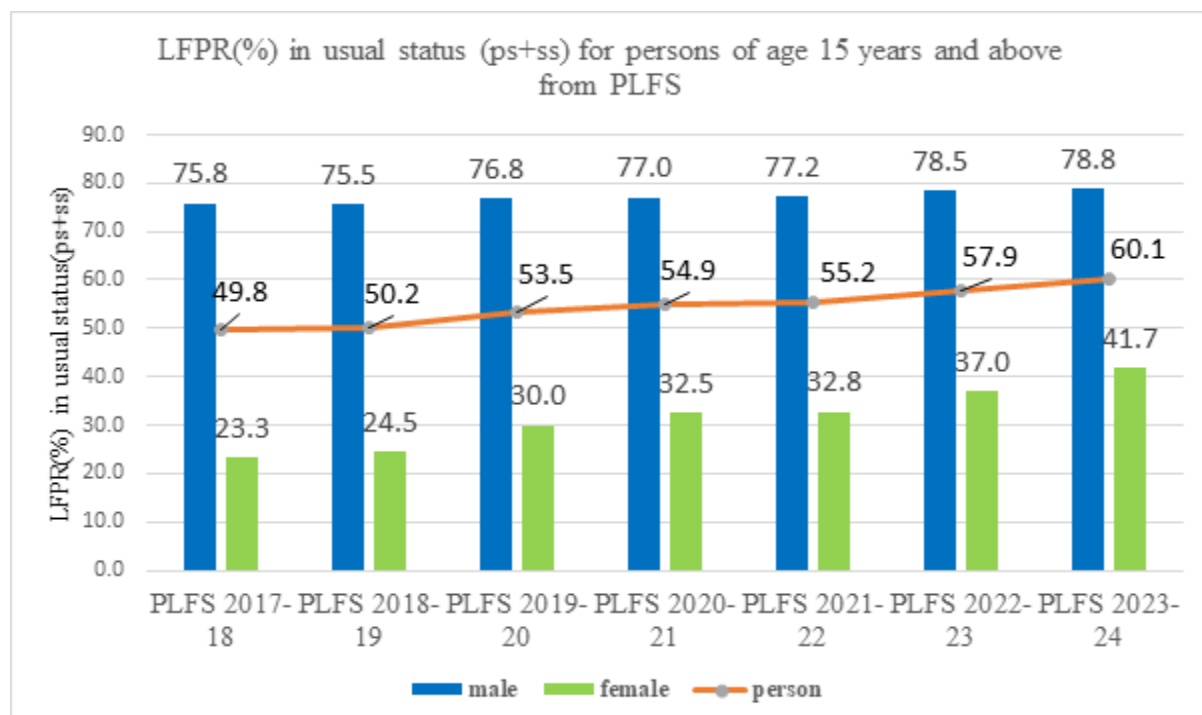


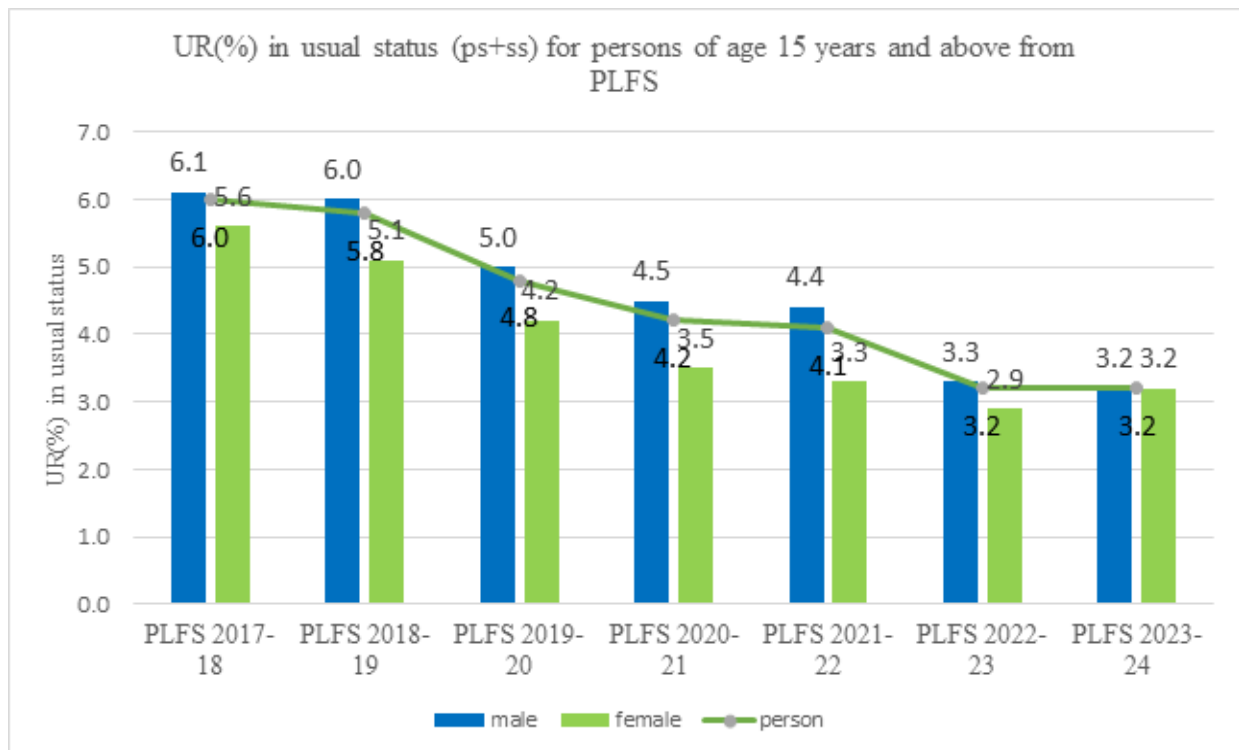
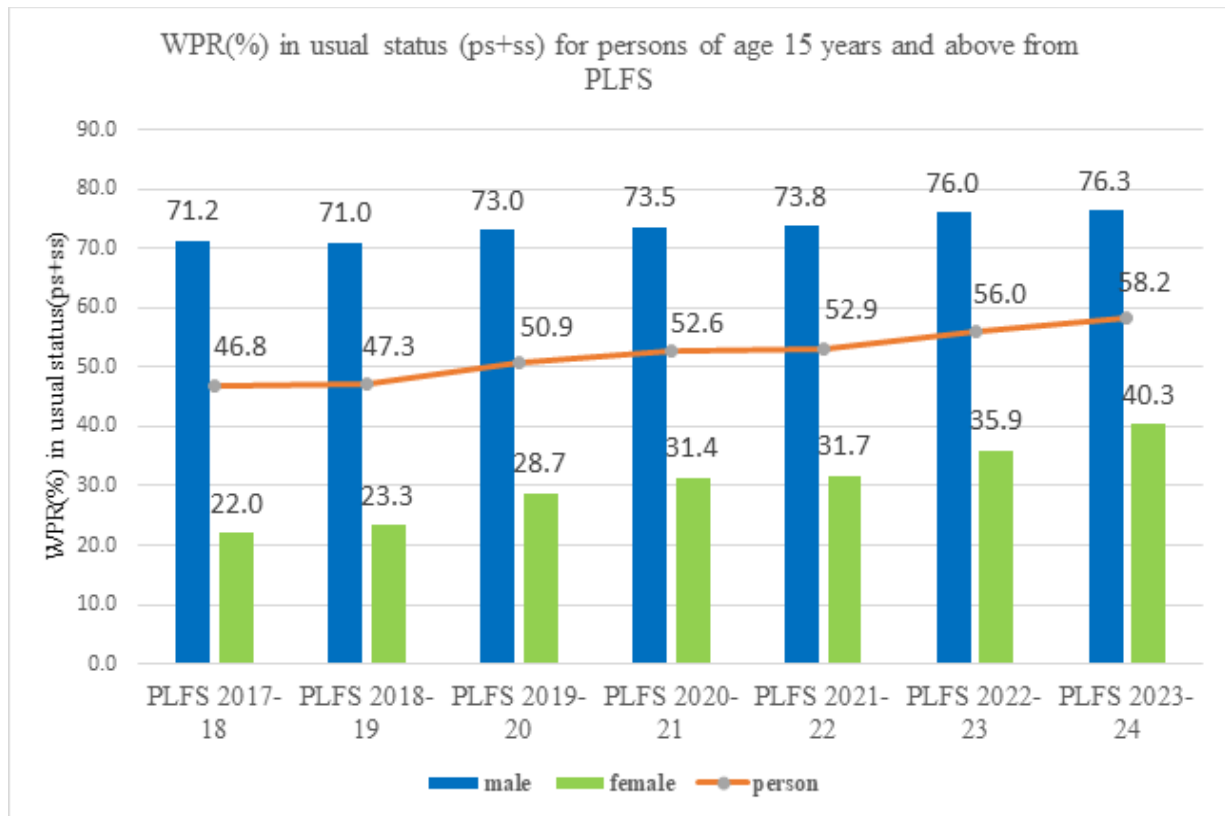
Table 1: Labour Force Participation Rate (LFPR) in usual status (ps+ss) for persons of age 15 years and above

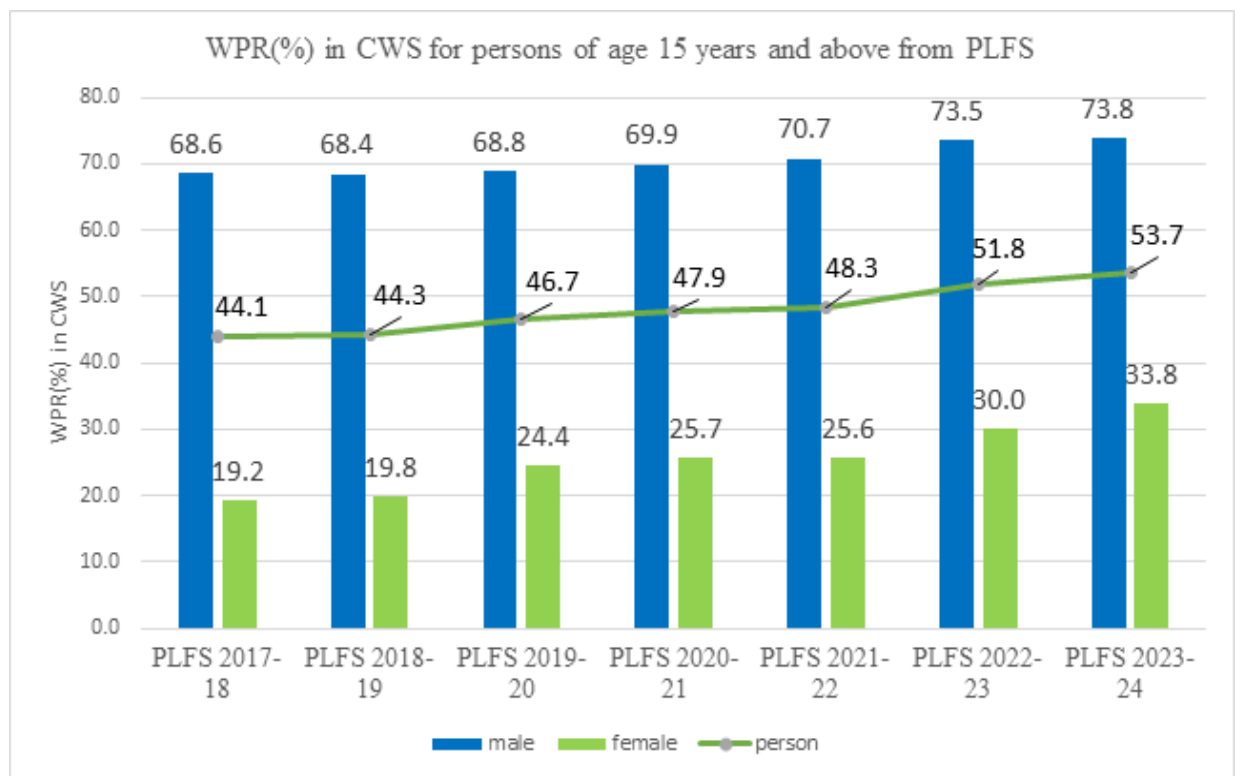
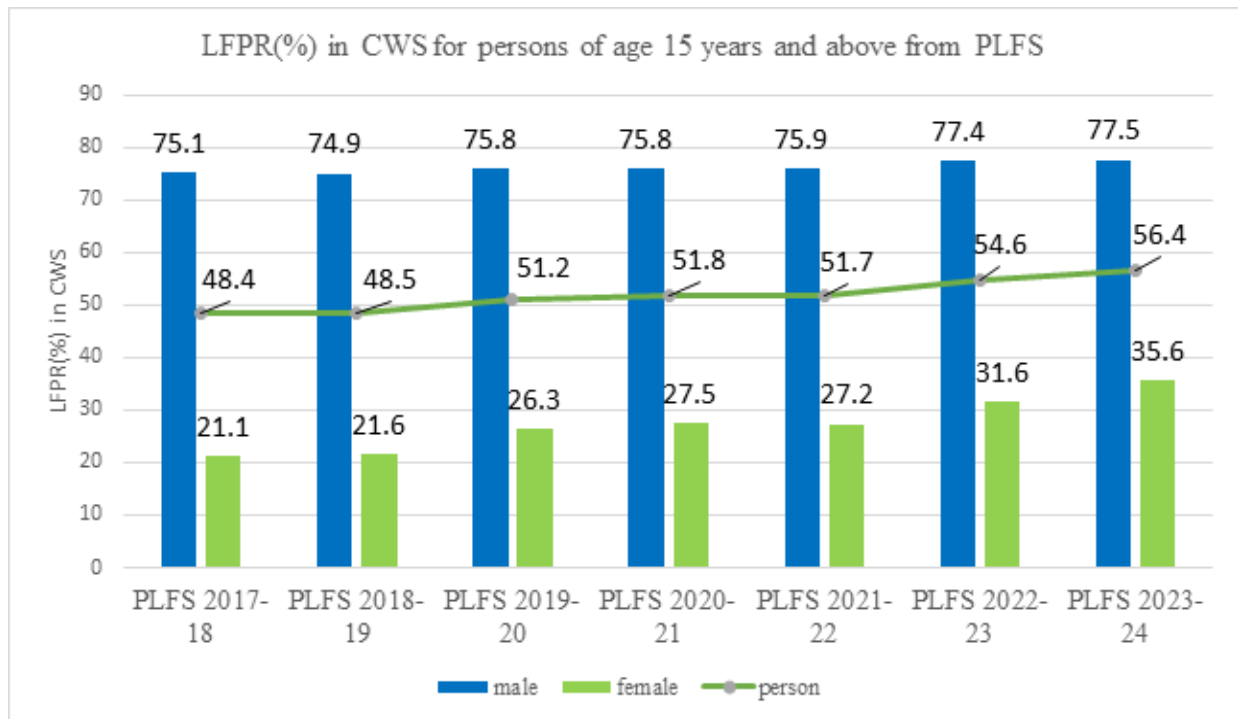
all-India

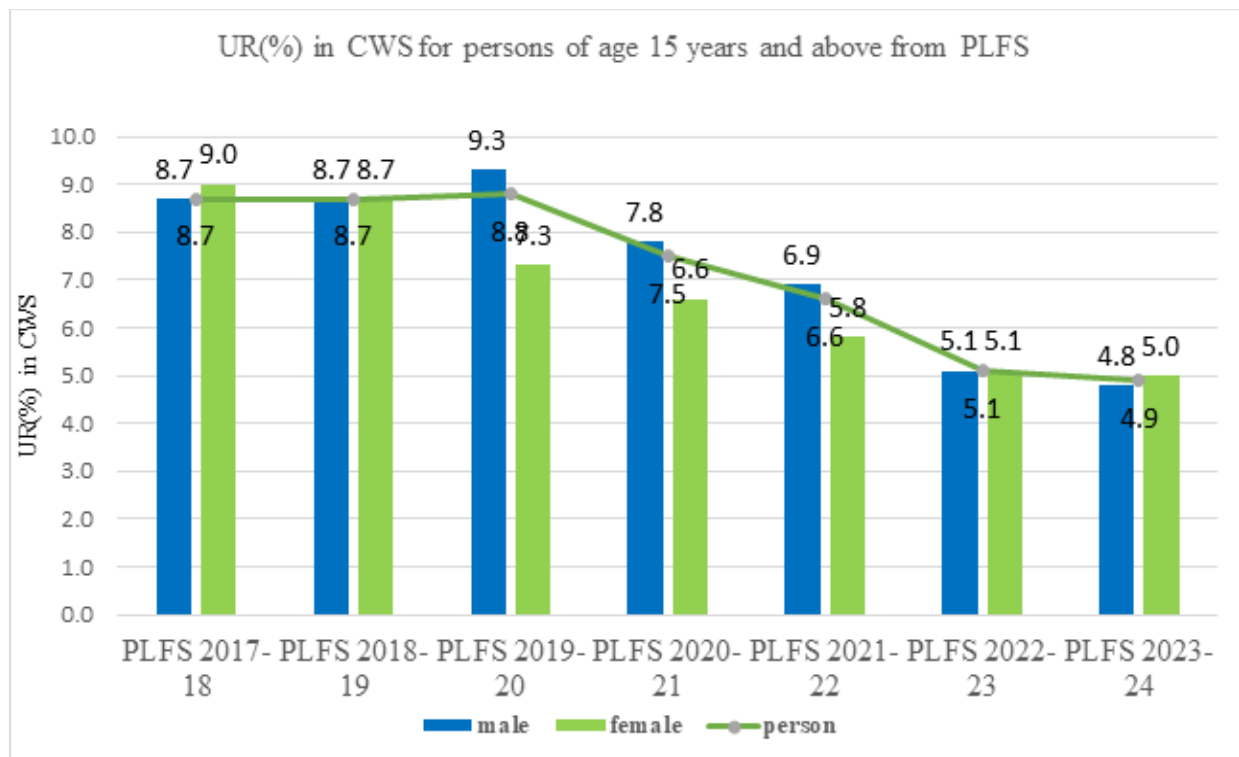
Survey period	Rural			Urban			Rural+Urban		
	male	female	person	male	female	person	male	female	person
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
2022-23	80.2	41.5	60.8	74.5	25.4	50.4	78.5	37.0	57.9
2021-22	78.2	36.6	57.5	74.7	23.8	49.7	77.2	32.8	55.2
2020-21	78.1	36.5	57.4	74.6	23.2	49.1	77.0	32.5	54.9
2019-20	77.9	33.0	55.5	74.6	23.3	49.3	76.8	30.0	53.5
2018-19	76.4	26.4	51.5	73.7	20.4	47.5	75.5	24.5	50.2
2017-18	76.4	24.6	50.7	74.5	20.4	47.6	75.8	23.3	49.8

Note: (ps+ss) determined considering both principal activity status and subsidiary economic activity status









4. What is the history of Labour reform?

- India's journey toward sustainable labour policies has seen several key reforms post-independence.

Year	Labour Reform
1948	<ul style="list-style-type: none"> The Industrial Disputes Act established a framework for resolving industrial conflicts and promoting harmonious labour relations.
1948	<ul style="list-style-type: none"> The Factories Act was implemented to oversee working conditions, safety, health, and welfare in manufacturing establishments. For example: It prohibits the employment of women in any part of a factory where cotton pressing is carried out with a cotton opener in operation.

1952	<ul style="list-style-type: none"> • The Employees' Provident Fund Act was enacted, aiming to secure retirement savings for employees.
1952	<ul style="list-style-type: none"> • Under the Mines Act, women are prohibited from working in any part of a mine that is located below ground.
1961	<ul style="list-style-type: none"> • The Maternity Benefit Act governs the employment of women in specific establishments during designated periods before and after childbirth, ensuring they receive maternity benefits.
1976	<ul style="list-style-type: none"> • The Bonded Labour System (Abolition) Act prohibited bonded labour, ensuring workers could not be forced into exploitative employment.
1996	<ul style="list-style-type: none"> • The Minimum Wages Act set minimum wages in various sectors, protecting workers from exploitatively low pay.
2008	<ul style="list-style-type: none"> • The Unorganised Workers' Social Security Act aimed to provide welfare to unorganised sector workers, covering health and life insurance and pension.
2020	<ul style="list-style-type: none"> • The labour codes (the Code on Wages, the Code on Social Security, the Industrial Relations Code, and the Occupational Safety, Health and Working Conditions Code) were consolidated to streamline regulations, enhance worker protections, and improve employer compliance.

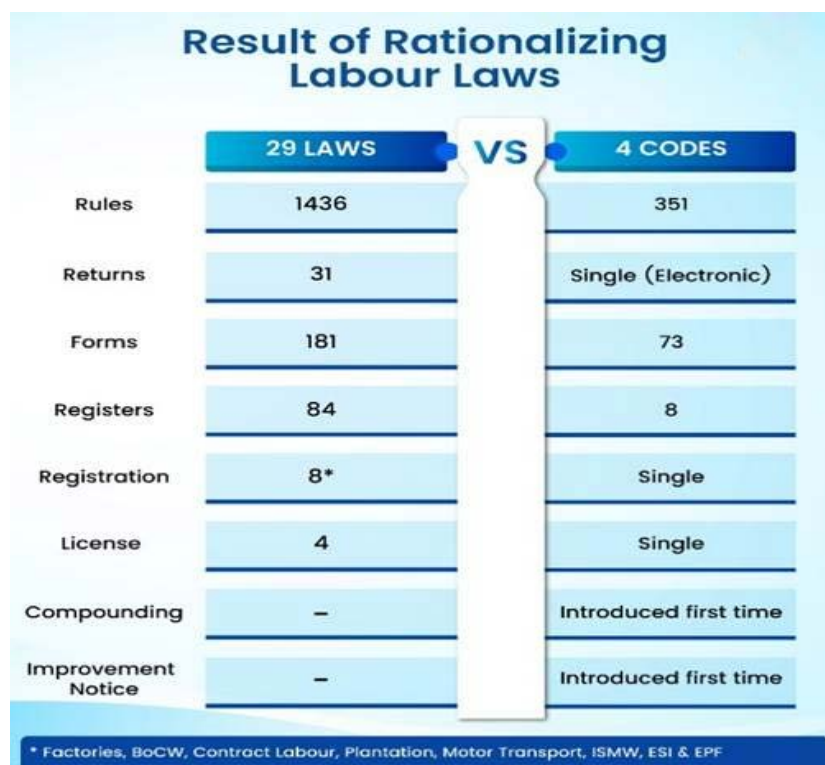
5. Enlist the issues of Indian labour force?

Issues	Analysis
Surplus Labor Force	<ul style="list-style-type: none"> • India faces a significant challenge of a surplus labor force, primarily due to its rapidly growing population.

	<ul style="list-style-type: none">• The continuous addition of laborers to an already saturated market leads to high levels of unemployment and underemployment.
Unskilled Labor	<ul style="list-style-type: none">• A pressing issue in the Indian labor market is the prevalence of a large number of unskilled workers.• Limited access to vocational training institutes hampers skill development, making it difficult for these individuals to secure meaningful employment.
Lack of Absorption of Skilled Labor	<ul style="list-style-type: none">• Despite the availability of skilled labor in India, the absorption rate remains low.• Many technically educated individuals, including engineering and vocational course graduates, struggle to find suitable employment opportunities.
Imperfections	<ul style="list-style-type: none">• The Indian labor market suffers from imperfections such as information asymmetry, inadequate manpower planning, child labor practices, and a lack of suitable agencies for labor force utilization.
Work Culture	<ul style="list-style-type: none">• The work culture among the Indian labor force needs improvement.• Unhealthy work practices, low productivity, and lack of discipline hinder economic growth and reduce absorption capacity.
Militant Unionism	<ul style="list-style-type: none">• Militant unionism poses a significant challenge in certain sectors and states of India.

	<ul style="list-style-type: none"> • Unhealthy practices and militancy within trade unions hinder harmonious employer-employee relations and can adversely impact productivity and industrial growth.
Unemployment	<ul style="list-style-type: none"> • Unemployment remains a critical problem in the Indian labor market. • Disguised unemployment, seasonal unemployment, general unemployment, and educated unemployment are prevalent.
Lack of Labor Reforms	<ul style="list-style-type: none"> • The Indian labor market lacks comprehensive labor reforms that are essential for its growth and adaptability. • Despite economic reforms in the 1990s, labor reforms have been relatively slow.

6. What is the need for the Labour reform?



INDIA'S LABOUR REFORMS

SIMPLIFICATION, SECURITY & SUSTAINABLE GROWTH



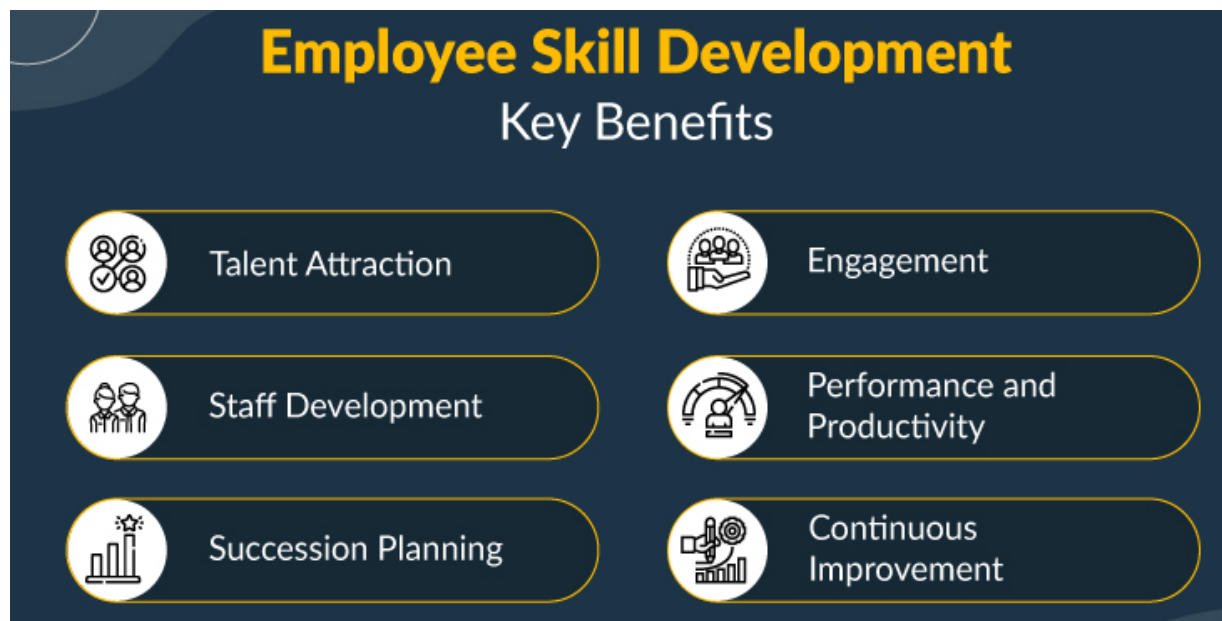
Aims to

- ▶ Simplify compliance with labour laws
- ▶ Streamline enforcement
- ▶ Modernise outdated laws

Need	Description
Simplification and consolidation of laws	<ul style="list-style-type: none"> Following the 2002 recommendations of the Second National Commission on Labour, the Ministry of Labour and Employment merged 29 separate laws into four unified codes.

	<ul style="list-style-type: none"> • This consolidation simplifies compliance, making regulations clearer and more accessible for India's workforce. • Similar to how organising a cluttered closet creates order, streamlining labour laws reduces confusion, helping both workers and employers easily understand their rights and responsibilities. • These reforms lay the foundation for sustainable workforce growth, boosting productivity and enabling businesses and workers to navigate an evolving economy with greater confidence and clarity.
Worker security and flexibility	<ul style="list-style-type: none"> • Sustainable reforms emphasise job security while offering flexibility for gig and contract workers, who form an increasing part of India's workforce. • The reforms aim to ensure fair wages, access to benefits, and protections for these workers, balancing their need for security with the flexibility modern employment demands.
Formalisation of the informal sector	<ul style="list-style-type: none"> • A significant portion of India's workforce remains in the informal sector. • Sustainable labour reforms aim to bring these workers into the formal economy, granting them access to essential benefits like social security and fair wages, thus creating a more inclusive workforce.
Skill development and	<ul style="list-style-type: none"> • As the economy evolves, workers must be equipped with new skills to meet changing job demands.

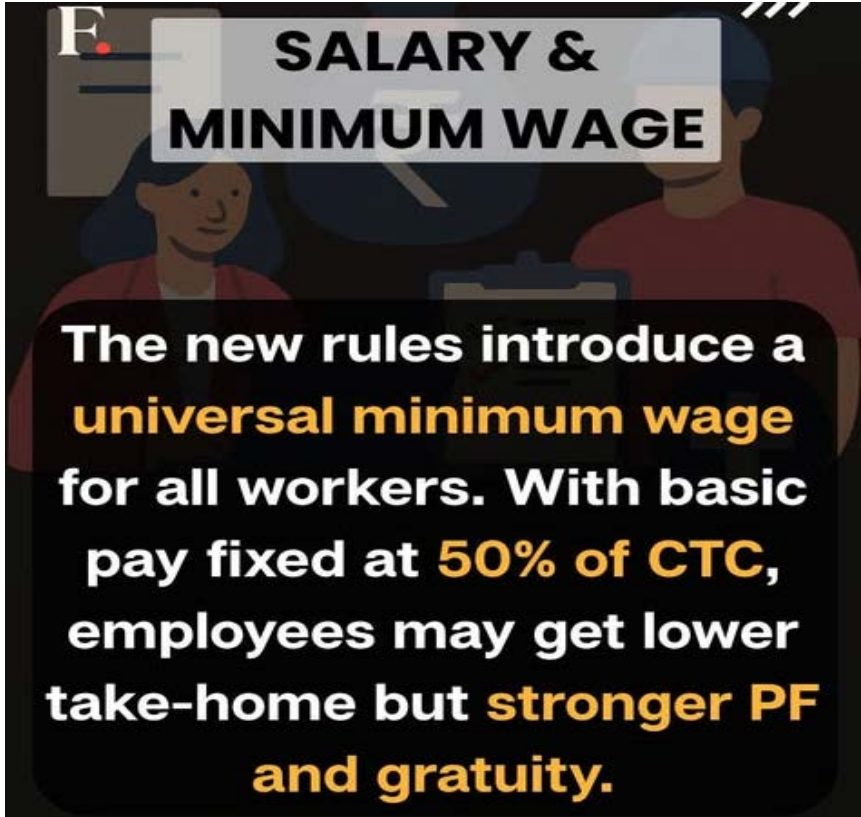
workforce adaptability	<ul style="list-style-type: none"> • Labour policies should focus on upskilling and reskilling programs that allow workers to stay competitive, ensuring long-term economic growth and workforce resilience.
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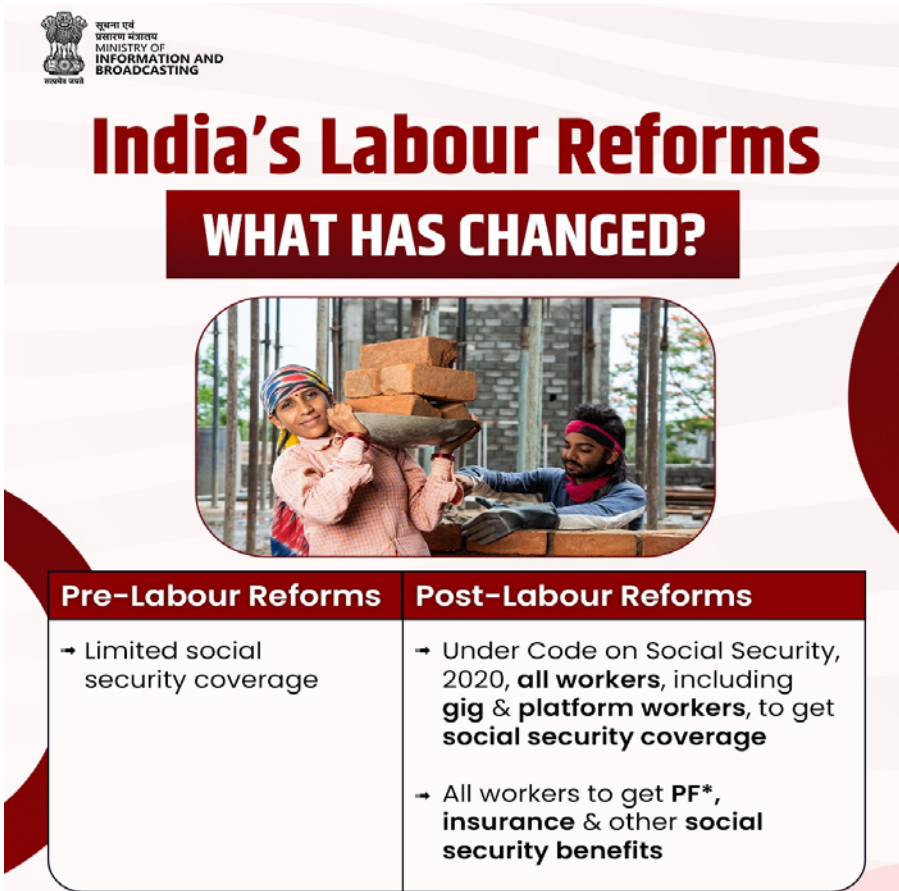



7. Enlist key changes in labour laws?

New laws usher in key changes

- Gratuity after a year**
 Gratuity payments for all fixed-term employees after one year of continuous service, instead of five years earlier.
- Mandated minimum wage**
 A national minimum wage will cover all workers, instead of a few scheduled industries.
- Health focus**
 Free annual medical checkups for workers aged above 40.
- New lay-off threshold**
 Companies with up to 300 workers allowed to fire workers or shut plants without prior govt approval. The previous threshold was 100 workers.
- Relief for fixed-term staff**
 Fixed-term employees will get the same benefits as permanent staff, including leave, regulated working hours and medical benefits.
- Enhancing female labour force participation**
 Women allowed to work night shifts and enter industries, sectors under the "hazardous" category, such as mining
- Laws define gig, platform work**
 "A person who participates in a work arrangement and earns from such activities outside of a traditional employer-employee relationship"

Aspects	Changes
New labour codes	<ul style="list-style-type: none"> • The Union government has introduced a major overhaul of labour laws, merging 29 existing regulations into four new codes effective November 21. • The four Labour Codes include 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.
Expanded Minimum Wages	<ul style="list-style-type: none"> • All employees, regardless of the employment sector (organised or unorganised) or wage ceiling, now have a statutory right to minimum wages, with a national "floor wage" to be set by the central government. 

<p>Revised Wage Definition and Take-Home Pay</p>	<ul style="list-style-type: none"> • A standardised definition of "wages" mandates that basic pay must constitute at least 50% of the total remuneration. • This may reduce immediate take-home pay for some employees, but it will lead to higher contributions to social security benefits like Provident Fund (PF) and gratuity, thereby enhancing long-term retirement security. 						
<p>Social Security for Gig Workers</p>	<ul style="list-style-type: none"> • For the first time, gig and platform workers are included in the ambit of social security, with aggregators required to contribute a percentage of their annual turnover to a dedicated fund for benefits like life and disability cover, and health benefits. <div data-bbox="505 993 1398 1879">  <p>India's Labour Reforms WHAT HAS CHANGED?</p> <table border="1"> <thead> <tr> <th>Pre-Labour Reforms</th> <th>Post-Labour Reforms</th> </tr> </thead> <tbody> <tr> <td>→ Limited social security coverage</td> <td>→ Under Code on Social Security, 2020, all workers, including gig & platform workers, to get social security coverage</td> </tr> <tr> <td></td> <td>→ All workers to get PF*, insurance & other social security benefits</td> </tr> </tbody> </table> </div>	Pre-Labour Reforms	Post-Labour Reforms	→ Limited social security coverage	→ Under Code on Social Security, 2020, all workers , including gig & platform workers , to get social security coverage		→ All workers to get PF* , insurance & other social security benefits
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Faster Gratuity Eligibility	<ul style="list-style-type: none"> • The eligibility period for gratuity for fixed-term employees has been reduced from five years of continuous service to just one year, promoting greater financial security. • Notably, gratuity is a lump-sum financial payout employers make to workers as a gesture of appreciation for extended service. 
Mandatory Appointment Letters	<ul style="list-style-type: none"> • Employers are now required to issue formal appointment letters to all new workers, including those in the unorganised sector, which provides documentary proof of employment, wages, and social security entitlements, enhancing transparency and job security.

- This applies even in **informal or gig-work settings** where such formalities often didn't exist.


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India's Labour Reforms

WHAT HAS CHANGED?



Pre-Labour Reforms	Post-Labour Reforms
→ No mandatory appointment letters	→ Mandatory appointment letters to all workers → Written proof will ensure transparency, job security & fixed employment

Overtime at Double Wages	<ul style="list-style-type: none"> • Employees working beyond normal working hours must be compensated at a rate of at least twice their normal wage rate.
Increased Leave Entitlement	<ul style="list-style-type: none"> • The eligibility period for annual paid leave has been lowered from 240 days of work to 180 days in a year, allowing newer employees to access leave benefits sooner.
Women Can Work Night	<ul style="list-style-type: none"> • Gender-based wage discrimination is explicitly prohibited.

Shifts	<ul style="list-style-type: none"> • Women workers are now permitted to work in night shifts across all establishments (before 6 AM and beyond 7 PM), subject to their consent and mandatory safety and security measures provided by the employer.
Work From Home Provision	<ul style="list-style-type: none"> • Remote work will be permitted in service sectors by mutual consent, improving flexibility.
Free Annual Health Check-ups	<ul style="list-style-type: none"> • Employers must provide free annual health examinations or tests to all employees above the age of 40, promoting preventive healthcare in the workforce.  <p>The infographic is titled "LABOUR REFORMS for ATMANIRBHAR BHARAT" with a sub-header "Preventive Healthcare". It is divided into two main sections: "Pre Labour Reforms" and "Post Labour Reforms".</p> <ul style="list-style-type: none"> Pre Labour Reforms: <ul style="list-style-type: none"> No legal requirement for employers to provide free annual health check-ups to workers. Post Labour Reforms: <ul style="list-style-type: none"> Employers must provide all workers with a free annual health check-up. Promoting timely preventive healthcare culture. <p>The bottom of the infographic features a photograph of Prime Minister Narendra Modi standing with a group of workers wearing hard hats.</p>

New Labour Laws 2025

What you need to know

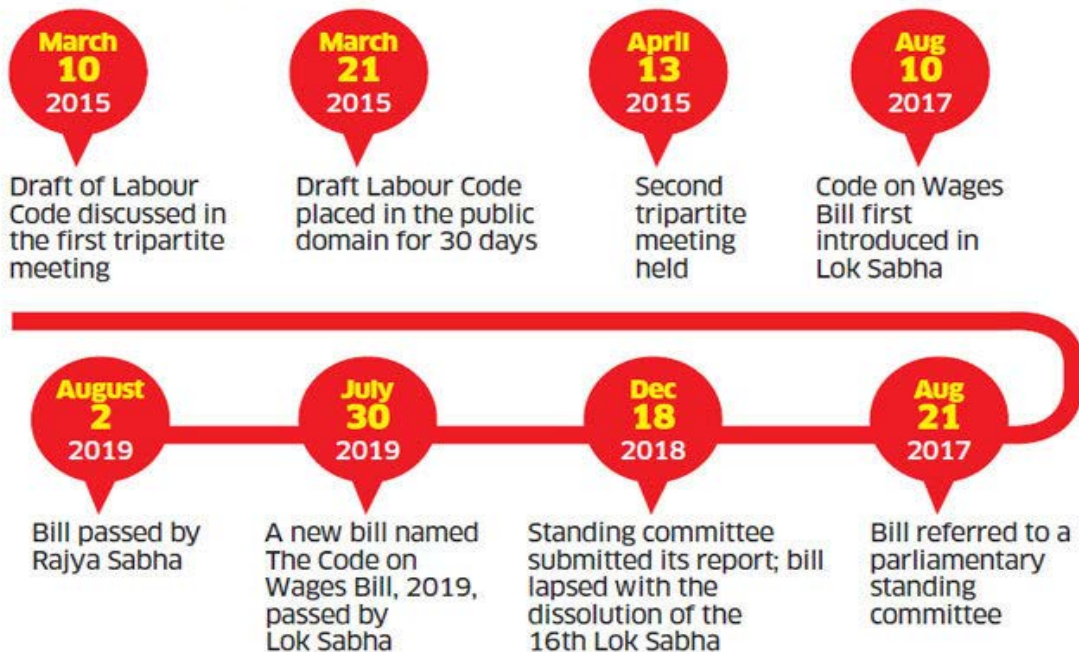
India has replaced 29 old labour laws with 4 new labour codes.
Here is how it can impact you




Source: Ministry of Labour & Employment

8. Highlight key provisions of The Code of Wages, 2019?

Brief History of the Code Bill






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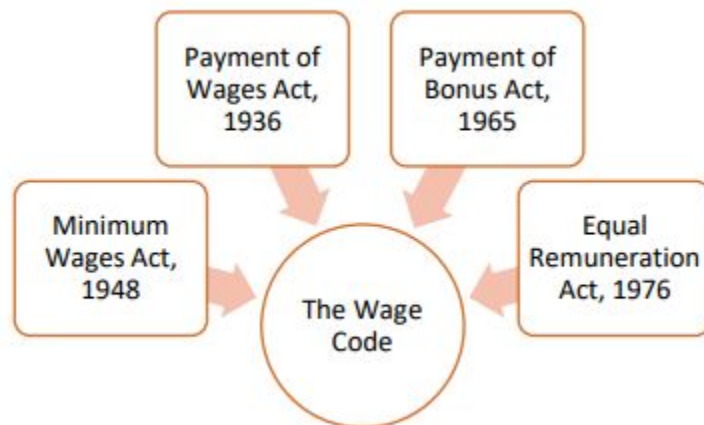
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Code on Wages, 2019

- ▶ **Guaranteed minimum wages** for all workers
- ▶ **Equal pay for equal work** made mandatory
- ▶ **Timely wage payment & no unauthorised wage deductions**
- ▶ Provision for **double wages** for **overtime work**

- The **Code on Wages, 2019** seeks to simplify, consolidate, and rationalize the provisions of four existing laws- **The Payment of Wages Act, 1936; The Minimum Wages Act, 1948; The Payment of Bonus Act, 1965; and The Equal Remuneration Act, 1976.**
- It aims to **strengthen workers' rights while promoting simplicity and uniformity in wage-related compliance for employers.**



Highlights	Analysis
Universal Minimum Wages	<ul style="list-style-type: none"> • The Code establishes a statutory right to minimum wages for all employees across both organized and unorganized sectors. • Earlier, the Minimum Wages Act applied only to scheduled employments covering ~30% of workers.
Introduction of Floor Wage	<ul style="list-style-type: none"> • A statutory floor wage shall be set by the Government based on minimum living standards, with scope for regional variation. • No state can fix minimum wages below this level, ensuring uniformity and adequacy nationwide.

Criteria for Wage Fixation	<ul style="list-style-type: none">• Appropriate Governments will determine minimum wages considering workers' skill levels (unskilled, skilled, semi-skilled and highly skilled), geographic areas, and job conditions such as temperature, humidity, or hazardous environments.
Gender Equality in Employment	<ul style="list-style-type: none">• Employers shall not discriminate on the basis of gender, including transgender identity, in recruitment, wages, and employment conditions for similar work.
Universal Coverage for Wage Payment	<ul style="list-style-type: none">• Provisions ensuring timely payment and preventing un-authorized deductions will apply to all employees, irrespective of wage limits (currently applicable only to employees earning up to ₹24,000/month).
Overtime Compensation	<ul style="list-style-type: none">• Employers must pay all employees overtime wages at least twice the normal rate for any work done beyond the regular working hours.
Responsibility for Wage Payment	<ul style="list-style-type: none">• Employers, including companies, firms, or associations, shall pay wages to employees employed by them.• Failure to do so makes the proprietor/ entity liable for unpaid wages.
Inspector-cum-Facilitator	<ul style="list-style-type: none">• The traditional role of "Inspector" is replaced with "Inspector-cum-Facilitator," emphasizing guidance, awareness, and advisory roles alongside enforcement to improve compliance.

Compounding of Offences	<ul style="list-style-type: none"> • First-time, non-imprisonable offences can be compounded by paying a penalty. • Repeat offences within five years, however, cannot be compounded.
Decriminalization of Offences	<ul style="list-style-type: none"> • The Code replaces imprisonment for certain first-time offences with monetary fines (up to 50% of the maximum fine), making the framework less punitive and more compliance-oriented.

9. Highlight key provisions of The Industrial Relations Code, 2020?

- **The Industrial Relations Code (IR Code) has been prepared after amalgamating, simplifying and rationalizing the relevant provisions of the Trade Unions Act, 1926, the Industrial Employment (Standing Orders) Act, 1946 and the Industrial Disputes Act, 1947.**
- **The Code acknowledges the fact that survival of worker depends upon survival of industry.**
- **In this backdrop, it simplifies laws related to trade unions, conditions of employment in industrial establishment or undertaking, investigation and settlement of industrial disputes.**

Highlights	Analysis
Fixed Term Employment (FTE)	<ul style="list-style-type: none"> • Allows direct, time-bound contracts with full parity in wages and benefits; gratuity eligibility after one year. • The provision reduces excessive contractualization and offers cost efficiency to employers.

Re-skilling Fund	<ul style="list-style-type: none"> • To train retrenched employees, this fund has been set up from the contribution to be made by an industrial establishment for an amount equal to 15 days' wages for every worker retrenched. • This is in addition to retrenchment compensation. • The amount will be credited to the workers account within 45 days of retrenchment.
Trade Union Recognition	<ul style="list-style-type: none"> • Unions with 51% membership get recognition as the Negotiating Union; otherwise, a Negotiating Council is formed from unions, not less than 20% membership of trade union. • Such an arrangement strengthens collective bargaining.
Expanded Worker Definition	<ul style="list-style-type: none"> • Covers sales promotion staff, journalists, and supervisory employees earning up to ₹18,000/month.
Broader Definition of Industry	<ul style="list-style-type: none"> • Includes all systematic employer-employee activities, regardless of profit or capital, widening access to labour protections.
Higher Threshold for Lay-off/ Retrenchment/ Closure	<ul style="list-style-type: none"> • Approval limit raised from 100 to 300 workers; States may enhance the limit further. • The provision will simplify compliance and contribute to formalization.
Women's Representation	<ul style="list-style-type: none"> • Ensures proportional representation of women in grievance committees for gender-sensitive redressal.

Standing Orders Threshold	<ul style="list-style-type: none">• Raised from 100 to 300 employees, easing compliance and enabling flexible workforce management.
Industrial Tribunals	<ul style="list-style-type: none">• Two-member tribunals consisting of judicial and administrative member for quicker dispute resolution.
Direct Tribunal Access	<ul style="list-style-type: none">• Parties may approach tribunals directly after failed conciliation within 90 days.
Work-from-Home Provision	<ul style="list-style-type: none">• Permitted in service sectors by mutual consent, improving flexibility.
Notice for Strikes/Lockouts	<ul style="list-style-type: none">• Mandatory 14-day notice for all establishments to promote dialogue and minimize disruptions.
Expanded Definition of Strike	<ul style="list-style-type: none">• Includes "mass casual leave also within its ambit" to prevent flash strikes and ensure lawful action.
Decriminalization & Compounding	<ul style="list-style-type: none">• Minor offences made compoundable with monetary penalties, promoting compliance over prosecution.
Digital Processes	<ul style="list-style-type: none">• Enables electronic record-keeping, registration, and communication for transparency and efficiency.



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The Industrial Relations Code, 2020

- ▶ Allows **direct, time-bound contracts** with **full parity** in wages & benefits; gratuity eligibility after 1 year
- ▶ **Unions** with **51% membership** recognised as **Negotiating Union**
- ▶ Ensures **proportional representation** of **women** in **grievance committees**

10. Highlight key provisions of The Code on Social Security, 2020?

- The Code on Social Security incorporates existing **nine Social Security Acts viz; The Employee's Compensation Act, 1923; The Employees' State Insurance Act, 1948; The Employees' Provident Funds and Miscellaneous Provisions Act, 1952; The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959; The Maternity Benefit Act, 1961; The Payment of Gratuity Act, 1972; The Cine-Workers Welfare Fund Act, 1981; The Building and Other Construction Workers' Welfare Cess Act, 1996 and; The Unorganised Workers' Social Security Act, 2008.**

- The Code extends social security to **all workers- including unorganized, gig, and platform workers-covering life, health, maternity, and provident fund benefits**, while introducing digital systems and facilitator-based compliance for greater efficiency.

Highlights	Analysis
Expanded ESIC (Employees' State Insurance) Coverage	<ul style="list-style-type: none"> • ESIC now applies pan-India, eliminating the criteria of “notified areas.” • Establishments with fewer than 10 employees may voluntarily opt in with mutual consent of employers and employees. • Coverage would be mandated for hazardous occupation and extended to plantation workers.
Time-bound EPF (Employees' Provident Fund) Inquiries	<ul style="list-style-type: none"> • A five-year limit has been set for initiating EPF inquiries and recovery proceedings, to be completed within two years (extendable by one). • Suo-moto reopening of cases has been abolished, ensuring timely resolution.
Reduced EPF Appeal Deposit	<ul style="list-style-type: none"> • Employers appealing EPFO orders now need to deposit only 25% of the assessed amount (down from 40–70%), reducing financial burden and ensuring ease of business and access to justice.
Self-assessment for Construction Cess	<ul style="list-style-type: none"> • Employers can now self-assess cess liabilities in respect to Building and Other Construction Work, previously assessed by the notified Government authority.

	<ul style="list-style-type: none"> • It reduces procedural delays and official intervention.
Inclusion of Gig and Platform Workers	<ul style="list-style-type: none"> • New definitions are included- “aggregator,” “gig worker,” and “platform worker” to enable social security coverage. • Aggregators to contribute 1- 2% of annual turnover (capped at 5% of payments to such workers).
Social Security Fund	<ul style="list-style-type: none"> • A dedicated fund to finance schemes for unorganised, gig, and platform workers, covering life, disability, health, and old-age benefits has been proposed. • The amount collected through the compounding of offences will be credited to this Fund and used by the Government.
Expanded Definition of Dependents	<ul style="list-style-type: none"> • Coverage extended to maternal grandparents and in case of female employees it also includes dependent parents-in-law, broadening family benefit access.
Uniform Definition of Wages	<ul style="list-style-type: none"> • Wages” now include basic pay, dearness allowance, and retaining allowance; 50% of the total remuneration (or such percentage as may be notified) shall be added back to compute wages, ensuring consistency in calculating gratuity, pension, and social security benefits.

Commuting Accidents Covered	<ul style="list-style-type: none"> • Accidents during travel between home and workplace are now deemed employment-related, qualifying for compensation.
Gratuity for Fixed-Term Employees	<ul style="list-style-type: none"> • Fixed-term employees become eligible for gratuity after one year of continuous service (earlier five years).
Inspector-cum-Facilitator System	<ul style="list-style-type: none"> • Introduces randomized web-based, algorithm-driven inspections for transparency and wider compliance. • Inspectors now act as facilitators to support adherence and reduce harassment.
Decriminalization & Monetary Fines	<ul style="list-style-type: none"> • The code has replaced imprisonment with monetary fines for certain offences. • The employer will be given mandatory 30 days' notice for compliance before taking any legal action.
Compounding of Offences	<ul style="list-style-type: none"> • First-time offences punishable with fines are compoundable- for fine-only: 50% of maximum fine and for fine/imprisonment cases: 75% of maximum fine- reducing litigation and improving ease of doing business.
Digitization of Compliance	<ul style="list-style-type: none"> • Mandates electronic maintenance of records, registers, and returns, cutting costs and improving efficiency.

<p>Vacancy Reporting</p>	<ul style="list-style-type: none"> Employers shall report vacancies to specified career centres before recruitment, promoting transparency in employment opportunities.
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INDIA'S LABOUR REFORMS

SIMPLIFICATION, SECURITY & SUSTAINABLE GROWTH



The Code on Social Security, 2020

- ▶ Extends **social security** to **all workers**, including **unorganised, gig & platform workers**
- ▶ **Provident fund, ESIC* & health benefits** for workers
- ▶ **Commuting accidents** now qualify for **compensation**
- ▶ **EPF# appeal deposit amount reduced to 25%**

11. Highlight key provisions of The Occupational Safety, Health and Working Conditions Code 2020?

- The **Code** has been drafted after amalgamation, simplification and rationalization of the relevant provisions of the **13 Central Labour Acts- The Factories Act, 1948; The Plantations Labour Act, 1951; The Mines Act, 1952; The Working Journalists and other Newspaper Employees (Conditions of Service and Miscellaneous Provisions) Act, 1955; The Working Journalists (Fixation of Rates of Wages) Act, 1958; The Motor Transport Workers Act, 1961; The Beedi and Cigar Workers (Conditions of Employment) Act, 1966; The Contract Labour (Regulation and Abolition) Act, 1970; The Sales Promotion Employees (Conditions of Service) Act, 1976; The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979; The Cine-Workers and Cinema Theatre Workers (Regulation of Employment) Act, 1981; The Dock Workers (Safety, Health and Welfare) Act, 1986 and; The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996.**
- The **Code** balances the twin objectives of safeguarding worker rights and safe working conditions, and creating a business-friendly regulatory environment.
- This will spur economic growth and employment thereby, making India's labour market more efficient, fair, and future-ready.

Highlights	Analysis
Unified Registration	<ul style="list-style-type: none">• A uniform threshold of 10 employees is set for electronic registration.• One registration for an establishment has been envisaged in place of 6 registrations in the Acts.

	<ul style="list-style-type: none"> • This will create a centralised database and promote ease of doing business.
Extension to Hazardous Work	<ul style="list-style-type: none"> • The Government can extend the Code's provisions to any establishment, even with one employee, engaged in hazardous or life-threatening occupations.
Simplified Compliance	<ul style="list-style-type: none"> • Introduces one license, one registration, one return framework for the establishments, reducing redundancy and compliance burden.
Wider Definition of Migrant Workers	<ul style="list-style-type: none"> • The definition of inter-state migrant workers (ISMW) now covers workers employed directly, through contractors, or migrate on their own. • Establishments must declare the number of ISMW. • Benefits include: a lump-sum annual travel allowance to native place once in 12 months and portability of public distribution system and social security benefits across states along with access to a toll-free helpline.
Health	<ul style="list-style-type: none"> • Free annual health check-ups for employees
Formalization via appointment letters	<ul style="list-style-type: none"> • Appointment letters specifying job details, wages, and social security will be given to enhance transparency and accountability.
Women's Employment	<ul style="list-style-type: none"> • Women can work in all types of establishments and during night hours (before 6AM, beyond 7PM) with consent and safety measures, fostering equality and inclusion.

Expanded Media Worker Definition	<ul style="list-style-type: none"> • “Working journalists” and “cine workers” now include employees in electronic media and all forms of audio-visual production.
National Database for Unorganised Workers	<ul style="list-style-type: none"> • A national database to be developed for unorganized workers including migrants to help migrant workers get jobs, map their skills and provide other social security benefits.
Victim Compensation	<ul style="list-style-type: none"> • Courts can direct at least 50% of fines imposed on offenders to be paid as compensation to victims or their legal heirs in case of injury or death.
Contract Labour Reform	<ul style="list-style-type: none"> • Applicability threshold has been raised from 20 to 50 contract workers. • All India license valid for 5 years against work-order based license to be provided to the contractor. • For contract labour, beedi and cigar manufacturing and factory: a common license is envisaged and provision of deemed license after expiry of prescribe period is introduced. • Moreover, the license shall be auto-generated. • Provision of contract labour board has been done away with and provision for appointment of designated authority to advise matters on core and non-core activities is introduced.

Safety Committees	<ul style="list-style-type: none">• Establishments with 500 or more workers will form safety committees with employer-worker representation, enhancing workplace safety and shared accountability.
National Occupational Safety & Health Advisory Board	<ul style="list-style-type: none">• A single tripartite advisory board replaces six earlier boards to set national safety and health standards across sectors, ensuring uniformity and quality.
Decriminalisation & Compounding of Offences	<ul style="list-style-type: none">• Offences punishable by fine only to be compounded by paying 50% of the maximum fine; those involving imprisonment or fine or both by 75%. Criminal penalties (imprisonment) replaced by civil penalties like monetary fines, promoting compliance over punishment.
Revised Factory Thresholds	<ul style="list-style-type: none">• Applicability increased from 10 to 20 workers (with power) and 20 to 40 workers (without power), reducing compliance burden for small units.
Social Security Fund	<ul style="list-style-type: none">• Establishes a fund for unorganised workers, financed through penalties and compounding fees, for their welfare and benefit delivery.
Contract Labour-Welfare & Wages	<ul style="list-style-type: none">• Principal employers to provide welfare facilities like health and safety measures to contract workers.• If the contractor fails to pay wages, the principal employer has to pay unpaid wages to the contract labour.

Working Hours & Overtime	<ul style="list-style-type: none"> • Normal working hours capped at 8 hours/day and 48 hours/week. • Overtime allowed only with worker consent and paid at twice the regular rate.
Inspector-cum-Facilitator System	<ul style="list-style-type: none"> • Inspectors will now act as facilitators with an objective to help employers comply with law, rules and regulations rather than merely policing them.



सूचना एवं प्रसारण मंत्रालय
MINISTRY OF INFORMATION AND BROADCASTING

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The Occupational Safety, Health & Working Conditions Code 2020

- ▶ Introduces **one license, one registration, one return framework** for establishments
- ▶ **Free annual health check-ups** for employees
- ▶ **Mandatory appointment letters** to all workers
- ▶ **Women** allowed to work in **night shifts** with consent

12. What is the view of industry on labour reform?

INDIA'S NEW LABOUR LAWS **INDUSTRY BACKS NEW REFORMS**



“

"This reform represents a landmark restructuring of India's welfare and regulatory architecture, a transformative step toward building an inclusive, coherent, and future-ready social-security framework that extends across formal employment, the unorganised sector, and the rapidly expanding platform economy."

- Swiggy

”

“

"The consolidation of labour laws provides clearer, more uniform, and consistent rules, which supports both the country and our ecosystem. One of these four labour codes is Code on Social Security, 2020 (CoSS) which helps strengthen the social security access for gig workers across the country, including those who power our Zomato and Blinkit businesses."

-Eternal

”

“

"Mandatory appointment letters, universal minimum wages, and pan-India social security coverage (including ESIC expansion) ensure greater formalisation. This strengthens worker confidence -- critical for skill-intensive manufacturing such as fabs, ATMP, component manufacturing and design centres."

-Ashok Chandak, President, IESA and SEMI India

”

13. How labour reform will impact women workforce?

LABOUR REFORMS
For **ATMANIRBHAR BHARAT**

Benefits for Women Workers

- ✓ **Gender discrimination** is legally prohibited.
- ✓ **Equal pay for equal work** has been ensured.
- ✓ Women are **permitted to work night shifts** and in **all types of work** (including underground mining and heavy machinery), subject to their **consent and mandatory safety measures**.
- ✓ Maternity benefits - including upto **26 weeks of paid leave**, **crèche facilities**, and **flexibility to work from home**.
 - Women workers to get health benefits – **medical bonus of ₹3,500**.
- ✓ **Provision to add parents-in-law in Family Definition of Female Employees**, expanding dependent coverage and ensuring inclusivity.



LABOUR REFORMS
for **ATMANIRBHAR BHARAT**

Women Workforce Participation


Pre Labour Reforms

 Female employment in night shifts and certain occupations was restricted


Post Labour Reforms

 Women are permitted to work at night and in all types of work across all establishments, subject to their consent and required safety measures

 Women will get equal opportunities to earn higher incomes in high paying job roles



14. How will labour reforms help in making India an Atmanirbhar Bharat?”

LABOUR REFORMS *For* ATMANIRBHAR BHARAT

Benefits for Youth Workers

- ✓ **Minimum wage is guaranteed** for all workers.
- ✓ All workers to get **appointment letters**, – promoting social security, employment history and formal employment.
- ✓ Annual Paid Leave- Every Worker to have the Option of **Availing Annual Leave with wages after 180 Days of Work** in a Calendar Year
- ✓ To ensure a **decent standard of living**, workers will receive wages as per the floor wage determined by the Central Government.

LABOUR REFORMS

For ATMANIRBHAR BHARAT

Benefits for Contractual Workers

- ✓ **Fixed-term employees (FTE)** will increase employability and ensure social security, legal protection like benefits equal to permanent employees.
- ✓ Fixed-term employees will **become eligible for gratuity after one year of continuous service.**
- ✓ **Principal employer** will provide health benefits and social security benefits to contract workers.
- ✓ **Promoting preventive healthcare —** Workers to get free annual health check-up.



LABOUR REFORMS

For **ATMANIRBHAR BHARAT**

Benefits for Dock Workers

- ✓ All Dock workers to get **formal recognition, Legal Protection.**
- ✓ **Mandatory appointment letters** to guarantee social security benefits.
- ✓ **Provident fund, pension, and insurance benefits ensured for all**, whether contract or temporary dock workers.
- ✓ Employer-funded annual health check-ups **mandatory.**
- ✓ Dock workers to get mandatory medical facilities, first aid, sanitary and washing areas, etc, **to ensure decent work conditions and safety.**



LABOUR REFORMS

For **ATMANIRBHAR BHARAT**

Benefits for Bidi & Cigar Workers

- ✓ **Minimum wage guaranteed** for all workers.
- ✓ **Working Hours Regulation:** 8-12 hours per day and 48 hours per week has been capped to ensure work-life balance.
- ✓ **Overtime Work** beyond prescribed hours, to be **consent based** and pay at least **double the normal wage rate**.
- ✓ **Timely payment of wages** have been ensured.
- ✓ **Workers eligible for Bonus** after completing 30 days of work in a year.



LABOUR REFORMS

For **ATMANIRBHAR BHARAT**

Benefits for Export Sector Workers

- ✓ **Export sector fixed term workers** to receive gratuity, provident fund (PF), and other social security benefits.
- ✓ Every worker to have the option of availing **annual leaves after 180 days of work in a year.**
- ✓ Every worker to get right to **timely wage payment and no unauthorized wage deductions and no wage ceiling restrictions.**
- ✓ **Women allowed to work in night shifts with consent**, ensuring opportunity to earn higher income.
- ✓ **Safety and welfare measures** include mandatory written consent, double wages for overtime, safe transportation, CCTV surveillance, and security arrangements



LABOUR REFORMS

For **ATMANIRBHAR BHARAT**

Benefits for Gig and Platform workers

- ✓ 'Gig work', 'Platform work', and 'Aggregator' have been **defined for the first time in the Code.**
- ✓ **Provision of Welfare Fund** - Aggregators must contribute 1-2% of annual turnover, capped at 5% of the amount paid or payable to gig & platform workers.
- ✓ Aadhaar-linked Universal Account Number will make welfare benefits **easy to access, fully portable, and available across states**, regardless of migration

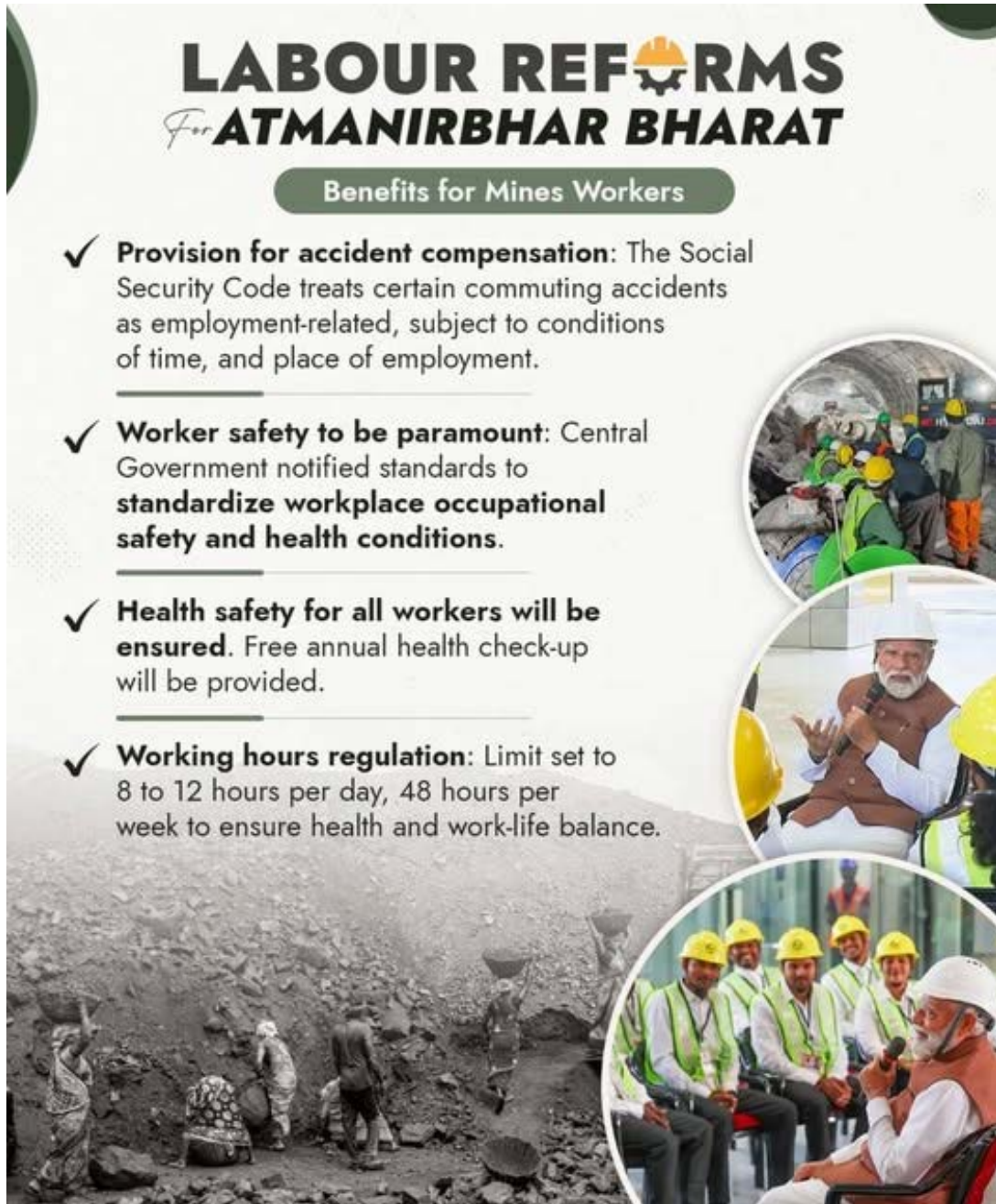


LABOUR REFORMS

For **ATMANIRBHAR BHARAT**



Benefits for Mines Workers

- ✓ **Provision for accident compensation:** The Social Security Code treats certain commuting accidents as employment-related, subject to conditions of time, and place of employment.
- ✓ **Worker safety to be paramount:** Central Government notified standards to standardize workplace occupational safety and health conditions.
- ✓ **Health safety for all workers will be ensured.** Free annual health check-up will be provided.
- ✓ **Working hours regulation:** Limit set to 8 to 12 hours per day, 48 hours per week to ensure health and work-life balance.



15. Enlist key issues in current labour reform?

- While the **new labour reforms mark progress in streamlining regulations and enhancing worker protections**, several **significant challenges** and gaps remain that require careful attention to ensure the reforms are inclusive, fair, and effective. Below are the primary areas of concern:

Issues	Description
Inspector-cum-facilitator role	<ul style="list-style-type: none"> • The new “Inspector-cum-Facilitator” role combines two responsibilities: ensuring compliance and helping businesses meet standards. • However, these roles often conflict an inspector’s job is to enforce, while a facilitator’s is to support. • This overlap can create confusion, hindering effective implementation.
Unclear definitions of “worker” vs. “employee”	<ul style="list-style-type: none"> • One major issue is the lack of clarity about who qualifies as a “worker” or “employee,” particularly concerning overtime pay. • This uncertainty is especially relevant for remote workers, who have become increasingly common since the COVID-19 pandemic. • Clear definitions are necessary to ensure fair compensation in this new work environment. <div> <div> <h3>Employee</h3> <ol style="list-style-type: none"> 01. Has the most rights and responsibilities 02. Paid for regular hours of work 03. Permanent full-time or part time work* 04. Entitled to all employment rights 05. Additional benefits e.g. extended paternity leave 06. Statutory and common law rights and obligations implied into contract of employment and cannot be overridden by terms of employment contract  <p><small>*In some circumstances, employees can be individuals on casual contracts (e.g. fixed term and/or zero hours - see below section for more information)</small></p> </div> <div> <h3>Worker</h3> <ol style="list-style-type: none"> 01. Has fewer rights and obligations 02. Casual and flexible working relationships 03. Not likely to be in employment with one organisation 04. Often working with multiple employers 05. Core statutory employment rights from day one 06. Flexibility how much, where and when they work 07. Discretion for employers to provide additional benefits 08. Required to do the work themselves  </div> </div>

Exclusion of small startups and informal workers from social security	<ul style="list-style-type: none"> • Small businesses, micro-enterprises, and informal workers especially those in rural areas are not covered by social security benefits. • As a result, vulnerable groups such as migrant workers and the self-employed remain uncertain about their rights and protections, leaving them exposed to economic instability.
Non-inclusion of charitable and non-profit organisations	<ul style="list-style-type: none"> • The Occupational Safety, Health, and Working Conditions Code does not extend to charitable and non-profit organisations. • This exclusion leaves these entities without a clear regulatory framework, creating a gap in protections for those working in these sectors.
Uneven State-Level Implementation	<ul style="list-style-type: none"> • Since labour is a Concurrent List (Schedule VII) subject, state-level adoption remains inconsistent. • It has delayed implementation and created uncertainty for industries planning workforce policies under the new framework.
Invisible labour	<ul style="list-style-type: none"> • Perhaps the most critical oversight is the failure to recognise “invisible labour.” • This term refers to unpaid work, such as household chores, childcare, and caregiving, much of which is performed by women. • These workers often go unacknowledged, working long hours without compensation, formal recognition, or even basic breaks.

16. Enlist key challenges in implementation of labour reform?

While the components of sustainable labour reforms are promising, several challenges can hinder their implementation:

Challenges	Description
Resistance from stakeholders	<ul style="list-style-type: none"> Both workers and employers may resist these reforms. Workers might worry about losing their jobs, especially as technology and automation become more common. Employers, on the other hand, may be concerned about the cost of following new rules and regulations.
Lack of strong enforcement	<ul style="list-style-type: none"> Even if the reforms are well-planned, they won't work unless there's a system to make sure everyone follows them. Strong monitoring and enforcement are needed to ensure that both workers and employers are meeting the new standards.
Lack of awareness among workers	<ul style="list-style-type: none"> For reforms to work, workers need to know their rights and benefits. Many workers may not be aware of what the reforms mean for them. Educating workers about these changes will help them understand their rights and better navigate the new system.

17. What is the relevance of the topic for UPSC CSE?

- **For Prelims:** Code on Wages, 2019, Industrial Relations Code, 2020, Code on Social Security, 2020, Occupational Safety, Health and Working Conditions (OSH) Code, 2020, Pradhan Mantri Shram Yogi Mandhan (PM-SYM), e-Shram Portal, Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Pradhan Mantri Viksit Bharat Rozgar Yojana
- **For Mains:** Key Features of the New Labour Codes in India, Major Challenges Faced in Governing Labour Issues in India, Key Government Schemes Aimed at Ensuring the Welfare of Labourers in India

Some previous years prelims questions.

Q. Consider the following statements: (2017)

1. The Factories Act, 1881 was passed with a view to fix the wages of industrial workers and to allow the workers to form trade unions.
2. N.M. Lokhande was a pioneer in organizing the labour movement in British India.

Which of the above statements is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (b)

Some previous years mains questions.

Q1. Discuss the merits and demerits of the four 'Labour Codes' in the context of labour market reforms in India. What has been the progress so far in this regard? (2024-15 Marks)

Some questions from this year and previous years interview transcripts.

Board Lt Gen Raj Shukla Sir:

- Mention few Child labour problems in Varanasi.
- What are reforms needed in Agriculture sector?

Board BB Swain Sir:

- What can be done to increase women in labour force?

Board Suman Sharma Mam:

- As a DM of particular district what will be your priority among Labour, Fund & Asset creation timeline while implementing MGNREGA.

Board Dinesh Dasa sir:

- What is the manufacturing and industrial landscape of India with respect to dignity of labour?

Some questions for QUIZ.

Q1. Consider the following subjects/items:

1. Welfare of labour including conditions of work
2. Vocational and technical training of labour
3. Betting & gambling
4. Inter-State migration
5. Inter-State quarantine

How many of the above entries are part of Concurrent list of 7th Schedule?

- a) Only two
- b) Only three
- c) Only four
- d) All five

Ans: (a)

Some questions for POLL.

- Q1. Do you believe the four Labour Codes will simplify India's labour regulations?
- (a) YES
 - (b) NO
 - (c) Can't say.
- Q2. Do you think labour reforms will encourage more formalisation of the workforce?
- (a) YES
 - (b) NO
 - (c) Can't say.
- Q3. Should gig and platform workers be given mandatory social security benefits under labour laws?
- (a) YES
 - (b) NO
 - (c) Can't say.
- Q4. Do you think the new labour codes will improve ease of doing business for industries?
- (a) YES
 - (b) NO
 - (c) Can't say.
- Q5. Should states be given more flexibility to modify labour laws according to their economic needs?
- (a) YES
 - (b) NO
 - (c) Can't say.

- Q6. Do you think simplifying compliance—such as reducing multiple registers and returns—will reduce corruption?
- (a) YES
 - (b) NO
 - (c) Can't say.
- Q7. Are the current safety and health provisions in the labour codes sufficient for workers in hazardous industries?
- (a) YES
 - (b) NO
 - (c) Can't say.
- Q8. Do you believe the reforms adequately address issues faced by women workers (night shifts, safety, equal pay)?
- (a) YES
 - (b) NO
 - (c) Can't say.
- Q9. Should the implementation of labour codes be delayed to allow businesses and states more time to adapt?
- (a) YES
 - (b) NO
 - (c) Can't say.

