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## RECENT AMENDMENTS TO INDIAN LABOUR LAWS

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### I. INTRODUCTION:

India has been undergoing many changes in recent times where a remarkable transformation has seen in the Labour law framework focusing on smooth-running of its vast and often complex system of labour laws through the codification of defunct and splintered laws into four encompassing labour laws: the Code on Wages, 2019; the Industrial Relations Code, 2020; the Code on Social Security, 2020; and the Occupational Safety, Healthy and Working Conditions Code, 2020. These amendments create an entire new approach which meant to bring these labour laws on par with the shifting economic circumstances and contemporary global standards. The principal aim behind these amendments is to consolidate, simplify, and rationalise the existing legal framework to foster ease of compliance for employers while enhancing protections for workers, especially in the informal sector. To improve the India's ranking in the Ease of Doing Business Index, to attract foreign investment and modernize the labour market to showcase the realities of the gig and the platform based-economy<sup>1</sup>. And the government has concurrently made an effort to find a proper balance between security of employees and the organisation's adoptability which keeps going to remain at an issue or argument for the labour rights activists and trade unions.<sup>2</sup>

### II. BACKGROUND: THE IMPERATIVE FOR REFORM

India's labour laws were initially made up of numerous statutes which frequently addressed precisely the same issues. Prior to these amendments there has been approximately more than 40 central labour regulations which dealt with various aspects of employment along with a numerous of state- specific legislations. These laws have been established ahead of the liberalization, typically carried on colonial legacies, strict descriptions, and incompatible

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<sup>1</sup> World Bank, Doing Business 2020 Report.

<sup>2</sup> ILO India, "Labour Law Reforms in India: An Analysis," ILO Brief, 2021.

limits. The Factories Act of 1948, the Industries Disputes Act, 1947, and the Trade Unions Act of 1926 all served as essential legislations at that time, which failed to evolve with the changing landscape particularly in this gig and unorganised economy sectors. This fragmented legal system rendered it difficult for both employees and employers to comply with the regulations developed unpredictability and enabled for arbitrage in regulation. The Second National Commission on Labour suggested codifying all of the present labour laws towards extensive regulations to make it simpler to adhere to the rules and make arrangements that employees are safeguarded in an economy which is shifting rapidly. The Commission observed that “a multiplicity of laws, definitions and authorities created a jungle of legislation,” which hindered both compliance and enforcement<sup>3</sup>

### **III. OVERVIEW OF THE FOUR LABOUR CODES**

The Parliament of India consolidated 29 central labour laws into four comprehensive Labour codes between 2019 and 2020. These regulations are intended to improve and simplify India’s complicated labour and employment regulations enabling commercial transactions while safeguarding the rights of the workers. The Code on wages, 2019 consolidated four key labour laws which includes the Minimum Wages Act, 1948, the Payment of Wages Act, 1936, the payment of Bonus Act, 1965, and the Equal Remuneration Act, 1976. Section 2(y) of the Code on Wages sets an established definition of "wages," ensuring uniform wage calculations for social security contributions to the cause, payments, incentives, and other advantages. The following regulations are incorporated in the Industrial Relations Code, 2020, which raises the limit for closures, layoffs, or retrenchments from 100 to 300 workers for industrial facilities. The Workplace Health and Safety Code, 2020, enhances worker legal rights and fosters accountability through the integration of 13 currently in effect laws, among them those demanding authorisation and letters of appointment. For the very first time, gig and platform workers are incorporated in the Code on Social Security, 2020, which connects nine laws.

### **IV. RECENT DEVELOPMENTS:**

#### **1. Timeline for Implementation and State Regulations:**

- The majority of states and the federal government have completed draft regulations for each of the four codes as of 2025.

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<sup>3</sup> Second National Commission on Labour, Report of the National Commission on Labour (2002), Ministry of Labour and Employment, Government of India.

- While medium and small businesses have up to two-year phased timelines, large businesses (those with more than 500 employees) must comply immediately.
- Draft regulations for the Wage Code, IR Code, and Social Security Code have been released by 34 states and UTs, while the OSHW Code has been released by 33.

## **2. Changes to the Minimum Wage**

- A number of states and union territories updated their minimum wage rates to reflect shifts in the Consumer Price Index.
- Starting on October 1, 2024, the wages for unskilled labourers are ₹783/day, semi-skilled labourers are ₹868/day, and highly skilled labourers are ₹1,035/day.

## **3. Simplified Adherence**

- introduction of filing systems, single-window registration, and a five-year common licence for firms.
- ease of doing business and a decrease in the burden of compliance.

## **4. Reforms That Incorporate Gender:**

- States like Maharashtra and Haryana have revised their laws to improve the safety and participation of women in the workforce.
- While employment between 10 p.m. and 5 a.m. is still forbidden, Maharashtra now allows women to work from 6 a.m. to 10 p.m. with required security and transportation provisions.
- Policies for gender-neutral parental leave and mandatory childcare facilities are being put into place.

## **5. Protections for Gig and Platform Workers**

- The Platform-Based Gig Workers (Registration and Welfare) Act, 2023, which required gig workers to register and participate in welfare programs, was passed by Rajasthan.
- Gig and platform workers across the country are eligible for insurance and pension benefits under the Social Security Code.

## **6. Additional Notable Modifications**

- Mathadi, Hamal, and Other Manual Workers in Maharashtra (Employment and Welfare Regulation)

## **V. IMPACT OF LABOUR LAW REFORMS ON THE INDIAN ECONOMY:**

Recent labour law reforms in India, notably the consolidation of 29 central statutes into four comprehensive codes, represent a major shift in the regulatory environment. These reforms aim to balance worker protections with economic flexibility, enhance the ease of doing business, and foster inclusive growth.

### **1. Ease of Doing Business and Investment Climate**

- **Simplified Compliance:** The new codes reduce bureaucratic hurdles by streamlining registrations, filings, and returns, making it easier for businesses—especially MSMEs—to operate and expand.
- **Attracting Investment:** A predictable and unified labour regime encourages both domestic and foreign direct investment (FDI), positioning India as a more attractive destination for global manufacturing and services.
- **Reduced Administrative Overhead:** Uniform definitions and digital compliance lower costs for enterprises, freeing up resources for productive investment.

### **2. Employment Generation and Labour Market Flexibility**

- **Job Creation:** By making it easier to hire and retrench workers, the reforms are expected to boost job creation, particularly in sectors with fluctuating demand such as manufacturing and services.
- **Formalization of Workforce:** Extending social security and minimum wage protections to gig, platform, and informal workers helps bring a larger share of the workforce into the formal economy, increasing productivity and tax compliance.
- **Sectoral Impact:** Industries like manufacturing benefit from reduced administrative burdens, while IT and services gain from flexible work arrangements and streamlined compliance.

### **3. Wages, Social Security, and Worker Welfare**

- **Universal Minimum Wage:** The introduction of a national floor wage and regular revisions ensure fair compensation across regions, reducing wage disparities and supporting equitable growth.
- **Expanded Social Security:** Coverage now includes gig and platform workers, providing insurance, pensions, and maternity benefits to a wider segment of the workforce, which can boost productivity and consumer demand.

- Occupational Safety: Enhanced safety standards reduce workplace accidents, lower turnover, and improve overall productivity.

#### **4. Gender and Regional Inclusion**

- Gender Equality: Mandating equal remuneration and safer work environments encourages greater female participation in the workforce, fostering diversity and innovation.
- Bridging Regional Gaps: The floor wage and uniform regulations help promote balanced regional development by encouraging businesses to expand into less developed areas.

#### **VI. CHALLENGES:**

- Implementation Gaps: Effective enforcement varies across states, and awareness among informal workers remains a challenge.
- Compliance Costs for Small Businesses: While compliance is simplified, mandatory social security contributions may increase costs for small enterprises.
- Job Security Concerns: Easier retrenchment norms could lead to increased job insecurity for some categories of workers, especially in large enterprises.

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