

Interpreting the Press Release on Labour Codes: Key Takeaways

The Government of India's press release dated 21 November 2025 announces the long-awaited implementation of the four major Labour Codes ("**Labour Codes**"), marking a pivotal shift in the country's labour law framework. This move modernizes and streamlines India's fragmented and outdated labour regulations, bringing them in line with contemporary economic and workforce realities. The rollout of the Labour Codes represents a key milestone in India's broader reform agenda and aligns closely with the vision of Aatmanirbhar Bharat, aimed at fostering a more efficient, transparent, and self-reliant industrial ecosystem. By consolidating and rationalizing numerous legislations into four cohesive codes, the Government seeks to create a more predictable and business-friendly environment while simultaneously strengthening protections and benefits for workers.

The press release details the four Labour Codes that will come into effect:

- A. **The Code on Wages, 2019 ("CW"):** The CW consolidates 4 (four) previous acts; *the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, and the Equal Remuneration Act, 1976*. CW ensures that minimum wages are applied across all sectors, including those in the informal and unorganized sectors which were previously excluded, ensuring financial security for a vast majority of India's workforce and a step towards reducing wage inequality.
- B. **The Industrial Relations Code, 2020 ("IRC"):** IRC has been prepared after amalgamating and rationalizing the relevant provisions of the *Trade Unions Act, 1926, the Industrial Employment (Standing Orders) Act, 1946 and the Industrial Disputes Act, 1947*. IRC aims to streamline industrial relations, focusing on simplifying processes for dispute resolution, strikes, and lockouts, with an emphasis on maintaining harmonious industrial relations. This will help in reducing long delays in dealing with the internal disputes.
- C. **The Code on Social Security, 2020 ("SS"):** SS incorporates existing 9 (nine) social security acts viz; *The Employee's 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*. SS extends social security benefits (e.g., Provident Fund, Employee State Insurance, pensions) to a broader base, including gig workers, platform workers, and other previously excluded groups, ensuring comprehensive welfare coverage. This marks one of the most critical changes in the expansion of social security coverage.
- D. **The Occupational Safety, Health, and Working Conditions Code, 2020 (OSH):** OSH incorporates the existing 13 (thirteen) central labour acts- *The Factories Act, 1948; The Plantations Labour Act, 1951; The Mines Act, 1952; The Working Journalists and other Newspaper Employees*

(Conditions of 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. OSH ensures the health and safety of workers by setting standards for workplace conditions, including provisions for annual health check-ups and mandatory safety measures, particularly in hazardous industries. This will improve the workplace safety especially in high-risk industries.

1. Key Transformational Changes: The press release highlights several key improvements:

- A. Employers will now be required to provide written appointment letters to all workers, ensuring transparency and security. This formalization ensures that workers have clear job terms and entitlements, creating a more secure working environment.
- B. The SS extends social security benefits to all workers, including gig and platform workers, providing them with crucial protections like PF, ESIC, insurance, and other social security benefits.
- C. Under CW, all workers will be entitled to a statutory minimum wage, ensuring that workers in both formal and informal sectors receive fair pay.
- D. Employers to provide annual health check-ups for workers over 40 years old, promoting a preventive healthcare culture and improving the overall health of the workforce.
- E. Mandatory for employers to provide timely wages ensuring financial stability and reducing work stress.
- F. The reforms take steps to address gender imbalances in the workplace. Women are now permitted to work night shifts subject to their consent and with the provision of safety measures.
- G. ESIC coverage and benefits are extended PAN-India - voluntary for establishments with fewer than 10 employees, and mandatory for establishments with even one employee engaged in hazardous processes.
- H. A major feature of the Labour Codes is the simplification of compliance procedures for employers. The press release highlights that the new framework will replace multiple registrations and returns with a single registration, PAN-India single license, and single return system. This

reduces the administrative burden on businesses, especially small and medium enterprises, while improving enforcement efficiency.

I. Several first-time offences have been decriminalised.

2. Additional Reforms- The Labour Codes also introduce a range of additional reforms, including:

- A. National Floor Wage: A floor wage will be established to ensure that workers are paid at least a minimum standard of living, preventing exploitation and ensuring better living conditions for the most vulnerable workers.
- B. Inspector-cum-Facilitator System: Labour Codes will be less punitive and more focused on guidance and support.
- C. Gender-Neutral Pay: The Labour Codes guarantee gender-neutral pay and employment opportunities, including for transgender persons, ensuring non-discriminatory practices.
- D. Faster Dispute Resolution: The creation of two-member Industrial Tribunals and the option for workers to directly approach the tribunals will streamline dispute resolution, offering faster outcomes.
- E. Safety Committees: Establishments with over 500 workers will be required to form safety committees, improving accountability for health and safety standards in the workplace.

3. Conclusion:

- A. **For workers-** The Labour Codes in India have the potential to significantly improve the lives of workers by providing better protection and fairer working conditions. These Labour Codes are designed to make it easier for workers to understand and claim their rights, ensuring that employers treat them more fairly. Key improvements include clearer rules on wages, working hours, and safety, as well as stronger protections against unfair dismissal and exploitation. Workers will also benefit from expanded social security, including benefits for gig and platform workers, who were previously left out of many protections.
- B. **For employers-** The Labour Codes in India offer a more streamlined and business-friendly approach, making it easier for employers to navigate complex labour laws. By simplifying and consolidating multiple regulations into four Labour Codes, these reforms reduce the administrative burden on businesses and improve compliance efficiency. Employers will benefit from greater flexibility in managing their workforce, with clearer guidelines. The Labour Codes also offer easier dispute resolution processes, which can lead to quicker resolutions. Further, A notable change under the new Labour Codes is the decriminalization of several first-time offences,

reducing the fear of severe penalties and encouraging a more constructive approach to compliance.

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