GOVERNMENT OF INDIA
MINISTRY OF LABOUR AND EMPLOYMENT
RAJYA SABHA
STARRED QUESTION NO. 122
TO BE ANSWERED ON 30.07.2026

IMPACT OF LABOUR CODES

122 SHRI A. A. RAHIM:

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

(a)whether Government has assessed the impact of Labour Codes on employment security, contractual employment, retrenchment and layoffs since their implementation and if so, the findings thereof;
(b)the number of establishments that retrenched workers, laid off employees or closed operations under the Labour Codes, State-wise and sector-wise;
(c)whether any comparative study has been undertaken on retrenchments, layoffs, industrial disputes and formal employment before and after the implementation of Labour Codes; and
(d)whether Government proposes an independent review of implementation of Labour Codes and its impact on workers' rights and employment security?

ANSWER

MINISTER OF LABOUR AND EMPLOYMENT
(DR. MANSUKH MANDAVIYA)

(a) to (d): A Statement is laid on the Table of the House.

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STATEMENT REFERRED TO IN REPLY TO PART (a) TO (d) OF THE RAJYA SABHA STARRED QUESTION NO. 122 TO BE ANSWERED ON 30.07.2026 RAISED BY SHRI A.A. RAHIM REGARDING IMPACT OF LABOUR CODES.

(a) to (d): "Labour" is a subject in the Concurrent List of the Constitution of India. Accordingly, both the Central Government and the State Governments are responsible for the implementation and enforcement of labour laws within their respective jurisdictions.

The four Labour Codes, namely, the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020, came into force with effect from 21 November 2025. The Central Government notified the corresponding Central Rules on 8 May 2026. The State Governments are also in the process of notifying their respective Rules under the Labour Codes within their respective jurisdictions.

Under the Labour Codes, the Central Government and the State Governments take appropriate measures, within their respective jurisdictions, to safeguard the interests of workers and ensure compliance with the statutory provisions. In respect of establishments for which the Central Government is the appropriate Government under the Labour Codes, the Central Industrial Relations Machinery (CIRM) is entrusted with the responsibility of promoting harmonious industrial relations and protecting the interests of workers, including by addressing matters relating to termination of employment, retrenchment, lay-off and the prevention and settlement of industrial disputes.

The Labour Codes came into force only on 21 November 2025, the Central Rules were notified on 8 May 2026, and the State Governments are still in the process of notifying their respective Rules.

The Labour Codes, *inter alia*, contain several provisions aimed at strengthening the protection available to workers. These include the issuance of appointment letters; statutory safeguards relating to notice of termination, retrenchment compensation and preference in re-employment of retrenched workers; establishment of the Workers' Re-skilling Fund to facilitate the re-skilling of retrenched workers; provisions for Fixed Term Employment, under which fixed-term employees are entitled to wages, allowances and other statutory benefits not less favourable than those available to permanent workers, along with eligibility for gratuity on a pro rata

basis after rendering one year of service instead of the earlier qualifying period of five years; statutory recognition of Negotiating Unions and Negotiating Councils to strengthen collective bargaining; provisions relating to statutory minimum wages and their timely payment; social security benefits; and measures relating to occupational safety, health, welfare and improved working conditions.

Further, under the Industrial Relations Code, 2020, industrial establishments employing 300 or more workers are required to obtain prior permission of the appropriate Government before effecting lay-off, retrenchment or closure.

The Labour Codes also contain provisions for safeguarding the interests of contract labour. These include the obligation of the principal employer to ensure the provision of welfare facilities, such as canteens, restrooms, drinking water and first-aid facilities; ensuring timely payment of wages, with the principal employer being liable to make payment and recover the amount from the contractor in the event of default; provision of safe and healthy working conditions; access to first-aid and medical facilities; applicability of statutory provisions relating to working hours, overtime wages at twice the ordinary rate of wages, and leave; and the requirement that the contractor issue an experience certificate to contract workers upon completion of their service.

Further, under the Occupational Safety, Health and Working Conditions (Central) Rules, 2026, the principal employer is required to constitute a committee to address grievances of contract labour relating to health, working conditions and wages within 30 days. Where a grievance is not redressed within that period, the principal employer is required to forward the grievance electronically to the concerned Inspector-cum-Facilitator, who is required to dispose of the matter within 60 days.

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