STUDY NOTES · BASIC CONCEPT

What are the major provisions about the New Labour codes in India?

Indian Economy

26 Sep 2015

Background

India's labor reforms consolidate **29 central labor laws** into **four comprehensive labor codes**. The objective is to simplify compliance, improve ease of doing business, extend social security to the informal sector, and update outdated industrial relations framework.

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Main Provisions

Code	Consolidated Acts	Core Objective & Key Highlights
Code on Wages, 2019	Equal Remuneration Act, Minimum Wages Act, Payment of Wages Act, Payment of Bonus Act	• Extends statutory minimum wages and timely wage payments to **all workers** (organized & unorganized). • Establishes a uniform **National Floor Minimum Wage** set by the Central Government. • Mandates equal remuneration regardless of gender for similar work.

Code	Consolidated Acts	Core Objective & Key Highlights
Industrial Relations Code, 2020	Trade Unions Act, Industrial Employment (Standing Orders) Act, Industrial Disputes Act	• Raises threshold for government permission before retrenchment, lay-offs, or closure from **100 to 300 workers**. • Mandates a **14-day advance notice for strikes** in all industrial establishments. • Recognizes **Fixed-Term Employment (FTE)** with pro-rata statutory benefits.
Code on Social Security, 2020	EPF Act, ESI Act, Payment of Gratuity Act, Maternity Benefit Act, Unorganised Workers' Social Security Act, etc. (9 laws)	• Broadens definitions to extend EPF, ESI, and maternity coverage to **gig workers, platform workers, and unorganized workers**. • Mandates a digital **e-Shram registry** and dedicated social security funds financed partly by aggregators. • Reduces the gratuity eligibility threshold for fixed-term employees from 5 years to 1 year.

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Code	Consolidated Acts	Core Objective & Key Highlights
Occupational Safety, Health and Working Conditions (OSH) Code, 2020	Factories Act, Mines Act, Contract Labour Act, Inter-State Migrant Workmen Act, etc. (13 laws)	• Replaces multiple licenses with a **single, unified registration** for establishments. • Permits women to work night shifts (7 PM to 6 AM) across all sectors, subject to consent and safety measures. • Mandates free annual health check-ups for workers over a prescribed age threshold and formalizes journey allowances for migrant workers.v

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Core Structural Impact Across Sectors

- **Definition of "Wages":** Binds basic pay plus dearness allowance to constitute at least **50% of the total remuneration package**. Allowances exceeding 50% are counted as wages, impacting PF contributions and take-home pay structures.
- **Flexibility vs. Protection:** Provides employers greater operational elasticity in hiring fixed-term staff while institutionalizing social safety nets for informal and platform workforce segments.
- **Implementation Status:** Labor falls under the **Concurrent List** (List III) of the Seventh Schedule of the Indian Constitution. While Parliament enacted all four codes, complete nationwide rollout requires final rule notification by both the Central Government and all State/UT Governments.