

News

What has changed in India's labor laws after 29 Acts were repealed?



Four combined legislation that impose new compliance requirements replace a decades-old set of sector-specific laws.

On Friday, the Central government legally repealed 29 Central labor Acts and implemented the Code on Wages (2019), the Industrial Relations Code (2020), the Occupational Safety, Health and Working Conditions (OSHC) Code (2019), and the Code on Social Security (2020).

Four consolidated statutes that provide new compliance obligations, standardized terminology, and uniform regulatory standards across businesses replace a decades-old

collection of sector-specific regulations.

India's labor laws were passed at various times between the 1930s and the early 2000s under the previous administration, each with its own definitions of "**wages**," "**worker**," "**establishment**," and "**employer**." Compliance was dispersed: different licenses, registers, and inspectorates applied to factories, contract labor, stores, construction companies, and transportation units.

The labor system presently operates under four codes that unite wage regulation, workplace safety, social security, and industrial relations after 29 Acts were repealed. In terms of paperwork, record-keeping, registration, social security contributions, and safety requirements, they place new obligations on employers.

Which Acts have been repealed?

The following statutes cease to exist as a result of the notification:

The Payment of Wages Act of 1936, the Minimum Wages Act of 1948, the Payment of Bonus Act of 1965, and the Equal Remuneration Act of 1976 were all repealed.

The Industrial Disputes Act of 1947, the Trade Unions Act of 1926, and the Industrial Employment (Standing Orders) Act of 1946 were all repealed.

The following Acts pertaining to safety and working conditions were repealed (13): Factories Act 1948; Mines Act 1952; Dock Workers Act 1986; Building and Other Construction Workers Act 1996; Contract Labor Act 1970; Inter-State Migrant Workmen Act 1979; Plantations Labor Act 1951; Working Journalists Act 1955; Working Journalists (Rates of Wages) Act 1958; Beedi and Cigar Workers Act 1966; Motor Transport Workers Act 1961; Sales Promotion Employees Act 1976; and Cine Workers & Cinema Theatre Workers Act 1981.

The Employees' Compensation Act of 1923, the ESI Act of 1948, the EPF Act of 1952, the Employment Exchanges Act of 1959, the Maternity Benefit Act of 1961, the Payment of Gratuity Act of 1972, the Cine Workers Welfare Fund Act of 1981, the Construction Workers' Welfare Cess Act of 1996, and the Unorganized Workers Social Security Act of 2008 were all repealed.

What are the benefits of the new labor codes?

2019 Code on Wages

The term "wages" is defined uniformly throughout the code using an inclusion-exclusion formula.

All workers, not just those with regular jobs, are entitled to minimum pay.

standardized workday procedures; overtime is paid twice as much.

Failing to pay wages can result in a punishment of up to ₹50,000 for the first offense, three months in jail, or a fine of up to ₹1 lakh for subsequent offenses.

wage slips, registers, and stringent payment deadlines (final earnings upon termination within two working days; monthly wages before the seventh day of the next month).

2020 Industrial Relations Code

Trade unions are legally recognized by a Negotiating Union or Negotiating Council.

Established with an employer contribution of 15 days' earnings, the worker re-skilling fund provides training for laid-off employees and must be paid within 45 days of the layoffs.

Mass casual leave is now included in the definition of "strike" when at least 50% of an industry's workforce abstains.

For businesses with 300 or more employees, layoff, retrenchment, and closure thresholds are reset for previous government approval needs.

The 2019 Occupational Safety, Health, and Working Conditions Code

All businesses with ten or more employees must register once, with the exception of mines and docks.

Reports of accidents and risky events are now required.

Newsroom staff are subject to safety and working conditions regulations since working journalists are specifically included in the definition of "worker."

Subject to agreement and safety precautions, women are permitted to work in all places, including after 7 PM.

Free yearly health examinations are mandated in specific groups, such as workplaces with hazardous processes.

In certain establishments, safety committees may be required.

Every employee who has an appointment must have an appointment letter.

The term "**work-from-home**" specifically refers to a workplace. The basic duty to guarantee a "workplace is free from hazards" extends employer responsibilities to remote work sites, including ergonomic norms and safety maintenance.

Uniform registration is made possible by a national database for unorganized workers, including gig, platform, and migrant labor. In order to facilitate the provision of targeted welfare programs and social security benefits, the site is intended to establish an extensive National Database of Unorganized Workers (NDUW) connected with Aadhaar.

Social Security Code, 2020

combines welfare board programs, PF, ESI, gratuity, and maternity benefits.

The OSHWC Code, a complement to this Code, expands the concept of "family" to include dependent grandparents in order to provide social security benefits.

Uniform registration is made possible by a national database for unorganized workers, including gig, platform, and migrant labor.

Gig and platform workers are recognized by law, and aggregators are required to make contributions.

Fixed-term employees will receive a gratuity after a year rather than five.

Subject to mutual consent, work-from-home arrangements are specifically acknowledged in service conditions for women returning after maternity leave.

defines a "home-based worker" as an individual who, for compensation, produces goods or services for an employer at his house or another location of his choosing that is not the employer's place of employment, regardless of whether the employer supplies the equipment or materials.

The main disadvantages of the new labor laws

1. Tighter strike laws

The Industrial Relations Code greatly restricts workers' ability to organize collective action by requiring prior notification for all strikes, extending prohibition periods, and expanding the definition of strike to encompass mass casual leave.

2. Increased protection thresholds

By raising the standing-orders threshold to 300 employees, formal safeguards for workers in businesses with less than 300 employees are diminished, making it simpler to modify service conditions.

3. Retrenchment is simpler for mid-sized businesses

Establishments below the 300-worker level can close or reduce staff with less scrutiny because prior government approval is only needed beyond that threshold.

4. A complicated definition of "wage"

The Wage Code essentially changes how salaries must be organized by introducing a single legislative definition of "wages" based on a strict inclusion-exclusion criteria. All other components, such as HRA, commissions, bonuses, overtime, PF and ESI payments, conveyance, special allowances, and reimbursements, are considered exclusions; only basic pay, dearness allowance, and retention allowance are considered "**wages.**"

A obligatory 50% cap on these exclusions is then imposed by the Code. The surplus must be brought back into "wages" if the sum of all allowances and omitted components exceeds 50% of the employee's total compensation.

This method compels firms to adjust remuneration structures such that the core wage makes up at least half of total pay, so preventing the long-standing habit of keeping basic pay low and allowances high. The rule may result in frequent wage recalculations, impacting PF, ESI, bonus, and gratuity computation all at once, as allowances and variable components change from month to month. The salary formula is one of the most controversial and administratively challenging aspects of the new regime because this one definition applies to all four Codes, making any mistake or misclassification a danger of multi-statute non-compliance.

5. Strong reliance on upcoming laws and plans

Several key provisions including those related to gig-worker benefits, safety norms, working-hour rules and welfare schemes depend on subordinate rules and schemes yet to be framed, delaying full implementation.

6. Single registration can dilute sector-specific oversight

The OSHWC Code's single licence and unified registration system may reduce the granularity of inspections, making sector-specific violations harder to identify.

7. Work-from-home recognised, but unregulated

While acknowledged in the IR Code, there are no safeguards for working hours, cost sharing, ergonomics or data-security obligations, leaving wide discretion to employers.

8. Implementation burden during transition

Migrating from 29 repealed Acts to four Codes requires reclassification, new documentation, fresh registrations and changes to HR/payroll systems, increasing administrative load for both employers and inspectors

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