

**GOVERNMENT OF INDIA
MINISTRY OF LABOUR AND EMPLOYMENT
RAJYA SABHA
UNSTARRED QUESTION NO. 739
TO BE ANSWERED ON 05.02.2026**

Impact of new Labour Codes on corporates

739. # Smt. Sunetra Ajit Pawar:

Will the Minister of Labour and Employment be pleased to state:

- (a) whether it is a fact that due to implementation of new Labour Codes from November 2025, large companies like TCS and Infosys have recorded a significant decline in net profit during the third quarter;**
- (b) whether Government has assessed the additional financial burden on companies due to increased gratuity and leave encashment arising from new definition of 'wage'; and**
- (c) whether Government is taking any corrective measures to prevent the adverse impact of these rules on industrial development and investment?**

ANSWER

**MINISTER OF STATE FOR LABOUR AND EMPLOYMENT
(SUSHRI SHOBHA KARANDLAJE)**

(a) to (c): The Central Government has implemented the four Labour Codes with effect from 21.11.2025 across the country. The Government has also pre-published the draft Central Rules under the four Labour Codes on 30.12.2025 for inviting comments from the public. The four Labour Codes reduce multiplicity of definitions & authorities, facilitate use of technology in enforcement of labour laws, bring transparency & accountability in enforcement which will promote setting up of more enterprises and incentivize economic growth, labour welfare and quality employment generation.

By modernising labour regulations, enhancing workers' welfare and aligning the labour ecosystem with the evolving world of work, Labour Codes implementation lays the foundation for a future-ready workforce and stronger, resilient industries. The introduction of single registration, single all India license with validity of five years and unified returns provisions will reduce the compliance burden on the Employers. Further, simplified compliance will reduce administrative costs and decriminalization of offences replacing criminal penalties with fines will promote voluntary compliances.

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Under the Code on Wages 2019, the definition of “wages” has been broadened and rationalized to bring clarity and uniformity. The Code clearly demarcates inclusions (basic pay, DA and retaining allowance) and exclusions (such as HRA, conveyance, overtime, bonus, employer’s PF contribution, gratuity, commission, etc.) from the ambit of wages.
