Page 2168 - 2188 **DOI:** *https://doi.org/10.63108/IJLMH.12712*

INTERNATIONAL JOURNAL OF LAW MANAGEMENT & HUMANITIES

[ISSN 2581-5369]

Volume 9 | Issue 4

2026

Critical Analysis of Labour Law Reforms 2020 in India with Special Reference to Labour Codes

RAKESH KUMAR MAURYA* AND PROF. (DR.) ASHOK KUMAR SONKAR**

ABSTRACT

The labour law reforms of 2020 represent a historic step towards modernising labour regulation, enhancing the protection of workers and aligning Indian labour law with international norms. They lay the foundation for a stronger and more resilient relationship between employer and employee in India, and form a significant move towards Aatmanirbhar Bharat. The International Labour Organization has framed many conventions and recommendations for the protection of workers, and the Directive Principles of State Policy in the Constitution of India provide several safeguards for them. The key reason behind the reforms is the simplification of a complex body of law. A multiplicity of statutes, of authorities and of overlapping jurisdictions had made compliance difficult, and most of the enactments, framed before Independence, no longer suited the present economic environment or the pace of technological change. The reforms bring about major changes through four labour codes, which repeal twenty-nine central laws. The codes seek to balance the interests of employers and employees; the Government's view is that they are labour centric, while trade unions allege that they favour the employer. Many provisions are new and many others have been updated. The benefits extend to areas such as fixed term employment, gig and platform work, contract labour, women workers, young workers, beedi and cigar workers, workers in micro, small and medium enterprises, plantation workers, audio-visual and digital media workers, mine workers, workers in hazardous industries, textile workers, workers in information technology and dock workers. Besides this, the codes introduce several reforms intended to strengthen the workforce and to ease compliance for employers, including a national floor wage, gender neutral pay and job opportunities, the inspector cum facilitator, an approach of awareness and support rather than punitive action, a faster dispute resolution system, single registration, a single licence and a single return, and safety committees in establishments.

Keywords: *Labour Law Reform, Unorganised Workers, Social Security*

* Author is a Research Scholar at Faculty of Law, University of Lucknow, Lucknow, Uttar Pradesh, India.
** Author is a Professor at Faculty of Law, University of Lucknow, Lucknow, Uttar Pradesh, India.

I. INTRODUCTION

The Constitution of India protects the interests of workers through the Directive Principles of State Policy in Part IV, which direct the State towards a living wage and conditions of work ensuring a decent standard of life, equal pay for equal work for men and women, and just and humane conditions of work and maternity relief.[1] At the international level, India has ratified six of the conventions that the INTERNATIONAL LABOUR ORGANIZATION has designated as fundamental: those relating to forced labour (1930), the abolition of forced labour (1957), equal remuneration (1951), discrimination in employment and occupation (1958), minimum age (1973) and the worst forms of child labour (1999).[2] It has not ratified the two fundamental conventions on freedom of association and on the right to organise and bargain collectively, nor the two occupational safety and health conventions that were added to the fundamental category in 2022.[3] A number of unratified instruments are nevertheless followed in substance, among them the conventions on social security minimum standards (1952), employment injury benefits (1964) and maternity protection (2000).

The reforms of 2020 replaced twenty-nine central labour enactments with four codes: 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.[4] Although the codes were passed by Parliament between 2019 and 2020, they were not brought into operation for a further five years. All four were notified into force on 21 November 2025.[5] The central rules under each code followed and came into effect on 8 May 2026.[6] The Industrial Relations Code has since been amended once, by the Industrial Relations Code (Amendment) Act, 2026, which received the President's assent on 16 February 2026 and provides, with retrospective effect from 21

[1] INDIA CONST. arts. 39(a), 39(d), 41, 42 & 43.

[2] PRESS INFORMATION BUREAU, MINISTRY OF LABOUR AND EMPLOYMENT, *ILO Fundamental Conventions*, https://www.pib.gov.in/PressReleasePage.aspx?PRID=1496868.

[3] INTERNATIONAL LABOUR ORGANIZATION, *Ratifications of ILO Conventions: Ratifications for India*, NORMLEX database. India has not ratified the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), the Right to Organise and Collective Bargaining Convention, 1949 (No. 98), the Occupational Safety and Health Convention, 1981 (No. 155) or the Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187). Conventions Nos. 155 and 187 were designated fundamental by the International Labour Conference in June 2022.

[4] PRS Legislative Research, *Overview of Labour Law Reforms*, https://prsindia.org/billtrack/overview-of-labour-law-reforms; *What Is New in India's Labour Laws After the Repeal of 29 Acts?*, BAR & BENCH (Nov. 2025), https://www.barandbench.com/news/law-policy/whats-new-in-indias-labour-laws-after-the-repeal-of-29-acts.

[5] ERNST & YOUNG, *New Labour Codes Implemented Across the Country Effective 21 November 2025* (Nov. 2025), https://www.ey.com/en_in/technical/alerts-hub/2025/11/new-labour-codes-implemented-across-the-country-effective-21-november-2025.

[6] The Code on Wages (Central) Rules, 2026; the Industrial Relations (Central) Rules, 2026; the Social Security (Central) Rules, 2026; and the Occupational Safety, Health and Working Conditions (Central) Rules, 2026, each notified and brought into force on May 8, 2026. See KHAITAN & CO, *Central Rules Under the Labour Codes Notified* (May 2026), https://www.khaitanco.com/sites/default/files/2026-05/ERGO-central-rules-under-labour-codes-notified.pdf.

November 2025, that tribunals and authorities constituted under the repealed Acts continue to function until their counterparts under the Code become operational.[7] The account that follows therefore describes law that is in force, not law in waiting, although a good deal of its detailed working still depends on State rules yet to be framed.

The object of this study is to analyse critically the changes introduced by the four codes. The central question is whether the codes are sufficient to protect workers in the present economic setting, and whether the regulatory approach they adopt is genuinely preventive rather than punitive.

II. The Code on Wages

The Code on Wages consolidates and replaces four enactments dealing with wages and bonus: the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976.[8] It is arranged in nine chapters and sixty-nine sections. Its objectives are to simplify the law relating to wages, to secure the timely payment of wages, to extend a minimum wage to all employees, and to forbid discrimination on the ground of gender in matters of wages and recruitment.[9] Unlike the Payment of Wages Act, which applied only to employees drawing wages below a prescribed ceiling, the obligation to pay wages within the prescribed time now applies to all employees.[10]

A. Minimum wages

Chapter II deals with minimum wages and replaces the Minimum Wages Act, 1948. Section 5 requires the employer to pay wages at not less than the minimum rate. The minimum rate is fixed by the appropriate Government, and is fixed separately for time work and for piece work.[11]

B. Fixation of minimum rates of wages

The minimum rate of wages on a time work basis may be fixed by the hour, by the day or by the month. In fixing it, the appropriate Government must primarily take into account the skill required of workers under the categories of unskilled, semi-skilled, skilled and highly skilled, or the geographical area, or both. It may in addition take into account the arduousness of the

---

[7] The Industrial Relations Code (Amendment) Act, 2026 (assented to on Feb. 16, 2026), substituting section 104(1) and inserting section 104(1A) in the Industrial Relations Code, 2020, with effect from Nov. 21, 2025. See *The Industrial Relations Code (Amendment) Bill, 2026*, PRS Legislative Research, https://prsindia.org/billtrack/the-industrial-relations-code-amendment-bill-2026.
[8] The Code on Wages, 2019, No. 29 of 2019, § 69(1).
[9] *Id.* § 3.
[10] *Id.* § 17.
[11] The Code on Wages, 2019, §§ 5, 6(1)-(2).

work, such as temperature or humidity normally difficult to bear, hazardous occupations or processes, and underground work.[12]

C. Components and revision of minimum wages

A minimum rate of wages may consist of a basic rate of wages together with a cost of living allowance; a basic rate with or without that allowance, together with the cash value of concessions in respect of essential commodities supplied at concessional rates; or an all-inclusive rate combining the basic rate, the cost of living allowance and the cash value of any concessions.[13] When fixing minimum rates for the first time or revising them, the appropriate Government must either appoint committees to hold enquiries and make recommendations, or publish its proposals by notification for the information of persons likely to be affected and specify a date, not less than two months from the notification, on which the proposals will be taken into consideration. A committee so appointed consists of representatives of employers, an equal number of representatives of employees, and independent persons not exceeding one-third of the total membership.[14] After considering the recommendations of the committee or the representations received, and, where it proceeds by notification, after consulting the concerned Advisory Board, the appropriate Government fixes or revises the minimum rates by notification; rates are ordinarily to be reviewed at intervals not exceeding five years.[15] Empirical work on minimum wage policy suggests that moderate increases in the minimum wage tend not to depress employment significantly while producing measurable gains in personal income.[16]

D. Floor wage

The Central Government fixes a floor wage having regard to the minimum living standards of a worker, and may fix different floor wages for different geographical areas. A minimum rate of wages fixed by the appropriate Government must not fall below the floor wage, and where a minimum rate already fixed exceeds the floor wage it cannot be reduced. Before fixing the floor wage the Central Government may obtain the advice of the Central Advisory Board and must consult the State Governments in the prescribed manner.[17] The floor wage is intended to narrow regional disparities in wage levels.[18]

---

[12] The Code on Wages, 2019, § 6(4), (6).
[13] The Code on Wages, 2019, § 7(1).
[14] *Id.* § 8(1)-(2).
[15] *Id.* §§ 8(3)-(4), 42.
[16] Mingzhou Wang, *The Effect of Minimum Wage Increased on Employment and Total Personal Income: County-Level Estimation from Restaurant and Retail Sector*, ADVANCES IN ECONOMICS, MANAGEMENT AND POLITICAL SCIENCES 307 (2024).
[17] The Code on Wages, 2019, § 9.
[18] PRESS INFORMATION BUREAU, *Code on Wages, 2019 Safeguards Workers, Induces Growth, Empowers Women and Enhances Employment*, https://www.pib.gov.in/FactsheetDetails.aspx?

E. Normal working day

Where the minimum rate of wages of an employee has been fixed by the day and the employee works on any day for fewer hours than constitute a normal working day, the employee is nevertheless entitled to wages for a full normal working day, unless the failure to work was due to the employee's own unwillingness to work.[19] Where an employee does two or more classes of work to each of which a different minimum rate applies, the employer must pay the minimum rate applicable to each class in respect of the time occupied on it; and where an employee employed on piece work has a minimum time rate but no minimum piece rate fixed, wages are payable at the minimum time rate.[20] After fixing the minimum rate, the appropriate Government may fix the number of hours constituting a normal working day, inclusive of intervals, provide for a day of rest in every period of seven days with remuneration for that day, and provide that work on a day of rest be paid at a rate not less than the overtime rate. Work beyond the normal working day attracts overtime at not less than twice the ordinary rate.[21] The regularity and the adequacy of wage payment bear directly on the quality of life of workers.[22]

F. Payment of wages

Chapter III, which mainly replaces the Payment of Wages Act, 1936, does not apply to Government establishments. Wages may be paid in coin, in currency notes, by cheque, by crediting the employee's bank account, or by electronic transfer.[23] The employer must fix the wage period as daily, weekly, fortnightly or monthly.[24] Where the wage period is daily, wages are payable at the end of the shift; where weekly, on the last working day of the week; and where monthly, before the expiry of the seventh day of the succeeding month. Where an employee has been removed, dismissed or retrenched, or has resigned or become unemployed on the closure of the establishment, wages are payable within two working days.[25]

G. Deductions from wages

No deduction may be made from the wages of an employee except as authorised by the Code. A loss of wages resulting from the withholding of an increment or of promotion, from suspension, or from reduction to a lower post, imposed for good and sufficient cause, is not

id=150481&NoteId=150481&ModuleId=16&reg=48&lang=2.
[19] The Code on Wages, 2019, § 10.
[20] *Id.* §§ 11-12.
[21] *Id.* §§ 13-14.
[22] Nitya Sri M, *Payment of Wages and Its Effective Implementation in India*, 11 INTERNATIONAL JOURNAL OF SCIENTIFIC DEVELOPMENT AND RESEARCH 139 (2026), https://ijsdr.org/papers/IJSDR2603122.pdf.
[23] The Code on Wages, 2019, §§ 15, 25.
[24] *Id.* § 16.
[25] *Id.* § 17.

treated as a deduction. The permitted heads include fines, deductions for absence from duty, and deductions for damage to or loss of goods expressly entrusted to the employee for custody.[26]

H. Fines

A fine may be imposed only in respect of acts and omissions specified by the employer with the previous approval of the appropriate Government or the prescribed authority, and notified in the prescribed manner on the premises where the employment is carried on. The employee must be given an opportunity to show cause before a fine is imposed. The total amount of fine imposed in any one wage period must not exceed three per cent of the wages payable for that wage period; no fine may be imposed on an employee under fifteen years of age; and no fine may be recovered by instalments or after ninety days from the day on which it was imposed. All fines and their realisations must be recorded in a register, and the realisations may be applied only to purposes beneficial to the persons employed in the establishment as are approved by the prescribed authority.[27]

I. Miscellaneous deductions

A deduction may be made where an employee is absent from a place at which he is required to be present, and it must not exceed a sum bearing the same proportion to the wages payable as the period of absence bears to the wage period. Where ten or more employees absent themselves without due notice and without reasonable cause, the employer may in addition deduct wages in lieu of notice, subject to a limit of eight days' wages. A deduction for damage or loss must not exceed the amount of the loss the employer sustains. No deduction may be made for house accommodation or for other services unless the employee has accepted them. An advance made before the employment began is recovered from the first payment of wages, while an advance made after the employment began, and any loan granted to the employee, is recoverable on such conditions as may be prescribed.[28]

J. Payment of bonus

Chapter IV, which replaces the Payment of Bonus Act, 1965, applies to every employee drawing wages not exceeding such amount per mensem as may be notified who has worked for at least thirty days in an accounting year. Such an employee is entitled to an annual minimum bonus at the rate of eight and one-third per cent of the wages earned, or one hundred rupees, whichever

[26] The Code on Wages, 2019, § 18.
[27] The Code on Wages, 2019, § 19.
[28] The Code on Wages, 2019, §§ 20-24.

is higher, whether or not the employer has any allocable surplus for that year.[29] Where the employee has not worked on all the working days of the accounting year, a minimum bonus higher than eight and one-third per cent of the wages for the days actually worked is proportionately reduced.[30] For that computation an employee is deemed to have worked on days on which he was laid off under an agreement or as permitted by standing orders, was on leave with wages, was absent because of temporary disablement caused by an accident arising out of and in the course of employment, or was on maternity leave with wages.[31] Where an employee is found guilty in an accounting year of misconduct causing financial loss to the employer, the employer may deduct the amount of that loss from the bonus payable for that accounting year, the employee remaining entitled to the balance.[32] The statutory scheme thus treats bonus as a share in the prosperity of the establishment rather than as a gratuitous payment.[33]

An employee is disqualified from receiving bonus if dismissed from service for fraud, for riotous or violent behaviour while on the premises of the establishment, for theft, misappropriation or sabotage of any property of the establishment, or on conviction for sexual harassment. Where an establishment consists of different departments or undertakings, or has branches, they are treated as parts of the same establishment for the computation of bonus.[34] Bonus is paid out of the allocable surplus, which is sixty per cent of the available surplus in the case of a banking company and sixty-seven per cent in the case of other establishments.[35] All amounts payable by way of bonus must be credited to the employee's bank account within eight months of the close of the accounting year, a period the appropriate Government may extend for sufficient reasons up to a total of two years.[36] The chapter does not apply to, among others, employees of the Life Insurance Corporation of India, seamen, registered or listed dock workers, employees of establishments run under the authority of a department of the Central or a State Government or of a local authority, employees of universities and other educational institutions and of institutions established not for profit, employees of the Reserve Bank of India, and employees of notified public sector financial institutions other than banking companies.[37]

---

[29] The Code on Wages, 2019, § 26(1).
[30] *Id.* § 27.
[31] *Id.* § 28.
[32] *Id.* § 38.
[33] Bhavana Chandran, *A Study on Payment of Bonus Act, 1965*, 9 INTERNATIONAL JOURNAL OF INNOVATIVE RESEARCH IN ENGINEERING AND MANAGEMENT 52 (2022), https://www.ijirem.org/DOC/10-a-study-on-payment-of-bonus-act-1965.pdf.
[34] The Code on Wages, 2019, §§ 29-30.
[35] *Id.* § 31(1).
[36] *Id.* § 39(1).
[37] *Id.* § 41(1).

III. The Industrial Relations Code

The Industrial Relations Code consolidates and modernises the law governing trade unions, conditions of employment in industrial establishments and the investigation and settlement of industrial disputes. It replaces three major enactments: the Industrial Disputes Act, 1947, the Trade Unions Act, 1926 and the Industrial Employment (Standing Orders) Act, 1946.[38] The Code seeks to balance the interests of employers and workers by simplifying compliance while introducing new mechanisms for industrial harmony. Several of its provisions have nonetheless generated debate about the trade-off between workers' rights and employer flexibility. Its principal structural contribution is that it removes duplication and inconsistency, creates uniform definitions and procedures, and simplifies compliance.

The Code standardises important definitions, including those of employer, employee, worker, industry, industrial establishment and industrial dispute.[39] Different labour statutes previously carried different definitions of the same terms, which was itself a source of frequent litigation. A common set of definitions now applies throughout the Code, improving legal certainty.

A. Trade unions

The Trade Unions Act permitted the registration of unions but provided no statutory mechanism for recognising a negotiating union. The Code supplies one. Where only one registered trade union functions in an industrial establishment, the employer must recognise it as the sole negotiating union. Where more than one functions, the union supported by fifty-one per cent or more of the workers on the muster roll is recognised as the sole negotiating union; and where no union commands that support, a negotiating council is constituted from unions having the support of not less than twenty per cent of the workers, with one representative for every twenty per cent.[40] The value of the mechanism is that it produces an identified bargaining agent, reduces inter-union rivalry and accelerates collective bargaining. The corresponding concern is that smaller unions may find their influence diminished. As to registration, a trade union of workers may be registered only if at least ten per cent of the workers or one hundred workers, whichever is less, are its members, and a registered union must continue to satisfy that requirement subject to a minimum of seven members.[41] The object is to discourage the proliferation of insignificant unions while encouraging genuinely representative ones.

[38] The Industrial Relations Code, 2020, No. 35 of 2020, § 104(1), as substituted by the Industrial Relations Code (Amendment) Act, 2026.
[39] The Industrial Relations Code, 2020, § 2.
[40] The Industrial Relations Code, 2020, § 14(2)-(4).
[41] *Id.* § 6(1)-(2), (4).

B. Standing orders

Industrial establishments employing one hundred or more workmen were formerly required to prepare certified standing orders.[42] Under the Code the threshold has risen to three hundred workers.[43] The change reduces the compliance burden on micro, small and medium enterprises and gives them operational flexibility. Its cost is that workers in establishments employing fewer than three hundred workers may have no certified standing orders governing their conditions of service.

C. Lay-off, retrenchment and closure

Industrial establishments employing one hundred or more workers formerly required the prior permission of the appropriate Government before lay-off, retrenchment or closure. Under the Code the special chapter that carries that requirement applies only to establishments in which not less than three hundred workers, or such higher number as the appropriate Government may notify, were employed on an average per working day in the preceding twelve months.[44] Separately, an employer intending to close down an undertaking must serve at least sixty days' notice on the appropriate Government stating the reasons for the intended closure, subject to exemptions for establishments employing fewer than fifty workers and for construction projects.[45] From the employer's perspective the change means greater flexibility, easier restructuring and, on the Government's view, an environment more likely to attract investment. From the worker's perspective it means reduced job security in establishments below the threshold.

D. Fixed term employment

The Code expressly recognises fixed term employment, defined as the engagement of a worker on the basis of a written contract of employment for a fixed period. Hours of work, wages, allowances and other benefits of a fixed term worker must not be less than those of a permanent worker doing the same or similar work, and the fixed term worker is eligible for all statutory benefits available to a permanent worker, proportionately to the period of service rendered.[46] For employers the arrangement offers workforce flexibility and easier hiring for seasonal demand; for workers it offers better protection than many traditional contract arrangements. Trade unions criticise it on the ground that it may increase the share of temporary employment and erode

---

[42] The Industrial Employment (Standing Orders) Act, 1946, § 1(3) (repealed).
[43] The Industrial Relations Code, 2020, § 28(1).
[44] The Industrial Relations Code, 2020, §§ 77(1), 78-80.
[45] *Id.* § 74(1).
[46] The Industrial Relations Code, 2020, § 2(o).

long-term job security. The scholarship treats it as a double-edged instrument whose effect depends on how it is used and how far it is enforced.[47]

E. Strikes

Under the Code no person employed in an industrial establishment may go on strike in breach of contract without giving notice of strike within sixty days before striking, or within fourteen days of giving such notice, or before the date of strike specified in the notice, or during the pendency of conciliation proceedings and seven days after their conclusion, or during the pendency of proceedings before a Tribunal or National Industrial Tribunal or an arbitrator and sixty days thereafter, or while a settlement or award is in operation on the matters it covers. Corresponding restrictions apply to lock-outs by employers.[48] The extension of these requirements from public utility services to all industrial establishments is among the most significant changes the Code makes. The Government's view is that it promotes industrial peace and encourages dispute resolution before work stoppages; the trade union view is that it makes lawful strike action considerably harder.

F. Industrial dispute resolution

The Code strengthens dispute resolution through conciliation officers, Industrial Tribunals, a National Industrial Tribunal and voluntary arbitration.[49] The stated aims are faster settlement, fewer prolonged disputes and reduced litigation. A genuinely new feature is the worker re-skilling fund, to which the employer of an industrial establishment must contribute an amount equal to fifteen days' wages last drawn by each retrenched worker, that sum being credited to the retrenched worker's account within forty-five days of retrenchment.[50] Nothing of the kind existed under the earlier legislation.

G. Grievance redressal committee

Every industrial establishment employing twenty or more workers must constitute one or more Grievance Redressal Committees for the resolution of disputes arising out of individual grievances, with equal representation for the employer and the workers and a total membership not exceeding ten.[51] The purpose is to resolve workplace disputes internally, reduce litigation and improve communication between employer and employee. The Code also simplifies the compliance machinery by introducing digital records, common forms, electronic filing and

---

[47] S. Nivethalakshmi, *Fixed Term Employment and Job Security: A Double Edged Sword*, 5 INDIAN JOURNAL OF LEGAL REVIEW 337 (2025), https://ijlr.iledu.in/wp-content/uploads/2025/04/V5I533.pdf.
[48] The Industrial Relations Code, 2020, § 62(1)-(2).
[49] The Industrial Relations Code, 2020, §§ 42-45, 53.
[50] *Id.* § 83.
[51] The Industrial Relations Code, 2020, § 4(1)-(4).

uniform procedures, which is intended to reduce compliance costs and improve the ease of doing business.

The advantages claimed for the Code are that it simplifies labour legislation, reduces regulatory complexity, encourages investment and industrial growth, recognises fixed term employment with statutory protections, establishes negotiating unions for structured collective bargaining, introduces re-skilling support for retrenched workers and promotes quicker dispute resolution.

The criticisms are equally specific. Raising the threshold for prior approval of lay-offs, retrenchment and closure from one hundred to three hundred workers is regarded by many unions as a weakening of job security. The extended strike notice requirements are seen by critics as a restriction on collective action. Higher standing order thresholds may reduce formal protection of service conditions in smaller establishments. Greater employer flexibility may shift the balance of bargaining power unless it is accompanied by effective enforcement of worker protections.

IV. The Code on Social Security

The Code on Social Security consolidates nine central labour laws into a single framework in order to provide broader and more uniform social security coverage for workers in the organised, unorganised, gig and platform sectors. It repeals the Employees' 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.[52]

A. Objectives of the Code

The objectives of the Code are to provide social security on a wider and more universal basis, to extend benefits to unorganised, gig and platform workers, to simplify compliance through a single legal framework, to promote digital administration and transparency, and to improve the ease of doing business while strengthening worker welfare.

B. Wider coverage of workers

Under the earlier statutes the principal benefits applied to factory workers and employees in organised establishments, with only limited protection for unorganised workers. The Code extends coverage to employees, workers, unorganised workers, gig workers, platform workers,

[52] The Code on Social Security, 2020, No. 36 of 2020, § 164(1).

inter-State migrant workers, home-based workers and self-employed workers, in each case through the machinery of notified schemes. An unorganised worker is defined as a home-based worker, a self-employed worker or a wage worker in the unorganised sector, and includes a worker in the organised sector who is not covered by the Industrial Disputes Act, 1947 or by Chapters III to VII of the Code.[53] This is the most important element of the reform, because millions of workers in the informal and digital economy are for the first time brought within a social security framework.

C. Recognition of gig and platform workers

The recognition of gig and platform work is entirely new. Earlier legislation made no specific provision for drivers engaged through ride-hailing applications, delivery partners of food and grocery platforms, or service providers on home services platforms. The Code defines a gig worker as a person who performs work or participates in a work arrangement and earns from such activities outside a traditional employer-employee relationship, and a platform worker as a person engaged in or undertaking platform work, that is, a work arrangement outside a traditional employment relationship in which organisations or individuals use an online platform to access other organisations or individuals to solve specific problems or to provide specific services in exchange for payment.[54] It empowers the Central Government to frame schemes on life and disability cover, accident insurance, health and maternity benefits, old age protection and creche facilities for such workers, and creates a framework for funding those schemes through government contributions and notified contributions from aggregators.[55]

D. Social Security Fund

There was formerly no dedicated national fund for gig and platform workers. The Code establishes a Social Security Fund for the welfare of unorganised workers, gig workers and platform workers, into which the Central Government is to credit the amounts prescribed and such other sources as may be provided.[56]

E. Provident fund and state insurance

Under the Code the provisions on the Employees' Provident Fund are consolidated, a uniform definition of wages improves consistency, digital administration is strengthened, and the Government retains the power to notify the establishments and classes of employees covered. Employees' State Insurance formerly covered notified factories and certain establishments. The

---

[53] *Id.* § 2(86).
[54] The Code on Social Security, 2020, § 2(35), (61).
[55] *Id.* § 114.
[56] The Code on Social Security, 2020, § 141.

Code enables the Government to extend the scheme to further establishments and classes of employees, provides for the extension of benefits to all districts through phased implementation, and permits voluntary coverage for certain establishments subject to statutory conditions.

F. Gratuity

Under the Payment of Gratuity Act, 1972 gratuity was generally payable only after five years of continuous service. The Code provides that in the case of an employee on fixed term employment, and in the case of a deceased employee, gratuity is payable on a pro rata basis, so that a fixed term employee becomes eligible without completing five years of service; the remaining rules on gratuity largely continue.[57] This is a real gain in protection for employees on fixed term contracts.

G. Maternity benefit

The Code incorporates the substance of the Maternity Benefit Act, 1961. The maximum period for which a woman is entitled to maternity benefit remains twenty-six weeks.[58] Nursing breaks continue to be provided until the child attains the age of fifteen months,[59] and an establishment to which the chapter applies in which fifty or more employees are employed must provide a creche facility.[60] Provision for work from home, where the nature of the work permits and on terms mutually agreed, is also retained.

H. Employee's compensation

Compensation for employment injury was formerly governed by the Employees' Compensation Act, 1923. The Code retains the employer's liability to pay compensation where personal injury is caused to an employee by an accident or an occupational disease arising out of and in the course of employment, including where the result is disablement or death, and treats an accident occurring while commuting between residence and workplace as arising out of and in the course of employment where the necessary nexus is established.[61] These provisions now sit within a unified legal framework. Work injury and occupational disease reduce both the earning strength and the efficiency of the workforce, which is why the adequacy of the compensation regime continues to attract attention.[62]

[57] The Code on Social Security, 2020, § 53(1)(d) & third proviso to § 53(2).
[58] The Code on Social Security, 2020, § 60(3).
[59] *Id.* § 66.
[60] *Id.* § 67(1).
[61] The Code on Social Security, 2020, § 74(1)-(4).
[62] Rajni Bala, *Right to Compensation in India: A Study of the Employees Compensation Act, 1923*, 13 INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS 50 (2025), https://www.ijcrt.org/papers/IJCRT25A5037.pdf.

I. Building and other construction workers

The welfare of building and other construction workers was formerly governed by separate legislation and a separate cess. The Code integrates the welfare and cess provisions into one consolidated framework, retaining the levy and collection of a cess for the purposes of the building and other construction workers' welfare board at the rate notified, while continuing dedicated welfare measures for these workers.[63] The persistent difficulty is not collection but expenditure: a very large accumulated cess, reported at around fifty-two thousand crore rupees lying with the welfare boards in 2020, has remained substantially unspent because of administrative inefficiency and unresolved policy questions.[64]

J. National and State social security boards

Different boards formerly existed under different statutes. The Code creates a coordinated institutional structure comprising the Central Board of Trustees of the Employees' Provident Fund, the Employees' State Insurance Corporation, a National Social Security Board for unorganised workers constituted by the Central Government,[65] and a State Unorganised Workers' Board constituted by every State Government,[66] with a view to improving administration and policy coordination.

K. Digital registration and compliance

A significant administrative reform is the Code's commitment to electronic registration, online records, common returns, digital inspection and technology-based compliance. The Government formulating a scheme under the chapter on unorganised workers is required to maintain records in the prescribed electronic or other form.[67] The intended effect is a reduction in paperwork and in administrative burden.

L. Uniform definition of wages

Different labour statutes formerly used different definitions of wages. The Code adopts a uniform definition, under which specified allowances are excluded but, where the excluded components exceed one-half or such other percentage of the total remuneration as may be notified, the excess is added back and deemed to be wages.[68] The definition affects the

[63] The Code on Social Security, 2020, § 100.
[64] Kamlesh Bansal, *Reflection over Unspent Special-Purpose Funds in India: A Case of Building and Other Construction Workers (BOCW) Welfare Fund*, 6 INTERNATIONAL JOURNAL OF RESEARCH IN SOCIAL SCIENCE AND HUMANITIES 13 (2025), https://ijrss.org/index.php/ijrss/article/view/566; *DBT to Construction Workers: Govt to Spend from Rs 52,000 Crore Cess Fund*, BUSINESS TODAY (Mar. 25, 2020).
[65] The Code on Social Security, 2020, § 6(1).
[66] *Id.* § 6(9).
[67] The Code on Social Security, 2020, § 111.
[68] The Code on Social Security, 2020, § 2(88).

calculation of provident fund contributions, gratuity, bonus where relevant and other statutory benefits, and it promotes consistency across the codes.

M. Registration of unorganised workers

There was formerly no comprehensive national mechanism for registering unorganised workers, and most of them remained unregistered; building and other construction workers form one of the largest segments of this workforce, and the underuse of the cess collected on their behalf has been traced in part to the weakness of registration.[69] The Code now provides for the registration of every building worker who has completed sixty days of work in the preceding twelve months as a beneficiary of the relevant welfare board,[70] and for the registration of every unorganised worker, gig worker and platform worker on the basis of self-declaration and Aadhaar in the prescribed form, so as to facilitate the delivery of welfare benefits and social security schemes.[71]

The advantages of the Code are that it consolidates nine labour laws into one instrument, extends social security to gig and platform workers, expands coverage of the unorganised sector, simplifies compliance through digital systems, provides gratuity protection for fixed term employees, moves towards universal social security and reduces duplication and administrative complexity.

The criticisms are that many provisions require implementation through Central and State rules, so that the roll-out is necessarily phased; that coverage for gig and platform workers depends on notified schemes and on effective funding; that the adequacy of financing and enforcement for unorganised workers remains uncertain; and that stakeholders have raised privacy concerns about Aadhaar-linked registration as a condition of access to benefits.

V. The Occupational Safety, Health and Working Conditions Code

The Occupational Safety, Health and Working Conditions Code consolidates thirteen central labour laws into a single framework governing workplace safety, health, welfare and conditions of employment. It aims to improve the protection of workers while simplifying regulatory compliance through unified registration, licensing and digital administration.

The Code repeals and consolidates the Factories Act, 1948, the Plantations Labour Act, 1951, the Mines Act, 1952, the Working Journalists and other Newspaper Employees (Conditions of

---

[69] R. Gautam & M. Kumar, *Efficiency of Welfare Fund Utilization Under BOCW Act in Enhancing Social Security for Contract Workers Engaged in Construction Sector in India*, CENTRAL EUROPEAN MANAGEMENT JOURNAL 586 (2025).
[70] The Code on Social Security, 2020, § 106.
[71] *Id.* § 113.

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.[72]

A. Objectives of the Code

The principal objectives are to ensure safe and healthy workplaces, to standardise working conditions across sectors, to improve welfare facilities for workers, to simplify compliance through a single registration and a single licence, and to promote the ease of doing business while maintaining the protection of workers.

B. Uniform occupational safety standards

Each of the repealed statutes prescribed its own safety standards. The Code empowers the Central Government to declare, by notification, the standards on occupational safety and health for workplaces, plant and machinery, hazardous processes and welfare, on the advice of the National Occupational Safety and Health Advisory Board.[73] A common framework of this kind reduces inconsistency across industries.

C. Single registration

Employers were formerly required to obtain multiple registrations under different labour laws. Under the Code every establishment to which it applies is required to obtain a single registration electronically from the registering officer, which reduces paperwork and administrative burden.[74]

D. Single licence

Separate licences were formerly required for the employment of contract labour, for inter-State migrant workers and for other sector-specific activities. The Code provides for a common licence, including an all-India licence for eligible contractors to supply or engage contract labour, which simplifies compliance.[75]

---

[72] The Occupational Safety, Health and Working Conditions Code, 2020, No. 37 of 2020, § 143(1).
[73] *Id.* § 18.
[74] The Occupational Safety, Health and Working Conditions Code, 2020, § 3(1).
[75] *Id.* § 47.

E. Appointment letters

A significant reform is the duty of the employer to issue a letter of appointment to every employee on appointment, containing the information and in the form prescribed, and, in the case of an employee already in service who had not received one, within three months of the commencement of the Code.[76] Most of the repealed statutes imposed no uniform requirement of this kind. The benefits are transparency in the terms of employment, fewer disputes, better proof of employment and easier access to statutory benefits.

F. Annual leave with wages

Workers formerly became eligible for annual leave with wages after two hundred and forty days of work in a calendar year. Under the Code the qualifying period has been reduced to one hundred and eighty days, with one day of leave for every twenty days of work, so that workers qualify for paid leave sooner.[77]

G. Inter-State migrant workers

The Inter-State Migrant Workmen Act mainly covered workers recruited through contractors. Migration within India is a continuous and dynamic process; the 2011 Census recorded over forty-one million inter-State migrants.[78] The Code broadens coverage by recognising additional categories of inter-State migrant worker, including those who come to a State on their own for employment, subject to statutory conditions and registration. It also provides for a journey allowance, payable annually by the employer for the journey from the place of employment to the native place,[79] and for schemes giving such workers the benefit of the public distribution system in either the State of origin or the State of employment.[80] The dominant cause of such migration remains economic.[81]

H. Contract labour

Contract workers were formerly regulated through the separate provisions of the Contract Labour Act. The Code consolidates those provisions and streamlines licensing while retaining the safeguards relating to welfare, health and working conditions, and it prohibits the

---

[76] *Id.* § 6(1)(f).
[77] The Occupational Safety, Health and Working Conditions Code, 2020, § 32(1)(i)-(ii).
[78] PRESS INFORMATION BUREAU, MINISTRY OF LABOUR AND EMPLOYMENT, *Migration of Labour in the Country* (July 2023), https://www.pib.gov.in/PressReleasePage.aspx?PRID=1941077 (recording 4,14,22,917 inter-State migrants as per Census 2011).
[79] The Occupational Safety, Health and Working Conditions Code, 2020, § 61.
[80] *Id.* § 62.
[81] Nanda Ray Bhatt, *Centre-State Relationship: Inter-State Migrant Issue*, 9 INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS 5418 (2021), https://www.ijcrt.org/papers/IJCRT2102657.pdf.

engagement of contract labour in core activities of an establishment except in the circumstances specified.[82]

I. Women workers

Restrictions formerly limited the employment of women during night shifts in many establishments. Under the Code women are entitled to be employed in all establishments for all types of work, and may be employed before 6 a.m. and beyond 7 p.m. with their consent, subject to such conditions relating to safety, holidays and working hours as the appropriate Government may prescribe.[83]

J. Health and welfare facilities

The Code continues and strengthens the provisions relating to a clean and safe working environment, drinking water, washing facilities, latrines and urinals, ventilation and lighting, first aid, canteens, restrooms and creches where applicable, within a more uniform framework.[84] Effective implementation remains the central difficulty for the labour authorities.[85]

K. Working hours

The Code provides that no worker shall be required or allowed to work for more than eight hours in a day, with the daily period of work fixed so as not to exceed the hours, intervals and spread overs notified by the appropriate Government.[86] The weekly limit of forty-eight hours, the entitlement to weekly holidays and the payment of overtime at twice the ordinary rate of wages are prescribed by the central rules made under the Code.[87]

L. Digital compliance

Digitisation is among the more consequential reforms. The Code requires the employer to maintain registers and records, and to file returns, in the electronic or other form prescribed, which supports online filing, digital inspection and technology-based administration, and is intended to reduce compliance costs and improve transparency.[88]

---

[82] The Occupational Safety, Health and Working Conditions Code, 2020, §§ 45, 47, 57.
[83] *Id.* § 43.
[84] The Occupational Safety, Health and Working Conditions Code, 2020, §§ 23-24.
[85] Brindha K, *Safeguarding Workers' Rights: The Implementation of Occupational Safety and Health Legislation in India*, 6 INTERNATIONAL JOURNAL OF RESEARCH PUBLICATION AND REVIEWS 4797 (2025), https://ijrpr.com/uploads/V6ISSUE4/IJRPR42060.pdf.
[86] The Occupational Safety, Health and Working Conditions Code, 2020, § 25(1).
[87] The Occupational Safety, Health and Working Conditions (Central) Rules, 2026.
[88] The Occupational Safety, Health and Working Conditions Code, 2020, § 33.

M. Inspector-cum-Facilitator

Traditional labour inspectors were concerned mainly with enforcement. The Code recasts the office as that of the Inspector-cum-Facilitator, who is empowered both to inspect and to advise employers and workers on compliance with the Code, so that guidance and preventive safety measures accompany enforcement.[89]

N. Free annual health check-up

The Code obliges the employer to provide a free annual health examination or test to employees of such age or class, and in such establishments, as may be prescribed.[90] Under the central rules notified in 2026, the obligation attaches to employees who have completed forty years of age engaged in dock work and in building or other construction work, the examination being conducted by a qualified medical practitioner at the employer's cost.[91] Early detection of occupational disease is the object.

The advantages of the Code are that it consolidates thirteen labour laws into one instrument, introduces single registration and common licensing, makes appointment letters mandatory, reduces the leave eligibility threshold from two hundred and forty to one hundred and eighty days, strengthens the protection of inter-State migrant workers, enables greater participation of women in the workforce with safety safeguards, promotes digital governance and creates more uniform occupational safety standards.

The criticisms are that a great many provisions depend on detailed Central and State rules for their operation; that some labour organisations regard the broader flexibility given to employers as diluting protection in particular sectors; and that effective enforcement remains difficult, especially in the informal economy, since it depends on adequate inspection, digital infrastructure and awareness among employers and workers alike.

VI. CONCLUSION

The labour law reforms of 2020 are a milestone in Indian labour jurisprudence, and with the commencement of the codes in November 2025 and the notification of the central rules in May 2026 they have moved from statute book to operation. The Code on Wages introduces a uniform definition of wages for the purposes of the labour codes. Certain allowances are excluded from

[89] *Id.* § 34.
[90] *Id.* § 6(1)(c).
[91] The Occupational Safety, Health and Working Conditions (Central) Rules, 2026. See *Occupational Safety, Health and Working Conditions (Central) Rules, 2026: Key Highlights and Compliance Guide*, SCC Online (May 13, 2026), https://www.scconline.com/blog/post/2026/05/13/osh-central-rules-2026-key-highlights-and-compliance-guide/.

wages, but where the excluded components exceed the prescribed proportion the excess is added back, which affects provident fund contributions, gratuity and other statutory benefits. The Code replaces the labour inspector with the inspector-cum-facilitator, raises the penalties for non-payment of wages, for minimum wage violations and for other offences, and allows the compounding of offences.

The Industrial Relations Code is among the most significant labour law reforms since Independence. By replacing three separate Acts with a unified framework it seeks to simplify regulation, promote industrial harmony and improve the ease of doing business. At the same time the provisions on lay-offs, standing orders and strikes have prompted substantial debate over whether the Code strikes an appropriate balance between labour flexibility and the protection of workers. Its long-term impact depends not only on its text but on implementation, rule-making and enforcement across the Union and the States.

The Code on Social Security is the most comprehensive reform of India's social security framework since Independence. By replacing nine separate labour laws it seeks to create a unified, technology-driven and inclusive system of social protection. Its most notable innovation is the formal recognition of gig and platform workers, together with a framework for extending welfare benefits to the vast unorganised workforce. While it promises wider coverage and simpler compliance, its effectiveness depends on the timely notification of schemes and on robust enforcement by the Union and the State Governments.

The Occupational Safety, Health and Working Conditions Code is correspondingly the most significant reform of India's workplace safety law since Independence. By replacing thirteen separate labour laws it establishes a unified legal framework intended to improve occupational safety, health and welfare while reducing regulatory complexity. Its key innovations are single registration, common licensing, mandatory appointment letters, simplified compliance, expanded protection for migrant workers and improved standards of workplace welfare. Implementation through Central and State rules remains critical, but the Code is intended to combine stronger protection of workers with a more efficient regulatory environment.

The labour codes have consolidated and modernised the law, but effective implementation remains the key challenge. It requires strong enforcement machinery, better awareness among employers and workers, and improved infrastructure for compliance. The two conventions on freedom of association and collective bargaining that India has still not ratified are a reminder that consolidation of the statute book is not the same thing as the completion of the reform. A collaborative effort by government, employers, workers and civil society will be necessary if the codes are to meet the realities of the present economy.

*****