




New Labour Codes

A Game Changer for the Indian Economy

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Presentation Plan

- Objectives & Rationale
- What has changed
- Impact on worker welfare
- Measures to simplify procedures, reduce compliance burden
- Make India more competitive in the world?
- A game changer for Indian Economy?

November 21st, 2025



Narendra Modi  @narendramodi · 2d



Shramev Jayate!

Today, our Government has given effect to the Four Labour Codes. It is one of the most comprehensive and progressive labour-oriented reforms since Independence. It greatly empowers our workers. It also significantly simplifies compliance and promotes 'Ease of Doing Business.'

Objectives (1/2)

- Align labour laws with the present economic scenario
- Ensure workers well-being
- Universalise minimum wages and timely payment
- Priority to occupational safety of workers
- 'Minimum Government, Maximum Governance'
- Accelerate pace of economic growth
- Ensure Ease of Doing Business (EoDB)

Objectives (2/2)

- Empower enterprises by reducing
 - Compliance burden
 - Red-tapism
 - 'Inspector-Raj'
- Transparency and accountability in enforcement
- Harness power of technology for workers and Industry both
- Simplification, harmonization and rationalization of regulatory and administrative framework

Rationale

- Majority of the Labour Laws enacted in pre-independence period
- Multiplicity of Labour Laws lead to difficulty in compliance
- Multiplicity of Authorities lead to complexity and difficulty on enforcement
- Requests on various fora by employers & workers representatives/organizations

Legislative Reform

Consolidation of [29 Labour Laws](#) into four Codes –

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

Note: Overall Sections in Acts reduced from 1232 to 480 in Codes

Rationalization of Sections in Labour Codes

Name of Code	Date of Notification	Number of Acts subsumed	Sections in existing Acts	Sections in Codes
Code on Wages,2019	08.08.2019	4	125	69
Occupational Safety, Health and Working Conditions Code, 2020	29.09.2020	13	622	143
Industrial Relations Code,2020	29.09.2020	3	135	104
Code on Social Security,2020	29.09.2020	9	350	164
TOTAL		29	1232	480

What has changed under the Codes?

- Minimum wage payment : now a statutory right
- Social security coverage: all workers covered
- Formalization of Employment: mandatory appointment letters
- Preventive Healthcare culture
- Women workforce participation
- ESIC coverage
- Compliance burden

PIB release 21 Nov 2025

- <https://www.pib.gov.in/newsite/pmreleases.aspx?mincode=21®=3&lang=2>

Ease of Doing Business (EoDB) (1/3)

- Uniform definitions - as far as feasible
- Change in the prosecution and penal provisions
 - Compliance notice before prosecution (*except grave offences*)
 - Graded Penalty
 - No imprisonment – only fine in first offence (*except grave offence*)
 - Compounding of offences
- Changes in enforcement
 - Inspector-cum-Facilitator in place of Inspector
 - Responsibility to guide the employers and workers
 - Inspection through web-based schedule

Ease of Doing Business (EoDB) (2/3)

- Deployment of technology - electronic registers and returns
- Single Registration, Single Licence, Single Return
 - Single electronic registration *vs 08 required*
 - Unified Annual Return to be filed electronically *vs 31 returns*
- Assessment & determination of social security dues from employer: not to be initiated after expiry of 5 years *vs No limitation period for enquiry*
- Reduced burden on MSMEs and Start-Ups: Applicability threshold for Factories relaxed to 20 workers (with power) & 40 workers (w/o power) *vs 10 workers (with power) & 20 workers (w/o power)*
- Formation of National & State OSH Advisory Board *vs Multiple Committees/Boards under various Acts*

Ease of Doing Business (EoDB) (3/3)

- **Fixed-Term Employment (FTE):** Flexibility to employers to hire directly for a specific period
- **Sunset clause for dispute settlement:** Time limit for raising industrial dispute fixed as two years *vs No limitation period*
- **Faster adjudication of Industrial Disputes:** Industrial tribunals to have two members (one judicial and one administrative) *vs Industrial Tribunals have only one judicial member*
- **Threshold for seeking permission** for layoff, retrenchment & closure: Establishments employing 300 or more workers *vs Establishments employing 100 workers*
- **Definition of Strike:** 14 days strike notice mandatory for all establishments *vs 14 days strike notice mandatory only for Public Utility Services*

labour reform

Make work

Narendra Modi plans to sweep away
India's socialist employment restrictions

LOOK AT INDIAN data and strange patterns start to emerge. Why, for example, do over 95% of industrial firms employ fewer than ten workers, and many others exactly 99? Why are garment factories two-thirds of the size, on average, of rivals in Bangladesh? And why is 42% of the manufacturing workforce contract labour, hired to perform specific, limited tasks?

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Answers to such puzzles are often found in the country's byzantine labour laws. For decades they have seemed unreformable because of the potential for political backlash. But on November 21st Narendra Modi, the prime minister, announced the biggest overhaul since India's move from Britain in 1947. Hiring is

Facilitation of Employment Generation

- Provisions enabling Ease of Doing Business, Reduction in Compliance Burden and Decriminalization
- Fixed Term Employment will provide flexibility to industry to hire work force according to requirement
- Women allowed to work during night shift with adequate safety
- Reskilling fund in case of retrenchment will enhance employability

Global Labour Reforms

- Gig and Platform Economy
- Wage reforms
- Working time reforms
- Worker rights
- Health, Safety and Occupational Safety
- Social security
- Technology
- Future of work
- ESG

Next Steps



Thank You 🙏



Acts covered under four Labour Codes (1/3)

Code on Wages

1. The Minimum Wages Act, 1948
2. The Payment of Wages Act, 1936
3. The Payment of Bonus Act, 1965
4. The Equal Remuneration Act, 1976

Code on Industrial Relations

1. The Industrial Disputes Act, 1947
2. The Trade Unions Act, 1926
3. The Industrial Employment (Standing Orders) Act, 1946

Acts covered under four Labour Codes (2/3)

Occupational Safety, Health and Working Conditions Code,2020

1. The Factories Act, 1948
2. The Plantation Labour Act, 1951
3. The Mines Act, 1952
4. The Building and Other Constructions Workers' (Regulation of Employment and Conditions of Service) Act, 1996
5. The Motor Transport Workers Act, 1961
6. The Beedi and Cigar Workers (Conditions of Employment) Act, 1966
7. The Contract Labour (Regulation and Abolition) Act, 1970.
8. The Sales Promotion Employees (Conditions of Service) Act, 1976
9. The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979.
- 10.The Cine Workers and Cinema Theatre Workers (Regulation of Employment) Act, 1981
- 11.The Dock Workers (Safety, Health and Welfare) Act, 1986
- 12.The Working Journalists and Other Newspapers Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955
- 13.The Working Journalists (Fixation of rates of Wages) Act, 1958

Acts covered under four Labour Codes (3/3)

Code on Social Security, 2020

1. The Employees' Compensation Act, 1923
2. The Employees' State Insurance Act, 1948
3. The Employees Provident Fund & Miscellaneous Provisions Act, 1952
4. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
5. The Maternity Benefit Act, 1961
6. The Payment of Gratuity Act, 1972
7. The Cine Workers Welfare Fund Act, 1981
8. The Building and Other Construction Workers Welfare Cess Act, 1996
9. The Unorganised Workers' Social Security Act, 2008

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