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## MAGAZINE NOTES

# New Labour Laws 2025 — India's Biggest Labour Reform Since Independence

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CURATED &amp; WRITTEN BY

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# New Labour Laws 2025 — India's Biggest Labour Reform Since Independence

 **Kurukshetra** Chapter 3 · 3 min read ·

Four Labour Codes became effective on **21 November 2025**, consolidating **29 central labour laws** into a unified framework — the most comprehensive labour reform since Independence.

## The Four Labour Codes

| CODE                      | YEAR PASSED | LAWS CONSOLIDATED                                                                              |
|---------------------------|-------------|------------------------------------------------------------------------------------------------|
| Code on Wages             | 2019        | 4 laws (Minimum Wages Act, Payment of Wages Act, Payment of Bonus Act, Equal Remuneration Act) |
| Industrial Relations Code | 2020        | 3 laws (Trade Unions Act, Industrial Employment, Industrial Disputes Act)                      |
| Code on Social Security   | 2020        | 9 laws (EPF, ESI, Maternity Benefit, Gratuity, Building Workers, etc.)                         |
| OSH&WC Code               | 2020        | 13 laws (Factories Act, Mines Act, Contract Labour, Inter-State Migrant Workers, etc.)         |

## Twelve Game-Changing Reforms

| #  | REFORM                                                | IMPACT                                        |
|----|-------------------------------------------------------|-----------------------------------------------|
| 1  | <b>National Floor Wage</b> for all workers            | Universal minimum wage protection             |
| 2  | Uniform wage definitions                              | Transparency — ends ambiguity across states   |
| 3  | Social security for <b>gig and platform workers</b>   | First-ever legal recognition                  |
| 4  | Gratuity after <b>1 year</b> for fixed-term employees | Reduced from 5 years                          |
| 5  | <b>Mandatory appointment letters</b>                  | Formalisation of employment                   |
| 6  | <b>Double wages</b> for overtime                      | Stronger overtime protection                  |
| 7  | Reduced leave eligibility period                      | Earlier access to earned leave                |
| 8  | Women permitted for <b>night shifts</b>               | With safety measures and consent requirements |
| 9  | Formal <b>work-from-home</b> recognition              | Post-COVID workplace flexibility legalised    |
| 10 | Free annual health check-ups                          | For employees above <b>40 years</b>           |
| 11 | Mandatory timely wage payments                        | Digital/electronic payments encouraged        |
| 12 | Compensation for certain <b>commuting accidents</b>   | Extended workplace injury coverage            |

## Sector-Wise Impact — Detailed Analysis

### Gig and Platform Workers:

- **First legal definition** of gig and platform workers in Indian law
- Aggregators must contribute **1-2% of annual turnover** (capped at 5%) to social security fund
- **Aadhaar-linked Universal Account Number (UAN)** for benefit portability across platforms
- Coverage: Uber, Ola, Swiggy, Zomato, Urban Company drivers/delivery partners

### Fixed-Term Employees:

- Full parity with permanent employees — leave, medical benefits, social security
- Gratuity eligibility reduced to **1 year** (from 5 years under earlier law)

### Women Workers:

- Legal prohibition of gender discrimination; **equal pay for equal work** mandate
- Night shift permission with mandatory safeguards (transport, security, consent)
- Women's representation mandatory in **grievance committees**

- Extended definition of dependents — includes **parents-in-law**

**Mine Workers:**

- Working hours capped at **48 hours/week**
- Certain commuting accidents recognised as employment-related injuries

**Hazardous Industry Workers:**

- **Free annual health check-ups** mandatory
- Mandatory **safety committees**
- National safety standards for hazardous chemicals

**MSME Workers:**

- Universal minimum wages coverage for the first time
- Standard working hours, overtime payments, paid leave

**Textile Workers:**

- Equal wages and welfare benefits
- **PDS portability** for migrant textile workers
- Claims period extended to **3 years**
- Double wages for overtime work

**Media and Creative Workers:**

- Formal appointment letters required for the first time
- Clear specification of wages, terms, and entitlements

**| Global Context**

- **ILO (June 2025):** Moving toward binding international standards for platform/gig workers
- ILO estimate: **2.78 million annual worker deaths** due to occupational accidents and diseases worldwide

**| Implementation Challenges**

- Wage definition ambiguities — treatment of variable pay, stock options, performance bonuses
- Increased gratuity liabilities for employers (1-year eligibility)
- Retrospective financial provisioning concerns for businesses
- Workforce reclassification needs — distinguishing employees from contractors
- Industries dependent on contract labour face adjustment costs
- States need to frame corresponding rules (labour is a Concurrent List subject)

**UPSC Angle**

- **GS2:** Labour reforms, social security, gig economy governance, cooperative federalism (Concurrent List)
- **GS3:** Employment, industrial relations, informal sector formalisation
- **Interview:** “Are India’s new labour codes pro-worker or pro-business? Can they balance both?”
- **Essay:** “Labour reform in India — balancing flexibility for employers with security for workers”

Source: [NextIAS Kurukshetra January 2026 Summary](#)



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