



Dipen D Shah & Associates
CHARTERED ACCOUNTANTS

India's Labour Reforms: Key Highlights of the New Labour Codes

WWW.DDSACA.COM

604, Block B, Addore Aspire 2, Opp. Old Passport office, University Road,
Nr. Jhanvi Restaurant, Gulbai Tekra, Ahmedabad 380009

Introduction to Labour Reforms



The Government of India has announced the historic implementation of four Labour Codes:

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

These codes rationalise 29 existing labour laws, marking a paradigm shift from fragmented, colonial-era regulations to a modern, consolidated framework.

The move is designed to build a future-ready workforce, enhance worker welfare, and drive reforms vital for the vision of Aatmanirbhar Bharat.

Rationale and Background



India's previous labour laws, many dating to the 1930s-1950s, were mismatched with modern economic realities. Unlike most major economies that had updated and consolidated labour regulations, India's framework remained complex and outdated, creating uncertainty and hindering compliance for both workers and industries.

The new Labour Codes address this long-standing need for reforms that empower both employees and enterprises. They seek transparency, formalisation, and worker protection while easing compliance burdens and promoting flexible work arrangements.

Key Changes: Comparison Table

Aspect	Old Laws	New Labour Codes
Appointment Letters	Not mandatory	Mandatory for all workers – transparency & security
Social Security Coverage	Limited, fragmented	Universal, includes gig/platform workers, full PF/ESIC
Minimum Wages	Applied only to scheduled industries/employments	Statutory minimum for all workers, timely payment
Preventive Healthcare	No legal requirement for annual check-ups	Mandatory free annual check-ups for workers >40 yrs
Timely Wages	No mandatory compliance	Employers mandated to pay on time
Women Workforce Participation	Night shifts & some jobs restricted	Allowed with consent/safety measures everywhere
ESIC Coverage	Limited; <10 employees usually excluded	Pan-India, mandatory for hazardous units, optional for small units
Compliance Burden	Multiple registrations, licenses, returns	Single registration/license/return, PAN-India

Benefits and Impact Across Sectors

1

Fixed-Term Employees (FTE)

- All social security, medical, and leave benefits granted equal to permanent workers.
- Gratuity eligibility after one year (previously five).
- Promotes direct hiring over contractualisation; increases protection & income.

2

Gig and Platform Workers

- Formal definition and recognition for gig workers, platforms, and aggregators.
- Aggregators must contribute up to 12% of annual turnover (capped at 5% of worker payouts) for social security.
- Aadhaar-linked Universal Account Number ensures portable benefits nationwide, supporting worker mobility.

3

Contract Workers

- FTE and contract workers enjoy similar legal protections and benefits as permanent staff.
- Principal employer responsible for health and social security.
- Free health check-ups mandated, improved employability and security.

4

Women Workers

- Prohibition of gender discrimination, with explicit provision for equal pay.
- Women can work night shifts and in all occupations (including hazardous/mining sectors), subject to consent and safety.
- Compulsory representation on grievance committees.
- 'Family' definition for female employees expanded to include parents-in-law.
- Strengthens inclusivity and opportunity for higher earnings.

5

Youth Workers

- Guaranteed minimum wage and mandatory appointment letters.
- Wages paid during leave, prohibiting exploitation.
- Statutory floor wage ensures decent standard of living.

6

MSME Workers

- Coverage under Social Security Code based on employee strength.
- Minimum wage and social security guaranteed.
- Improved workplace amenities (canteens, water, rest areas).
- Standard working hours, paid leave, and double wages for overtime.

7

Beedi/Cigar Workers

- Minimum wage, capped working hours (8–12 per day, max 48/week).
- Consent-based overtime at double rate.
- Wages paid timely, bonus eligibility after 30 days' work in a year.

8

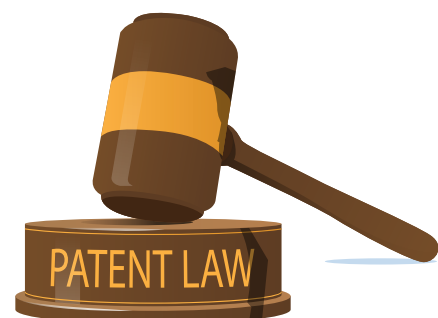
Plantation Workers

- Coverage under OSHWC and Social Security Codes for all plantations (>10 workers or >5 hectares).
- Mandatory safety training for chemical handling, use of protective equipment.
- ESIC medical facilities extended to workers/families; education for children guaranteed.

9

Digital/Audio-Visual Media Workers

- Journalists, dubbing artists, and stunt persons receive appointment letters, wage and social security guarantees.
- Overtime at double rate, timely wage payments.



10

Mine Workers

- Certain commutes now considered employment-related under Social Security Code.
- Strictly regulated working hours (8–12/day, 48/week), annual health check-ups.
- Central standards for occupational safety.

11

Hazardous Industry Workers

- Free annual health check-ups.
- National safety standards; mandatory on-site safety committees.
- Women permitted in all hazardous jobs, supported by safety rules.

12

Textile Workers

- Migrant workers (direct, contract, self-migrated) get equal wages/benefits, portability of PDS benefits.
- Claims for dues allowed up to 3 years for easier resolution.
- Double overtime wages, equal opportunity for all.

13

IT/ITES Workers

- Salary release by 7th of each month mandatory; enhances predictability.
- Equal pay for equal work; women allowed night shifts.
- Social security via fixed-term employment and appointment letters.
- Timely dispute resolution mechanisms.

14

Dock Workers

- All dock workers gain formal recognition and legal protection.
- Mandated appointment letters, social security benefits (PF, pension, insurance).
- Employer to provide health check-ups, medical and sanitation facilities.

15

Export Sector Workers

- Fixed-term staff access gratuity, provident fund, social security.
- Leaves after 180 working days; timely wage payments.
- Women permitted night shifts with written consent, security measures enforced (CCTV, safe transport).

Major Reforms and Additional Features

- **National Floor Wage:** No worker can be paid below the minimum living standard.
- **Gender-Neutral Provisions:** Explicit prohibition of discrimination, including protections for transgender persons.
- **Inspector-cum-Facilitator System:** Focuses enforcement on guidance/support, moving away from punitive action.
- **Dispute Resolution:** Introduction of quicker, predictable tribunals, direct approach after conciliation.
- **Unified Compliance:** Single registration, licence, return for safety/work conditions requirements; replaces overlapping filings.
- **OSH Board:** Harmonizes occupational safety/health standards.
- **Mandatory Safety Committee:** In establishments with >500 workers, incorporating accountability.
- **Higher Factory Applicability Limits:** Eases compliance for small units, while safeguarding worker rights and safety.
- **Extensive Consultations:** Ongoing stakeholder engagement in drafting detailed rules, schemes, notifications.

Social Security and Coverage Expansion

-  India's social security coverage has expanded from 19% workforce coverage in 2015 to over 64% by 2025, earning global recognition. The Labour Codes embed nation-wide portability, ensuring protection and dignity for workers across states and sectors.

Central Themes and Philosophy



With the four Labour Codes, India moves to an ecosystem where:

- Workers—including women, youth, gig, unorganised, and migrants—are at the centre of governance.
- Enterprises benefit from reduced compliance burden, formalization, and flexibility.
- Modern work arrangements foster employment, skilling, and sectoral growth.

These codes correspond to the Government's commitments to a pro-worker, pro-women, pro-youth, and pro-employment ecosystem and sustainable economic growth.

Transition Provisions



During the transition to the new codes, the relevant provisions, rules, regulations, and notifications of the existing Acts will remain in force until replaced. Public and stakeholder engagement will guide the evolving regulatory ecosystem to keep it responsive to the needs of workers and employers.

Conclusion

These Labour Reforms radically reshape India's landscape for workers, businesses, and industrial relations. They introduce robust protections and expanded welfare, boost formalization and skilling, streamline compliance, and empower the workforce to participate fully and productively in the nation's economic journey.

As India advances towards becoming a global powerhouse and "Self-Reliant Bharat," the Labour Codes lay the groundwork for resilient, inclusive, and competitive industries and a thriving workforce ready for the future.

THANK YOU....



**Email Id : dipen@ddsaca.com
info@ddsaca.com**

Contact No : 079-40039647

Competence Credibility Commitment