

LABOUR LAW REFORMS 2025: A CRITICAL STUDY OF THE IMPACT OF LABOUR REFORMS ON VARIOUS SECTORS AND CHALLENGES FACED BY THEM

by

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INTRODUCTION:-

Labourers are rightfully considered to be the backbone of the economy of a country. Their skills, experience, knowledge, etc is what gives a cumulative upper hand to a country that plays a vital role in the overall development of a country. Labour rights are hard earned rights that are dynamic and changing in nature in alignment with growth/ development of a country. It is therefore important that the state as well as the policy makers frequently review the needs of the labourers from time to time and amend or pass legislations in order to enhance labour development.

Recently, on 21st November 2025 India enacted 4 new labour codes namely;

Code on Wages, 2019

Code on Social Security, 2020

Industrial Relations Code, 2020

Code on Occupational Safety, Health and Working Conditions, 2020.

These new labour codes aim to subsume 29 existing labour legislations and consolidate, streamline various provisions to eliminate discrepancies to a greater extent. While delivering a speech in the parliament Prime Minister Dr. Narendra Modi stated that “the much-awaited labour reforms have been passed. These labour reforms will accelerate the pace of economic growth. These labour reforms will ensure ‘Ease of Doing Business’ and are futuristic legislations.”¹ Statistically, more than 90% of the labourers in India belong to the informal

¹ Ministry of Information and Broadcasting, *New Labour Code for New India: Biggest Labour Reforms in Independent India* (Government of India 2023)
<<https://labour.gov.in/sites/default/files/labour_code_eng.pdf>> accessed 3 April 2026.

sector such as gig workers, platform workers, etc.² This regards a paradigm shift in the working of the labour laws in India.

The impetus for consolidation was not merely administrative convenience but arose from documented regulatory dysfunction spanning several decades. The Second National Commission on Labour, which submitted its report in June 2002, observed that India was functioning under more than 40 central labour laws and nearly 100 state labour laws, many of which overlapped or directly contradicted one another, placing workers and industries in a cycle of confusion where rights were difficult to enforce and compliance remained burdensome.³ Prior to the implementation of the four codes, firms operating in India were estimated to face over 69,000 compliances annually under 1,536 legal provisions, a burden that disproportionately deterred formalisation among micro, small, and medium enterprises and reinforced a culture of regulatory avoidance.⁴

SIGNIFICANCE OF LABOUR REFORMS OF 2025:-

The new labour codes aim to do so. It aims to strike a balance between employers and employees to serve and manage the interests of both parties. There was no dispute about the fact that the legal framework back then failed to meet the changing demands of the society and the transition that India was undergoing during the period of economic policy in India. The labour laws of independent India derive inspiration from the views expressed by nationalist leaders during the freedom struggle, debates in the Constituent Assembly, provisions of the Constitution and international conventions and recommendations. Today, more so than ever, there is a requirement to revisit and enhance the legislation to suit the changes of the economy so that labourers/ employees feel that their interests are being discussed and employers feel that compliances can be easily adhered to which shall in turn increase their business growth. The new labour codes have brought considerable changes such as change in provision relating to gratuity, leave encashment, defining informal sector labourers, working hours for women, etc.

² Govindan Raveendran and Joann Vanek, 'Informal Workers in India: A Statistical Profile' (WIEGO Statistical Brief No 24, August 2020) <<https://www.wiego.org/wp-content/uploads/2020/10/WIEGO_Statistical_Brief_N24_India.pdf>> accessed 3 April 2026.

³ 'Labour Gains: The New Labour Codes Align India with the Best International Practices' (MyGov, 2025) <<<https://blog.mygov.in/editorial/labour-gains-the-new-labour-codes-align-india-with-the-best-international-practices/>>> accessed 3 April 2026.

⁴ 'Implementing Labour Reforms in India' (*Drishti IAS*, 24 November 2025) <<<https://www.drishtias.com/daily-updates/daily-news-editorials/implementing-labour-reforms-in-india>>> accessed 3 April 2026.

It is crucial to put forth a detailed analysis of these new codes as the implementation of the codes are taking place in phases and both the labourers as well as the employers are seeking complete disclosure from the policy makers on its implementation.

IMPACT ANALYSIS OF NEW LABOUR CODES ACROSS VARIOUS SECTORS:-

This work bases its analysis on four sectors, namely;

- Organised sector
- Unorganised sector
- Women
- Children

1- Organised Sector:-

A] Higher Accountability & Transparency: An important requirement put forth by the legislation is to review the minimum wages requirement every 5 years. Constant checks and developmental schemes further provide for the practical working of the transparency and accountability principles in practice. In hindsight, the legislation also aims to provide equal pay to male and female workers which draws its relevance from the right of equality under Article 14 of the constitution. It tries to eliminate workplace inequality based on gender discrimination. Labour codes introduced in the year 2025 aim to provide higher transparency between employers and their employees, organisations and their management, and the public at large. Along with keeping the notion of ‘ease of doing business’ in intent, the new codes in no manner curb the accountability requirements of the organisation towards the government, labourers and the public.

B] Working Hours of the employees: The legislation put forth a threshold for working hours for every employee. Ideally, an employee shall work for not more than 8 hours everyday. However, while drafting the legislation do not consider the time that an employee spends in the commute, or for work that is done specifically to reach the workplace on time.⁵ It shall be noted that law cannot be deprived of scientific reasoning and when the matter concerns the rights of the labourers the human angle shall definitely be exhausted before formulating the legislations and bringing them into effect. Medical institutes have put forth facts backed by

⁵ Kartik Shrivastava, ‘Evolution of Labour Law in India: A Three Dimensional Approach’ (2023) 3(4) *Indian Journal of Integrated Research of Law* <<<https://ijirl.com/wp-content/uploads/2023/08/EVOLUTION-OF-LABOUR-LAW-IN-INDIA-A-THREE-DIMENSIONAL-APPROACH.pdf>>> accessed 3 April 2026.

research regarding how working hours affects the mental and physical health of the workers if not kept confined to healthy standards.

The medical dimensions of this legislative gap are considerable. A landmark 2021 joint study by the World Health Organization and the International Labour Organization established that working in excess of 55 hours per week is associated with a 35 per cent higher risk of stroke and a 17 per cent higher risk of death from ischaemic heart disease; the study estimated that over 745,000 people worldwide died in 2016 from stroke and heart disease attributable to long working hours, making excessive working time the leading occupational risk factor for work-related disease burden globally.⁶ In a country such as India, where labour-intensive employment across both the formal and informal sectors routinely tests or exceeds internationally recommended thresholds, these findings lend urgent scientific grounding to the case for robust legislative oversight of permissible working hours.

C] Hire & Fire Policy: Workers have also complained about the new guidelines since they give businesses more freedom to terminate and recruit staff as they see fit. The Code changes the present requirement of 100 or fewer workers by allowing enterprises with up to 300 or less employees to terminate their employees without obtaining prior government clearance.⁷ While studying this policy it is important to understand that positivist scholars like John Austin believed that ‘Law is the command of the sovereign backed by sanctions’⁸ which means that if there are no sanctions the law cannot flourish. Though this might seem relevant in today’s world it shall be noted that not every situation can work on sanctions. Like HLA Hart mentions that while studying the society, there was a group of members who were being regulated on their own without the use of any sanctions or penalties. Therefore, there shall be some aspects that shall be left for regulation on its own with the trust of the society at large. The hire and fire policy supports this intention of the sociological jurists where employers are trusted with the provisions and its authenticity. It shall be noted that though a free hand is given to the employers, it shall at some point have the legal backing and a restrictive intent for checking the overall working and intent of the employers.

⁶ Frank Pega and others, ‘Global, Regional, and National Burdens of Ischaemic Heart Disease and Stroke Attributable to Exposure to Long Working Hours for 194 Countries, 2000–2016’ (2021) 154 *Environment International* 106595 <<<https://pmc.ncbi.nlm.nih.gov/articles/PMC7339147/>>> accessed 3 April 2026.

⁷ Occupational Safety, Health and Working Conditions Code 2020, s 14.

⁸ S Ajmera, ‘Historical Development of Labour Laws in India’ (2024) 7(1) *International Journal of Law, Management and Humanities* <<<https://ijlmh.com/wp-content/uploads/Historical-Development-of-Labour-Law-in-India.pdf>>> accessed 3 April 2026.

2- Unorganised Sector:-

Before understanding the impact of new codes on this sector it is important to lay down as to what comprises the unorganised sector. Examples include:⁹

Street vendors: Operating informally without fixed locations or formal business structures.

Small-scale manufacturing units: Informal businesses often unregistered with the government.

Domestic workers: Employment such as household cleaning and cooking, largely unregulated.

Agriculture: Many farmers operate informally without formal registration or adherence to regulations.

Self-employed workers: Carpenters, electricians, plumbers, and similar tradespeople usually work without official registration or regulation.

A] Infrastructural & Implementational Barriers:- Various political scholars raise the concern whether India is infrastructurally ready to provide for 90% of the employees and whether their requirements can be catered for. While throwing light on the shortcomings regarding implementation, scholars raise questions as to how well the government has resources and infrastructure for the electronic registration of unorganised workers, gig workers, and platform employees?¹⁰ The researcher after analysing this factor is of the opinion that though theoretically the government has recognised the needs of the unorganised sector, there is a need to study the practical implementation of these policies and they should be revised keeping in mind the available allocable resources to this sector.

B] Pro- Technology Legislations: Another parameter that scholars have criticised the 4 new legislations is that the laws require more e-filing approaches and technology driven systems for the employees. Though it aims to reduce the paperwork and old traditional methods of documentation and creating an environment for technological advancements across sectors, the government shall also consider the reality of the rural labourers as they might not be well acquainted with technological processes which will require them to gather help for even the smallest of the filings. This shall further increase dependency and reliability of labourers on other people thereby delaying even the simplest of the provisions. Though technology has advanced and is currently being used by almost every employee in some or the other form, it shall be noted that not all employees have their way around the apt use of technology for exercising it in their interest.

3- Women Sector:-

⁹ 'Difference Between Organised and Unorganised Sector' (*Vajiramandravi*, 24 September 2025) <<<https://vajiramandravi.com/current-affairs/difference-between-organised-and-unorganised-sector/>>> accessed 3 April 2026.

¹⁰ S Pengoriya, 'Critical Examination of India's New Labour Codes' (*Citizens for Justice and Peace*) <<<https://cjp.org.in/critical-examination-of-indias-new-labour-codes/>>> accessed 3 April 2026.

The pre-existing 29 labour laws which were enacted during different years of development included the provisions relating to women as per the society and its understanding and development of female inclusivity. Today the dynamics have changed where women are working outside of home as well and therefore there was a need to revisit the social security provisions by including women of today. The rights of women have been talked about time and again as they form part of the vulnerable group of the society from time immemorial.

The significance of these provisions is underscored by persistent structural inequities in women's labour market participation. According to the Periodic Labour Force Survey Annual Report for 2025, released by the Ministry of Statistics and Programme Implementation, the female Labour Force Participation Rate stood at 40.0 per cent in 2025, compared to 79.1 per cent for male workers in the same period.¹¹ Crucially, over 90 per cent of employed women in India continue to work in the informal sector, where access to social security, maternity benefits, and occupational safety protections has historically been limited or entirely absent, making the women-specific provisions of the new codes a matter of structural necessity rather than merely symbolic legislative gesture.

A] Working Hours for Women: Debatably Women and children remain to be the two sectors that have been gravely affected by the amendments in the previous labour laws or with the effect of enactment of the four new labour codes in India in 2025. Women are considered to be a minority section of the society and require special provisions for equal opportunities without the discrimination that exists based on gender. Section 43 of the Occupational Safety, Health & Working Conditions, 2020¹² expressly talks about working hours for women. Earlier, the legislation restricted women from working for night shifts due to security and safety concerns. However, with developed safety measures the women are now legally allowed to work night shifts by provisioning an express consent for working such shifts. This uplifts the working condition of women and their choice to work a night shift with the protection of law.

B] Section 4 (4) of the Industrial Relations Code 2020¹³ talks about representation of women in the establishment of the Grievance Redressal Committee. It states that the members of the committee shall not exceed 10 members where proper representation of women representatives shall be abided to. This further aligns with the initiative of the government to promote women inclusivity. It provides a platform for women to raise their concerns, bringing into light issues that need immediate lookout of the representatives. Moreover, family members of women employees now include in laws as well which extends benefits that can be given to those dependent in-laws.¹⁴

¹¹ Ministry of Statistics and Programme Implementation, *Periodic Labour Force Survey Annual Report 2025* (Government of India 2026) <<<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2246009>>> accessed 3 April 2026.

¹² Occupational Safety, Health and Working Conditions Code 2020, s 43.

¹³ Industrial Relations Code 2020, s 4(4).

¹⁴ PF Desk, 'Female Employees Can Now Add Parents-in-Law as Dependents under New Labour Laws' (*Financial Express*, 24 November 2025) <<<https://www.financialexpress.com/money/female-employees-can->

4- Children Sector:-

Labour codes have paid attention to limit child labour in any sector that leads to exploitation. ILO provides directives for such limitations which the member countries shall adopt through their legislations. The worst forms of child labour (WFCL) are defined as:

The domestic scale of child labour in India contextualises the importance of these legislative safeguards. According to Indian Census 2011 data cited by the International Labour Organization, approximately 10.1 million children in the age group of five to fourteen years were engaged as workers, constituting nearly 3.9 per cent of the total child population in that age group, with available evidence indicating that urban child labour was simultaneously increasing even as rural incidence declined.¹⁵ The inclusion of child protection commitments within the new labour codes thus reflects not only a domestic imperative to address persistent exploitation but also India's international obligations, given that the elimination of child labour by 2025 had been set as a target under Sustainable Development Goal 8.7 of the United Nations.

- a. All forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom, as well as forced labour, including forced or compulsory recruitment of children for use in armed conflict;
- b. The use, procurement or offering of a child for prostitution, for the production of pornography or for pornographic performances;
- c. The use, procurement or offering of a child for illicit activities, in particular for the production and trafficking of drugs.
- d. Work, which by its nature or circumstances in which it is carried out, is likely to harm the health, safety or morals of children (hazardous work), such harmful work to be determined by national authorities.¹⁶

IMPLEMENTAL CHALLENGES FACED BY THE SECTORS:-

1. Challenges faced by business organisations:-

The new labour codes are a rather extensive piece of legislation that requires experts to understand the law and break it down into colloquial language for easy understanding of the laws. Overcoming such challenges are generally time taking and requires a force of workers itself. During this transitional phase businesses end up recurring losses which can be monetary as well as non monetary in nature. The laws are expected to raise the cost of companies for

[now-add-parents-in-law-as-dependents-under-new-labour-laws-family-definition-tweaked-4054378/](#)>> accessed 3 April 2026.

¹⁵ International Labour Organization, 'Child Labour in India' (ILO Fact Sheet 2024)

<<<https://www.ilo.org/publications/fact-sheet-child-labour-india>>> accessed 3 April 2026.

¹⁶ International Labour Organization, 'Child Labour in a Nutshell' (ILO 2014)

<<<https://www.ilo.org/media/424531/download>>> accessed 3 April 2026.

employing each employee. This is because there has been a change in the calculations of parameters such as calculation of gratuity, leave encashment, provident fund, etc. The gratuity shall now be paid to every employee who has worked in an undertaking for more than 1 year.¹⁷ Good relationships between these parties result in higher progress rates, retention rates as well as skill building. Implementation of new labour codes can prove worrisome at this stage as there lacks awareness and understanding about the present laws. Trade unions have shown great discernment in accepting these new labour laws as they are of the thought that hard earned rights of the labourers will be hampered if such laws are implemented. The implementation of new labour codes have substantially raised the documentation that needs to be maintained by the companies. This is because along with the older requirements, employers must now also keep a track of the new compliances and how far they have been adhered to properly.

2. Challenges faced by employees:-

With the implementation of new labour laws the employees might find it challenging to understand their salary or wage structure which would create a sense of vulnerability. The law makers shall with immediate effect try and clear out such confusions which the employees are bound to face. Analysts now predict that the in-hand salary or remuneration which the employees will receive shall go lower than before. However, the benefits and allowances provided to them shall increase which would give the employees an option to plan their investments according to their requirement as per their situation. The new labour code provides that employees shall necessarily provide a 14 day notice to the employer before initiation of the strike. Such notice period is put in place so that there can be amicable solutions between the employer and its employees without the strike actually taking place in the organisation. The law makers aim to provide a solution based legislation which would not only redress grievances but shall also not let them arise in the first place.

3. Challenges faced by the government:-

The new labour codes have brought the intervention of technology for aspects such as grievance redressal on the respective portals. However, it shall be noted that such portals are often under maintenance which causes delay in resolving the matters. It is the duty of the government to make sure that the sites are in proper condition and are capable of resorting to heavy traffic. Few of the online grievance redressal portals are as follows;

- SAMADHAN Portal for labour related grievances¹⁸
- CPGRAMS¹⁹
- EPFiGMS²⁰

¹⁷ Code on Social Security 2020, s 53.

¹⁸ 'SAMADHAN Portal for Labour-Related Grievances' (Ministry of Labour and Employment) <<<https://samadhan.labour.gov.in/>>> accessed 3 April 2026.

¹⁹ 'Centralised Public Grievance Redress and Monitoring System' (Ministry of Personnel, Public Grievances and Pensions) <<<https://pgportal.gov.in/>>> accessed 3 April 2026.

²⁰ 'About EPFiGMS' (Employees' Provident Fund Organisation) <<<https://epfigms.gov.in/>>> accessed 3 April 2026.

When the four new labour codes were enacted trade unions such as AITUC amongst others showcased strong remorse asking for the non passing of these codes. Such protests and backlash from the trade unions made it difficult for the government to enact the laws early. The government shall take authoritative steps to limit any form of confusion regarding new laws and implementation shall be done in phases after proper review.

The scale and organisation of this opposition underscores a significant governance challenge for the new legal regime. Following implementation of the four codes on 21 November 2025, a coalition of ten major central trade unions, including the All India Trade Union Congress, the Indian National Trade Union Congress, and the Centre of Indian Trade Unions, mounted coordinated nationwide protests condemning the reforms as “deceptive fraud” against the working class, alleging that the codes dilute job security, erode collective bargaining rights, and weaken social security protections for organised, unorganised, and gig workers alike.²¹ These developments indicate that the success of the reform agenda will depend substantially on the government’s willingness to engage proactively with trade union concerns rather than relying solely on administrative notification and phased implementation.

FINDINGS:-

After conducting the research and making an attempt to understand the framework for labour laws in India the researcher has been able to gather the following findings through its researcher:-

1] The DWCP India 2023- 2027:²²- ILO has started an initiative of Decent Work Country Program for India from 2023-2027.

It offers a roadmap to guide the contributions of the ILO to India’s DecentWork agenda for the next five years. This program aims at fulfilling the principles laid down by ILO to be completely integrated by 2027 in Indian legislation.

2] The four labour codes have introduced various changes in the working of the labour laws in India which were necessary and to an extent mandatory for meeting global standards set by the UN. India aims to bring into the country increased foreign investment which is why laws shall be made which resonate with the provisions of international perspective as well.

²¹ Rajesh Roy, ‘Trade Unions in India Stage Nationwide Protests against New Labor Codes’ (*Associated Press*, 26 November 2025) <<<https://www.aol.com/articles/trade-unions-india-stage-nationwide-081726092.html>>> accessed 3 April 2026.

²² International Labour Organization, *Decent Work Country Programme India 2023-2027* (ILO 2023) <<<https://www.ilo.org/publications/decent-work-country-programme-india-2023-2027>>> accessed 3 April 2026.

3] There has been no declaration by the lawmakers regarding considering the raise in financial costs that would take place for the employers. This has created a sense of bias in the minds of the employers where they fear that their rights are not being catered to properly.

4] The subsumption of 29 labour codes into 4 codes have simplified the legislations and brought them under one roof. Such simplifications will result in the proper conduct of the labour laws in India in the coming times. This restructuring reduces multiplicity, eliminates overlapping provisions, and aims to simplify compliance. However, simplification in structure does not necessarily translate into ease of implementation.

5] The most famous provision that is being talked about under the enactment of these codes is the inclusion of gig workers in the recognised sector and provisions have been made to provide them with the benefits that other recognised employees receive under labour codes. The government remains silent on many aspects related to this provision which has raised insecurities in the minds of the gig workers and other unrecognised workers whether they will be provided the benefits in actual business and if so how much time will the implementation take.

CONCLUSION:-

The Labour Law Reforms of 2025 mark a significant shift toward consolidation, flexibility, and formalisation within India's labour framework. While these reforms aim to enhance ease of doing business and expand social security, their impact remains uneven across sectors. Organised industries may benefit from simplified compliance, whereas informal and labour-intensive sectors continue to face challenges in adaptation and enforcement. Key implementation barriers include lack of awareness, administrative capacity constraints, and ambiguities in interpretation. The success of these reforms ultimately depends on effective execution, stakeholder cooperation, and robust institutional mechanisms. A balanced approach ensuring both economic efficiency and protection of workers' rights is essential for achieving the intended objectives of inclusive and sustainable labour governance.

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