



## New Labour Laws 2025 Paradigm Shift in Employment Regulation

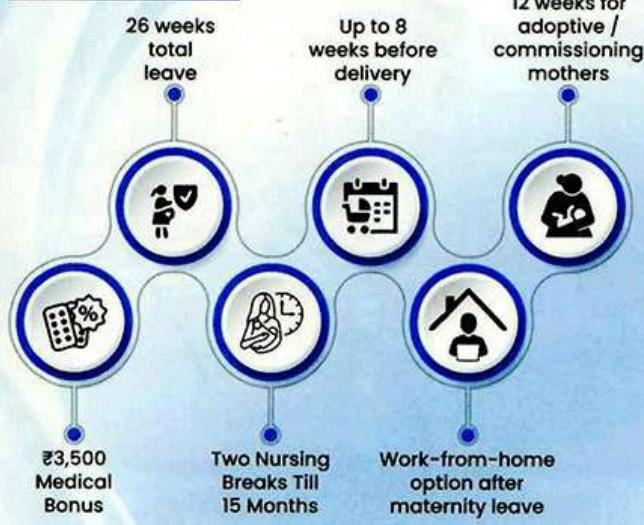
**India's New Labour Codes 2025 mark a paradigm shift by consolidating 29 outdated laws into four modern codes: Wages, Industrial Relations, Social Security, and Occupational Safety, Health & Working Conditions. Addressing colonial-era fragmentation, they introduce minimum wages for all, social security for gig/platform workers, mandatory appointment letters, night shifts for women, and formal recognition of flexible employment. These reforms enhance worker rights, simplify compliance, and boost Aatmanirbhar Bharat's resilient workforce.**

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**I**ndia's labour landscape is witnessing one of the most significant transformations in decades. With a view to modernise and streamline the country's complex web of labour laws, the Government of India while merging 29 separate laws, has notified the following four major labour 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. New Labour Codes lay the foundation for a protected, future-ready workforce and resilient industries, boosting employment and driving labour reforms for *Aatmanirbhar Bharat*. They have been designed to align India's labour ecosystem with global standards, ensuring social justice for all workers. The implementation of the four Labour Codes will address the long-pending need to move beyond colonial-

## MATERNITY BENEFITS AT A GLANCE



era structures and align with modern global trends. Together, these Codes empower both workers and enterprises, building a workforce that is protected, productive and aligned with the evolving world of work - paving the way for a more resilient, competitive and self-reliant nation. The New Labour Codes of 2025 represent a significant shift toward a more inclusive and employee-friendly labour environment in India. From enhanced social security to improved workplace rights, these changes are designed to benefit both the workforce and employers.

### Why were New Labour Codes needed?

India's old labour laws (many from the British era and 1950s-80s) were fragmented across central and state laws, leading to: Overlapping compliances, Inconsistent rules across states, Heavy paperwork and inspector raj, Difficulty in adapting to gig economy and modern work models.

According to ILO, over 2.78 million workers die annually from occupational accidents and diseases, highlighting the relevance of Occupational Safety and Health provisions. The ILO's global wage report shows persistent gender gaps worldwide making India's gender-neutral wage provisions significant. In June 2025, ILO committed to binding global standards for platform work which reinforces India's progressive vision of including platform workers in the codes.

Now, let us cast a glance on the 12 game-changing reforms, envisioned through the new labour laws, every employee and employer should know:-

1. Minimum Wages for All Employees
2. Revised Definition of Wages
3. Social Security for Gig and Platform Workers
4. Faster Gratuity Eligibility for Fixed-Term Workers
5. Mandatory Appointment Letters for All Employees
6. Double Wages for Overtime
7. Reduced Leave Eligibility Period
8. Women Permitted to Work Night Shifts
9. Work from Home Made Official
10. Free Annual Health Check-Ups for Employees Over 40
11. Mandatory Timely Wage Payments
12. Compensation for Commuting Accidents

Thus, the biggest advantage of the new labour codes 2025, is formal recognition of gig, platform and fixed-term employment. Companies now have legal clarity on flexible and modern workforce models. National Floor Wage removes state-wise uncertainty in compensation planning. Single registration/licensing

For a clear understanding, it would be worthwhile to compare the condition of labourers before vs after new labour codes:-

Area	Before	After labour codes 2025
Employment proof	Appointment Letters not mandatory	Mandatory letters for all
Social Security	Gig and unorganised workers not covered	Universal social security
Minimum wage	Only for scheduled industries	National floor wage applies to all
Working hours	inconsistent	Uniform 48 hr week, flexible days
Women in force	Night shifts restricted	Allowed with safeguards
ESIC coverage	Limited to notified areas	Pan India, even single worker in hazardous job
Compliance	Multiple licenses and forms	Single license, single form

and the facilitator model drastically cut delays. These codes shift balance towards stronger worker rights and predictable environment for scalable growth.

From a business perspective, in the long run, simplified and digitized compliance will reduce administrative burden and litigation risk, improving investors' confidence. Formalisation of employment will enhance tax compliance and social security coverage. In Parallel, digital transformation initiatives of the Government such as EPFO 3.0 complement these reforms, promoting transparency and trust.

Let us assess the benefits of Labour Reforms across Key Sectors:

**Fixed-Term Employees:** They will receive all benefits equal to permanent workers, including leave, medical, and social security. Also, the Gratuity eligibility will be after just one year, instead of five. Equal wages as permanent staff, increasing income and protection, promoting direct hiring and reducing excessive contractualisation are expected to be the key benefits to fixed term employees.

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

**Contract Workers:** While increasing employability, the new code ensures, contract workers become eligible for benefits equal to permanent employees as well. The Principal employer will provide health benefits and social security benefits to contract workers also.

**Women Workers:** The new code will legally prohibit Gender discrimination and ensure Equal pay for equal work. Under the new labour laws, the women have been 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. Women's representation in grievance redressal committees has been made mandatory. Provision to add parents-in-law in family definition for women employees, expanding dependent coverage and ensuring inclusivity, has also been made.



## INDIA'S LABOUR REFORMS

SIMPLIFICATION, SECURITY & SUSTAINABLE GROWTH



### 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

**MSME Workers:** All MSME workers have been covered under the Social Security Code, 2020, guaranteeing the minimum wage for all. Provision for standard working hours, double overtime wages, and paid leave has also been made.

**Plantation workers:** The workers have now been brought under the OSHWC Code (Occupational Safety, Health and Working Conditions Code) and the Social Security Code. Labour Codes apply to plantations with more than 10 workers or 5 or more hectares. Mandatory safety training on handling, storing and using chemicals, Protective equipment mandatory to prevent accidents and chemical exposure, has been covered. Their families to get full ESI medical facilities and also Education facilities for their children.

**Mine Workers:** The Social Security Code treats certain commuting accidents as employment-related, subject to conditions of time, and place of employment. The Government of India has notified standards to standardise workplace occupational safety and health conditions. Limit on working hours set to 8 to 12 hours per day, maximum 48 hours per week to ensure health and work-life balance.

**Hazardous Industry Workers:** The workers will receive free annual health check-ups. The Government of India will frame national standards for better safety of workers. Mandatory safety committee (Factories

## Modern Labour Governance = Stronger Global Confidence

From digitised records to portable social security and structured grievance systems, the Labour Codes elevate India's labour governance to global standards.

This strengthens India's image as a **responsible, ethical, and compliant export hub**, supporting expansion in key markets.

### KEY BENEFIT

A more resilient and internationally competitive export ecosystem.

such as gratuity, leave encashment etc. which, in the absence of any clarification otherwise, may have a retro-active effect. For example, gratuity is calculated based on the average of last drawn pay for every completed year. With the change in the definition of wages under the new codes, it could lead to an enhancement in the gratuity liability for employee's termination post commencement of the code. Also, gratuity obligations towards Fixed Term Employees (including the existing) would need to be provided for. Organisations need to undertake a comprehensive classification of employees, workers, gig workers, based on the profiles and salary levels, to ensure compliance and work force clarity. They also need to ensure that the documentation is watertight. Organisations that depend extensively on contract labour need to analyse market trends and regulatory shifts under the codes, which restrict outsourcing in core functions while introducing a unified registration framework. It may help them to reshape work force strategies, enabling more dynamic planning across various sectors like IT, logistics, manufacturing, engineering where contract staffing remains the critical component.

**What next?** The companies must update HR policies, contracts and payroll systems immediately, issue appointment letters to existing employees where missing, register on the new *Shram Suvidha*/labour portals under the new codes, train teams on compliance under the inspector-cum-facilitator regime.

To conclude, by unifying 29 old laws into four cohesive codes, India moves closer to a labour ecosystem that supports both economic growth and worker welfare and strengthens the foundation of a futuristic, digitally enabled and inclusive work force. The full rollout of these Labour Codes on November 21, 2025 (which are supposed to be fully implemented by April 2026), ends decades of regulatory fragmentation. By simplifying compliance, recognising modern work arrangements and ensuring minimum national standards, these reforms aim to create a transparent, worker-friendly and investment-attractive labour ecosystem. Yet, their success hinges on stakeholder collaboration, robust enforcement and continuous adaptation to global best practices. All these, if achieved, will be key to leveraging the reforms for sustainable growth. □

with more than 500 workers, Construction with more than 250 and Mines with more than 100) at each site for on-site safety monitoring and safe handling of hazardous chemicals will be ensured.

**Textile Workers:** All migrant workers (direct, contractor-based and self-migrated) to get Equal wages, welfare benefits and Public Distribution System portability benefits. Workers can raise claims for up to 3 years for settlement of pending dues, facilitating flexible and easy resolution. Also, a provision has been made for double wages for workers for overtime work.

**Dock workers:** Mandatory medical facilities, first aid, sanitary and washing areas etc., to ensure decent work conditions.

**Media Employees:** Journalists, OTT workers, digital creators, dubbing artists and crew members will now receive formal appointment letters detailing wages, working hours and entitlements.

There may, however, be a need to navigate some short-term challenges. A key one being aligning to the new and critical definition of wages, as the ambiguities surrounding its interpretation continue, especially with respect to variable/one time payments, stock benefits etc. Employers would also need an immediate catch up on cost provisioning/recalculation of benefits