



A REVIEW OF PROS AND CONS OF NEW LABOUR CODES

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ABSTRACT

This research article provides a comprehensive analysis of the policy transitions, labour governance shifts, gender inclusion reforms, working hour regulations, gig worker protections, compliance mandates, and occupational safety requirements outlined in the reforms. The study is based on qualitative and descriptive research methodology of the changes in the labour legislations. The findings reveal that wage structure standardization, enhanced women's safety provisions, digital compliance compulsion, and expanded social security coverage.

KEYWORDS : Labour Codes; Industrial Relations; Occupational Safety; Social Security**INTRODUCTION**

India's labour ecosystem historically operated under a fragmented legal structure consisting of 29 central labour laws, leading to regulatory complexity (Indus Action, 2025). The introduction of four unified Labour Codes aims to simplify compliance, formalize employment, reinforce labour protections, and align India's labour framework with global standards. Past studies on Indian labour reforms highlight issues such as wage disparity, gender-based workplace exclusion, limited gig worker protections, and challenges in compliance due to outdated administrative systems (Mishra, A., 2024). Researchers have emphasized the importance of standardizing wage definitions, expanding social security, and adopting technology-enabled compliance systems (Deakin, S., et al., 2015). Recent literature recognizes the rise of platform-based employment and calls for integrating gig workers into mainstream social protection frameworks. The 2025 Labour Codes respond to many of these long-standing gaps.

This article analyzes these reforms strictly based on the provided impact summary, focusing on compensation restructuring, labour rights, safety mechanisms, and employer obligations.

OBJECTIVES

1. To examine the consolidated framework and structural design of the 2025 Labour Codes.
2. To investigate the impact of wage restructuring measures on employees and employers.
3. To evaluate gender inclusion and women's safety reforms.
4. To identify compliance risks and administrative challenges emerging from the new codes.

METHODOLOGY

This study adopts a descriptive research methodology. Data used in this research consists of secondary sources. A qualitative content analysis framework was used for coding and categorizing the information under thematic clusters such as compensation, safety, inclusion, gig economy, industrial relations, and compliance requirements (Deakin, S., et al., 2015).

The analysis is based solely on the provided summary; no external legal sources were used. The study is descriptive and does not include empirical validation (e.g., surveys or interviews).

ANALYSIS AND DISCUSSION:

The major changes incorporated with effect from 21st November, 2026 are

Major Changes Incorporated:

The major changes incorporated are (Indus Action, 2025)

1. Compensation & Wages: Mandatory 50 percent basic salary component, 1-year gratuity, pay parity audits, fixed timelines for salary settlement.
2. Working Hours: 48-hour work-week standardization, 12-hour shifts allowed, revised leave accrual rules.
3. Women's Reforms: Night shift permissions with safety requirements, maternity and adoption leave, crèche facilities for 50 or more employees (Chigater, Shraddha, 2021).
4. Industrial Relations: Retrenchment rules for 300 or more employees, 15-day reskilling fund, 60-day layoff notice (Bhuta, 2022).
5. Contract Labour: Core vs. non-core activity definitions, enhanced social security protections.
6. Inclusion Measures: Recognition of transgender employees, gender-neutral restrooms, anti-discrimination obligations.
7. Compliance Requirements: Single digital portal, compulsory digital records, appointment letter mandate, inspection reforms.
8. Healthcare & Safety: Mandatory annual health tests (40 or more employees), safety committees (500 or more employees), accident compensation expansion.
9. Gig & Platform Workers: Social security contribution (1–2 percent), PF/ESI extension, Aadhaar-linked benefits (Indus Action, 2025).
10. Cost Implications: Increased employer costs due to structural wage changes, crèche setup, gig worker contributions.
11. Compliance Risks: Risks of penalties arising from salary structure violations, missing facilities, outdated registers.
12. Numerical Benchmarks: Compilation of exact numerical requirements such as 50 percent basic on total emoluments, 7-day wage deadline, etc.

The study's findings indicate that the Labour Codes represent a major paradigm shift toward modernization, standardization, and inclusivity (More, Abhijit Anil, and Sangram Jadhav, 2024). The 50 percent salary rule significantly alters payroll structures, especially for industries that followed variable-heavy compensation models. Gender reforms, support for night shifts, maternity benefits, and creche facilities, enhance female workforce participation (Chigater, Shraddha, 2021). Gig worker inclusion marks a landmark development in social protection (Mishra, A., 2024). However, compliance burdens and increased operational costs pose challenges for small and medium enterprises. The shift to digital compliance may contribute to long-term transparency but requires initial investment.

Pros for Employers:

The major impact on employers is summarized in the below lines (More, Abhijit Anil, and Sangram Jadhav, 2024)

Employers should revise compensation structures early to ensure 50% basic wage compliance(Indus Action,2025).

HR departments should align maternity, adoption, and creche policies with new mandates.

Organizations must prepare digital systems to replace physical registers.

Firms with 40 or more employees should budget for mandatory health checks and childcare facilities.

Platforms employing gig workers should establish systems for turnover-based contributions.

Training programs should be conducted to familiarize managers and employees with new legal requirements.

Cons For Employers And Employees

- The cost of delivery for platform based employers will increase.
- The occupational categorization will be difficult.
- The labour code is combination of different occupation based laws. The code creates confusion regarding specific application of clause to the occupation,
- The code is too lengthy to remember. The occupational health and safety code has 64 definitions.
- The major rules and regulations are to be drafted by the implementing state governments.

CONCLUSION

The 2025 Labour Code reforms consolidate and modernize India's labour governance framework with major implications for both employers and workers. They introduce robust protections, digital compliance mechanisms, and social welfare expansion while encouraging gender equality and workplace safety. Organizations must undertake comprehensive internal restructuring to comply with wage rules, facilities requirements, gig worker contributions, and record-keeping obligations. The reforms overall signify progressive modernization aligned with global labour standards.

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