
OPERATIONALISING LABOUR CODES IN INDIA: A STUDY OF THE 2025–26 LABOUR LAW TRANSITION

Naina Verma, B.A. L.L.B. (H), Amity University Lucknow

ABSTRACT

India's decision to merge twenty-nine Central labour laws into four Labour Codes represents a decisive break from a fragmented and colonial-era labour framework. Although these Codes were enacted between 2019 and 2020, their real impact began to unfold only during 2025–26, when several States notified rules and put enforcement mechanisms in place. This article examines this period as a crucial phase in which labour law reform moved from legislative intent to lived legal reality. It examines how the transition to a code-based system has transformed compliance practices, redefined labour welfare delivery, and reconfigured the relationship between workers, employers, and the State. The study critically engages with the constitutional and social implications of the Labour Codes, particularly their impact on labour federalism, collective bargaining, and the enduring tension between economic flexibility and social justice, as outlined in Articles 14, 19, and 21 of the Constitution. By focusing on the experiences of diverse groups of workers such as fixed-term employees, gig and platform workers, women, MSME employees, and those in hazardous or informal sectors, the article highlights both the promise and the limitations of the new labour regime. It argues that the long-term success of the Labour Codes will depend not merely on uniform legislation, but on effective State-level implementation, institutional capacity, and responsive judicial interpretation, making the 2025–26 transition a defining moment in India's labour law evolution.

Keywords: Labour Law Reform, Labour Code Implementation, Workers' Rights, Social Security, Industrial Relations, Gig Economy, Constitutional Justice.

Introduction

To pave the way for a more resilient, competitive and self-reliant nation, the Government of India has announced the implementation of four 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.**¹

It came into force on November 21st, 2025, rationalising 29 existing Labour Laws.² By updating outdated labour regulations, strengthening worker welfare, and responding to the realities of today's changing workplaces, this reform seeks to create a more balanced and humane labour system. It aims to prepare India's workforce for the future while supporting industries to grow in a fair and sustainable manner. Ultimately, these reforms reflect an effort to build adaptable workplaces and secure livelihoods, in line with the broader vision of an *Atmanirbhar Bharat*.³

While several major economies have since revised and streamlined their labour regulations to reflect modern workplaces, India continued to rely on a patchwork of 29 Central labour laws, often overlapping, complex, and increasingly outdated. These rigid frameworks proved difficult to adapt to new economic realities and emerging forms of employment, resulting in uncertainty and a substantial compliance burden for both workers and employers. The implementation of the four Labour Codes marks a long-overdue shift away from colonial-era structures, signalling India's attempt to align its labour regulation with contemporary global standards and the evolving world of work.⁴

Legal Development: Consolidation of 29 Labour Laws (2025)

The **Second National Commission on Labour**, in its 2002 report, highlighted the excessive multiplicity of labour laws in India and observed that such fragmentation created confusion, overlap, and inefficiencies in regulation. It is therefore recommended that Central labour legislation be consolidated into **four or five comprehensive Labour Codes**. Despite this early

¹ Ministry of Labour & Employment, Government of India, *Labour Codes: A Transformational Step Towards Simplification and Rationalisation* (Press Information Bureau, 2020).

² Government of India, Ministry of Labour & Employment, *Notification on Enforcement of Labour Codes* (2025).

³ Government of India, *Economic Survey 2024–25, Vol. I (Ministry of Finance), Chapter on Labour Reforms and Employment Generation*.

⁴ OECD, *Employment Outlook 2023: Rebuilding Labour Market Inclusiveness* (OECD Publishing, Paris).

recognition of the problem, the recommendation remained largely confined to policy discussions for nearly two decades. Even during the economic liberalisation of **1991**, labour law reform was notably left untouched, and between **2004 and 2014**, no concrete steps were taken towards codification.

Momentum for labour law reform gathered pace only in the mid-2010s. The successful implementation of the **Goods and Services Tax (GST)** as a “One Nation, One Tax” reform demonstrated the feasibility of achieving wide political and federal consensus on complex structural changes. This, coupled with a strong political will to undertake difficult but necessary reforms under the vision of “*Sabka Saath, Sabka Vikas aur Sabka Vishwas*”, created the conditions for accelerating labour law reform. Adopting this progressive approach, the Government initiated an extensive and consultative reform process. In line with the **pre-legislative consultative policy**, draft Labour Codes were made available to the public to solicit comments from stakeholders and citizens. Between **2015 and 2019**, the Ministry of Labour and Employment conducted **nine tripartite consultations**, bringing together central trade unions, employers' associations, and representatives of State Governments. Further, all four Labour Code Bills were scrutinised by the **Parliamentary Standing Committee**, whose recommendations were considered before the legislation was finalised. This consultative process marked a significant departure from earlier inertia and laid the groundwork for comprehensive labour law reform in India.

The consolidation of India's labour framework brought together **29 existing labour laws into four comprehensive Labour Codes**, each designed to simplify and rationalise a previously fragmented system. The **Code on Wages, 2019**, consolidates laws governing minimum wages, timely payment of wages, bonuses, and equal remuneration under a single umbrella.⁵ The **Industrial Relations Code, 2020**, restructures the legal regime governing trade unions, standing orders, and the resolution of industrial disputes.⁶ The **Code on Social Security, 2020**, integrates legislation relating to provident fund, insurance, and gratuity, while also recognising the realities of the modern workforce by extending social security coverage to gig and platform workers.⁷

⁵ Government of India, *Statement of Objects and Reasons, The Code on Wages Bill, 2019*.

⁶ Government of India, *Statement of Objects and Reasons, Industrial Relations Code Bill, 2020*.

⁷ Government of India, *Statement of Objects and Reasons, Code on Social Security Bill, 2020; Ministry of Labour & Employment, Social Security for Gig and Platform Workers (2021)*.

The **Occupational Safety, Health, and Working Conditions Code, 2020**, consolidates various statutes related to workplace safety, welfare measures, and employment conditions.⁸ A significant shift occurred in 2025, when several States notified rules under these Codes, allowing them to move from paper to practice. This step transformed the Labour Codes from largely dormant enactments into **enforceable legal frameworks**, making 2025 a defining moment in the evolution of Indian labour law.

From a legal perspective, this consolidation represents a move away from a rigid, statute-by-statute approach towards **code-based governance**, aimed at introducing uniform definitions, easing compliance, and leveraging digital mechanisms for enforcement. At the same time, the reforms have sparked important constitutional and social debates. Concerns have been raised about the impact of these changes on **labour federalism**, potential dilution of worker protections, the future of collective bargaining, and the delicate balance between promoting ease of doing business and upholding social justice as envisioned under **Articles 14, 19, and 21 of the Constitution**, along with the **Directive Principles of State Policy**. Ultimately, the consolidation of 29 labour laws in 2025 goes beyond a routine legislative exercise. It reflects a **structural reworking of India's labour jurisprudence**, with far-reaching implications for industrial relations, workers' rights, and the overall architecture of labour regulation in the years to come.⁹

Legal Impact and Significance

- i. **Simplification of Labour Regulation:** Replaced 29 fragmented Central labour laws with four Labour Codes, reducing overlap and legal ambiguity.
- ii. **Code-Based Governance:** Shift from statute-centric regulation to uniform definitions, streamlined procedures, and digital compliance mechanisms.
- iii. **Employer Flexibility:** Revised thresholds for standing orders and retrenchment ease workforce management, especially for MSMEs.

⁸ Government of India, *Statement of Objects and Reasons, Occupational Safety, Health and Working Conditions Code Bill, 2020*.

⁹ Surya Deva & Amita Dhanda, *Labour Rights and Globalisation: India's Regulatory Challenge* (Oxford University Press, 2018).

- iv. **Enhanced Employer Obligations:** Expanded definition of “wages” increases social security contributions, promoting transparent and structured pay systems.
- v. **Worker Formalisation:** Mandatory appointment letters, timely wage payment, and statutory minimum wages strengthen employment security.
- vi. **Expanded Social Security:** Legal inclusion of gig, platform, and fixed-term workers within the social security framework.
- vii. **Modernisation of Labour Law:** Moves away from colonial-era legislation towards a contemporary labour regulatory framework.
- viii. **Constitutional Alignment:** Balances ease of doing business with social justice under Articles 14, 19, and 21 and the Directive Principles of State Policy.
- ix. **Impact on Labour Federalism:** The greater role of States in rule-making and enforcement highlights concerns about cooperative federalism.
- x. **Stronger Enforcement:** Introduction of stricter penalties enhances accountability and compliance.
- xi. **Long-Term Structural Reform:** Represents a fundamental reconfiguration of India’s labour jurisprudence with lasting implications for industrial relations and workers’ rights.

Relevant cases, Statutes, or Policy changes

Relevant cases: Indian labour jurisprudence has consistently recognised worker welfare as a constitutional concern. In **Hariprasad Rao v. State (1951)**, the Supreme Court affirmed the State’s power to regulate labour welfare. This approach was expanded in **Bangalore Water Supply & Sewerage Board v. A. Rajappa (1978)**, where a broad interpretation of “industry” widened the scope of labour laws. The Court’s commitment to social justice was reinforced in **Standard Vacuum Refining Co. v. Its Workmen (1960)**, which emphasised fairness in industrial adjudication.

In **Bandhua Mukti Morcha v. Union of India (1984)**, labour rights were linked to **Article 21**, recognising dignity and humane working conditions as part of the right to life. More

recently, **Surya Narayan Tiwari v. Union of India (2021)** highlighted the need to balance employer flexibility with worker protection in labour reforms.

Statutes: The **Code on Wages, 2019**, consolidates laws relating to minimum wages, payment of wages, bonuses, and equal remuneration, creating a uniform and simplified wage framework. The **Industrial Relations Code, 2020**, merges laws governing trade unions, standing orders, and industrial dispute resolution, streamlining employer–employee relations. The **Code on Social Security, 2020**, integrates legislation on provident fund, insurance, gratuity, and maternity benefits, while extending social security coverage to new forms of employment. The **Occupational Safety, Health, and Working Conditions Code, 2020**, **consolidates laws on workplace safety, health, and welfare, ensuring improved and uniform working conditions across all sectors.**

Policy changes: The groundwork for India's labour law reforms was laid by the **Second National Commission on Labour (2002)**, which recognised the excessive fragmentation of labour laws and recommended their consolidation into four or five comprehensive Labour Codes. This idea gradually gained momentum through the **Pre-Legislative Consultation Policy (2014)**, which opened the law-making process to public and stakeholder participation. Between **2015 and 2019**, the reform process was shaped through multiple **tripartite consultations** involving trade unions, employers' associations, and State governments, ensuring that diverse interests were heard. The proposed Labour Codes were further scrutinised by **Parliamentary Standing Committees between 2019 and 2020**, which examined the Bills in detail and offered recommendations. Finally, the notification of **State rules in 2025** transformed the Labour Codes from enacted legislation into enforceable law, marking the transition from policy intent to practical implementation.

An Overview of the topic defining benefits

The Labour Codes significantly broaden the scope of worker protection by addressing the realities of diverse forms of employment.¹⁰ **Fixed-term employees** are placed on an equal footing with permanent workers, receiving the same wages and benefits, including leave, medical facilities, and social security, with gratuity becoming payable after just one year of

¹⁰ Ministry of Labour & Employment, *The Code on Social Security, 2020*, ss. 2(35), 6, 109–114 (extending social security coverage to MSME, gig, platform, fixed-term and unorganised workers).

service. This not only strengthens income security but also encourages direct hiring over excessive contractualization.¹¹ For the first time, **gig and platform workers**¹² are formally recognised in law, with clear definitions of gig work, platform work, and aggregators. Aggregators are required to contribute a portion of their turnover towards worker welfare, while Aadhaar-linked universal accounts ensure that benefits remain portable and accessible across States, particularly benefiting migrant workers. **Contract workers** receive enhanced protections through clearer obligations on principal employers to provide health and social security benefits, including free annual health check-ups. The Codes also mark a progressive step for **women workers** by prohibiting gender discrimination, guaranteeing equal pay, permitting night work and employment in all sectors subject to consent and safety safeguards, mandating women's representation in grievance redressal bodies, and expanding dependent coverage to include parents-in-law. For **young and vulnerable workers**, the guarantee of minimum wages, mandatory appointment letters, protection against wage exploitation, paid leave, and a nationally determined floor wage collectively promote formal employment, transparency, and a dignified standard of living. **MSME workers** are brought squarely within the ambit of the Social Security Code, 2020, with guaranteed minimum wages, regulated working hours, overtime pay, paid leave, timely wage payment, and access to basic welfare facilities such as canteens, drinking water, and rest areas. **Beedi and cigar workers**, long characterised by informality, receive statutory minimum wages, capped working hours, consent-based overtime with double wages, timely payment, and eligibility for a bonus after minimal service. **Plantation workers** are now covered under both the OSHWC and Social Security Codes, with access to safety training, protective equipment, ESI medical coverage for workers and their families, and educational support for their children, reflecting a welfare-oriented approach. The Codes also recognise the evolving nature of work by extending full labour protections to **audio-visual and digital media workers**, including mandatory appointment letters, regulated overtime, and wage security. For **mine and hazardous industry workers**, enhanced safety standards, free annual health check-ups, regulated working hours, and recognition of certain commuting accidents as employment-related underscore the emphasis on health and dignity at work. **Textile and migrant workers** are assured equal wages, welfare benefits, portability of public distribution entitlements, and longer limitation

¹¹ *Code on Social Security, 2020*, s. 53 (reduced gratuity eligibility for fixed-term employees after one year of continuous service).

¹² *Code on Social Security, 2020*, ss. 2(35), 114–115 (statutory recognition and welfare framework for gig and platform workers, including aggregator contributions).

periods to claim unpaid dues, strengthening access to justice. **IT and ITES workers** benefit from mandatory salary timelines, equal pay norms, night-shift opportunities for women with safeguards in place, and structured mechanisms for dispute resolution. Finally, **dock and export sector workers**, including fixed-term employees, receive formal recognition, appointment letters, provident fund, gratuity, insurance benefits, health facilities, paid leave, wage protection, and enhanced safety measures, collectively reflecting a move towards standardising decent work conditions across both traditional and emerging sectors of the economy.

Conclusion

The operationalisation of the Labour Codes in 2025–26 marks a moment when long-discussed labour reforms finally began to touch everyday working lives. By shifting from a maze of scattered statutes to a simpler, code-based framework, India has taken a clear step towards making labour regulation more understandable, accessible, and responsive to present-day realities. For many workers, particularly those in informal, gig, fixed-term, and MSME employment, the Codes promise something long missing from the labour landscape: formal recognition, social security, and basic dignity at work. At the same time, employers benefit from clearer rules and streamlined compliance, creating space for growth without entirely sacrificing worker welfare. Viewed through a constitutional lens, the Labour Codes reflect an effort to balance economic flexibility with the values of fairness, equality, and humane working conditions that lie at the heart of India's labour jurisprudence. The real challenge now lies not in the text of the law, but in how it is carried out across States, workplaces, and sectors. Differences in implementation, administrative capacity, and enforcement will shape how far these reforms achieve their intended goals. Yet, the 2025–26 transition signals a genuine willingness to move beyond outdated labour structures and respond to the changing world of work. If supported by cooperative federalism, continued dialogue with workers and employers, and a rights-sensitive judicial approach, the Labour Codes hold the potential to build more secure livelihoods, healthier workplaces, and a labour system that is both economically resilient and socially just.