

INDIA'S LABOUR CODES 2025: AN OVERVIEW

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INTRODUCTION:

The labour law changes introduced in the year 2025 can be considered a major paradigm shift in the governance of labour laws in the country. The Indian government introduced four major codes on November 21, 2025. They 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. These codes basically replaced a total of 29 laws governing labour at the central government level. The changes in these laws came into effect due to the need for a simpler and future-proof law on employment. This would address the requirements of the current business world.

In the past, labour legislation in India was designed piecemeal, tackling a particular sector or problem, such as wage labourers, labour disputes, social security, and labour safety separately. But eventually, this practice has led to inconsistencies and overlapping and ambiguous definitions regarding compliance. In fact, the updating and amendments are intended to achieve efficiency and clarify things by consolidating each of these laws into four major codes. Secondly, as a consequence, it will also improve workers' rights in various other sectors like platform work and gig jobs.

One of the main objectives of the new framework is to provide a national minimum wage, regular payment of salaries, wider coverage of social security benefits, as well as health and safety at work standards. The new rules also provide mechanisms for adaptability of the workforce and resolution of conflict through establishing norms of industrial relations. Considering the current debates on the issues of the rights of the workforce and the concept of the economic competitiveness of the country, the implication of the change on the market and the company is significant.

OBJECTIVES:

The newly formed labour laws in the Indian context, effective from November 2025, are based on a set of specific objectives to modernize the existing labour laws in the country. These objectives represent the focused efforts of the Indian government to address the deficiencies of the existing framework and strike a balance between the protection of workers and facilitating business.

1. Consolidation and Simplification of Labour Laws:

As one of the main aims, it is also important to incorporate the existing 29 central regulations pertaining to labour laws under four codes. This will help in streamlining the various overlaps, ambiguities, and complexities related to labour laws.

2. Improvement of Workers' Welfare and Protection:

Labour codes must ensure the features of fair remuneration, workplace safety, and dignity at work. The national floor wages should be declared, timely payment of wages, and universality of the minimum wage entitlement across sectors for drawing workers' income security.

3. Extending Social Security Cover:

An important objective is the expansion of social security benefits related to provident funds, insurance (health and others), gratuity, and so on, for a larger pool of workers, covering those in the unorganized, gig, platform, or informal sectors, who, for the most part, were left uncovered in previous legislation.

4. Formalization of Work:

The new law has been promoting formal employment by requiring appointment letters, establishing consistent definitions of categories of employment, and making use of more precise terminology about work. This move has enriched job

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security and a set of legal provisions by bringing the informal workers into the ambit of formal employment.

5. Improvement of working conditions and work safety:

The amendments offer incentives for safer and healthier working conditions by integrating standards on safety, health, and working conditions. Such gender-inclusive policies, welfare measures, and standardized safety arrangements provide protection to employees from occupational hazards to their body and mind.

6. Business Simplicity – Encouraging:

A further simplification of compliance through the Labour Codes is by way of introducing digital processes, single registrations, single licenses, and consolidated returns. They also aim at reducing or minimizing the regulatory burden, particularly on MSMEs, by carrying out modernization in the inspection protocols in order to enable facilitation rather than punitive action.

7. Adapting to the Realities of Modern Work:

The reform acknowledges that work is constantly changing, with gig jobs, digital or remote work, contracting, and fixed-term employment on the rise. It attempts to create a future-ready workforce while making adjustments in labour governance to meet the changing nature of work within the gig-driven and digital economy.

THE OVERVIEW OF THE 4 NEW LABOUR CODES:

The four integrated labour codes furnish the foundation of the revised labour law framework of India, each with a different vital element of employment regulation. All these regulations put together aim to improve worker protection, simplify labour laws, and modernize compliance mechanisms. While each has a different purpose, when examined together, they form a cohesive system that governs social security, remuneration, labour relations, and occupational safety.

CODE OF WAGES:

- There is a need to codify the existing wage structure by reconciling four previ-

ous laws, such as the Payment of Wages Act, the Minimum Wages Act, among others. However, the central agenda of the Code on Wages is to ensure that all employees are entitled to minimum wage security regardless of their sector and skill levels.

- One of the important factors of the Code is the establishment of a national floor wage, to be set by the federal government, with the minimum wages below which no state government can set the minimum wages. The plan for the national floor wage is to minimize the differences in wages among the states while still giving the states the flexibility to pay more according to their conditions.
- The Code provides a standard definition of the word "wages," thus removing the ambiguity and dispute that arose as a result of the allowances and exemptions. This standard applies to the statutory benefit of the provident fund and gratuity.
- The Code upholds the equal pay for equal work provision in the constitution by providing the standard for timely payment and the elimination of gender discrimination in wage issues.

INDUSTRIAL RELATIONS CODE:

- The Industrial Relations Code supersedes the existing legislations on industrial disputes, trade unions, and standing orders, aiming at the regulation of relationships between employers, workers, and trade unions. The overriding objective of the Act is ensuring smooth dispute resolution and industrial peace.
- For ease of collective bargaining and reducing the presence of unions within organizations, there are more adequate provisions included under the Code with respect to trade union recognition. This would include the concept of a negotiating union or a negotiating council.
- By setting up a notification regime with thresholds for previous government ap-

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proval in greater entities, it rationalizes the statutes concerning strikes, lockouts, retrenchment, and layoffs. These provisions try to find a balance between accommodating flexibility for business as well as the rights of workers.

- The Code supports conciliation as the first step in the process of resolving industrial disputes and consolidates the dispute resolution institutions of Industrial Tribunals.

THE CODE ON SOCIAL SECURITY, 2020:

- The Code on Social Security is a major step forward in the quest for universality in social security coverage, as it codifies all existing social security legislation, including that on provident funds, employment insurance, gratuity, maternity benefits, and welfare funds.
- One of its most interesting points is that gig workers, platform workers, and unorganized workers have, to a large extent, been left outside of traditional labour rights, and special welfare schemes have been provided to address their needs.
- Furthermore, the Code prescribes National and State Social Security Boards, whose duty is to provide recommendations to governments for developing and implementing appropriate social security schemes in different sectors.
- The aim of the Code is to facilitate greater ease of access to social security rights by simplifying online registration and benefit transfer procedures, especially for migratory workers who often switch employment and geographic location.

OCCUPATIONAL SAFETY, HEALTH AND WORKING CONDITIONS CODE, 2020:

- The OSH Code covers factories, mines, construction sites, and various other institutions in an attempt to consolidate var-

ious legislations in respect of workplace safety and health standards. The aim of the code is basically ensuring safe and humane places of work.

- The Code has established uniform safety and health regulations, which include the duties and responsibilities of employers with respect to welfare facilities, hours of work, and preventing hazards. Moreover, it gives the government the authorities to introduce particular requirements based on occupational categories when required.
- Particular emphasis is placed on vulnerable classes of workers, such as women workers as well as migrants coming from other provinces, regarding housing security, social welfare benefits, as well as work conditions.
- Further, the Code reduces the administrative formalities and makes enforcement easier through simpler compliance processes in terms of registrations, licenses, and returns, which are facilitated through online platforms.

KEY CHANGES INTRODUCED BY THE NEW LABOUR CODES:

- The merging of 29 laws relating to central labour into four comprehensive codes, which helps to alleviate the problem of fragmentation, overlaps, and contradictions in labour legislation, ranks among the most important labour law reforms.
- The common definition for "wages" in all four codes represents a significant revolution, which directly impacts the calculation of statutory benefits payable in the form of bonuses, gratuities, and provident funds. This amendment has been made to increase clarity, eliminating the possibility of evasion in matters related to wages.
- For the very first time, unorganized workers, gig workers, and platform workers also gain access to legal rights and benefits under labour codes. This is yet another measure for inclusive labour protection

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in line with present work trends.

- To ease the administrative load and optimize regulatory efficiency, the new regime encourages digital tools like online registration, licensing, and unified returns.
- Changes in the industrial relations standards in many nations have tried to strike a proper balance between the rights of workers, operational flexibility, and industrial stability on such key issues as strikes, layoffs, and recognition of trade unions.
- Uniformity in standards for all sectors has led to the advancement of occupational safety, health and welfare, with protection for women, migrant workers, and other vulnerable groups.
- In the revised inspection regime, transparency and facilitation have come to be at the forefront, superseding punitive enforcement, which is now risk-based and technologically driven.

IMPACT ON GIG AND PLATFORM WORKERS UNDER THE LABOUR CODES

The classification of gig workers and platform workers and their recognition in an official manner, especially under the Code on Social Security, 2020, can be stated as one of the significant changes in the new labour law framework. Keeping in mind the swift rise of application-based and on-demand work arrangements, the Indian Labour laws classify these workers as a new class for the first time ever.

By the government-approved welfare measures, the Code extends social security benefits such as life insurance, health insurance, maternity security, old age security, and disability security to the gig and platform workers. Moreover, by the Code, the protection system will be a blend of both protection provisions and welfare provisions; that is, the Code provides welfare benefits without having an employer-employee relation, although the gig or platform worker is not an 'employee' as such.

In addition to that, it is mandatory under the Code that platform companies and aggregators are required to pay towards social security covers

for gig and platform workers. In acknowledging the fact that platform workers are economically dependent on digital platforms despite not having an employment contract in place, it represents a change in responsibility.

Nevertheless, gig and platform workers are still deprived of basic rights in employment such as the minimum wage, right to collectively bargain, and protection in case of dismissal, in relation to the Industrial Relations Code, in spite of the above developments. Thus, although the Codes on employment are a big step towards inclusivity, there are doubts on the sufficiency and effectiveness of protective measures, necessitating further developments in job security in the gig economy.

COMPARATIVE ANALYSIS- OLD LABOUR LAWS V. NEW LABOUR CODES:

Previously, the labour law regime in India was controlled by more than 29 central statutes, each pertaining to a different issue including wages, dispute in labour, social security, and labour welfare. Not only was this system confusing to follow for employers and workers, but there are overlapping sections within these statutes, conflicting definitions, and confusion in compliance. Moreover, the modernized labour laws regulate all labour matters with efficiency and uniformity by reducing all these statutes to four labour codes.

A major shift has come about in the matter of definitions and payments. Earlier, there were various definitions of the word "wages" under different legislation, and this helped the employer design payment structures in a manner that worked best in their favour, thus reducing their liabilities under legislation. In a bid to bring about more clarity and avoid watering down the benefits of workers in relation to provident funds and gratuity, a standardized definition of payment has now been introduced.

Historically, the main beneficiaries of social security legislation were workers in the organized sector. The current Social Security Code is a major deviation inasmuch as it recognizes gig workers, platform workers, and unorganized workers. The extension of benefits to gig workers, platform workers, and unorganized workers signifies a move from the

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concept of social security entitlement on the basis of employee status to one based on contribution to the workforce.

Additionally, there has been an improvement in the industrial relations regulatory framework. The past statutes were more focused on protecting workers in a manner that undermined procedural accountability against employers. The new Industrial Relations Code Bill aims to enhance productivity and facilitate ease of business by providing better regulation of trade union recognition, strikes, and lay-offs.

Accordingly, the previous regime was mainly anchored on manual filing and physical checks of compliance and enforcement. These updated standards constitute an end to punitive regulation and are symbolic of supportive governance as they promote online filing, single returns, and risk checks. Although it may seem efficient and inclusive, rulemaking, enforcement, and implementation at state levels are imperative for its success.

WAY FORWARD:

While the new labour laws mark a milestone in reforming India's labour law regime, their long-term viability will critically depend on how well, smoothly, and equitably they are implemented. There is a strong need for coordination between the Central and State Governments so that rule-making is consistent, yet enough flexibility is allowed to meet the regional and sectoral conditions of labour.

Social security delivery systems urgently need to be strengthened, particularly for gig, platform, and unorganized workers. This would encompass the development of reliable

digital registration systems, the ability to smoothly transmit benefits between states, and complete clarity with respect to aggregators and employers regarding who will bear the financial obligations. Without accompanying outreach and awareness campaigns, too many workers risk exclusion despite the statutory recognition extended by the regulations.

Equally critical will be the building of capacities among employers and employees and enforcement agencies. Training programs, simplified manuals on compliance, and transparent processes for inspection

will also go a long way in reducing uncertainty and improving compliance. MSMEs, which face transition challenges within the new regulatory environment, require special attention.

In order to tackle deficiencies that may come up, old interpretations by the courts, and new forms of employment, regular reviews with statutory modifications are required. To ensure the growth of labour legislation into a balanced framework that ensures economic development and at the same time protects the rights of workers and advances social justice, there is a need for constructive collaboration with trade unions, industry associations, and civil society.

CONCLUSION:

India's strategy regarding labour regulation has experienced a notable transformation with the launch of the new labour codes, which aim to modernize outdated legislation while accommodating the changing dynamics of work and employment. These codes strive to enhance legal clarity, boost compliance, and create a more inclusive labour ecosystem by integrating various labour regulations into a cohesive framework.

Additionally, the initiatives seek to strike a careful balance between economic flexibility and the protection of workers. A progressive movement towards improved labour welfare is reflected in the expansion of social security coverage, recognition of gig and platform workers, standardized wage definitions, and improved workplace safety standards. Nevertheless, the discourse surrounding the new framework continues to be influenced by concerns regarding collective bargaining rights, job security, and effective enforcement.

Ultimately, the success of the labour codes will depend on implementation, stakeholder engagement, and continuous assessment as on legislative intent. If supported by strong institutional frameworks, cooperative federalism, and proactive policy reforms, the labour codes have the potential to uphold the principles of social justice and labour dignity in India's evolving economy while promoting sustainable industrial development.

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