

Is India's simplified labour framework truly future-ready?

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Barring implementation hiccups, the codes vault India into a flexible, inclusive era

By Suchita Dutta

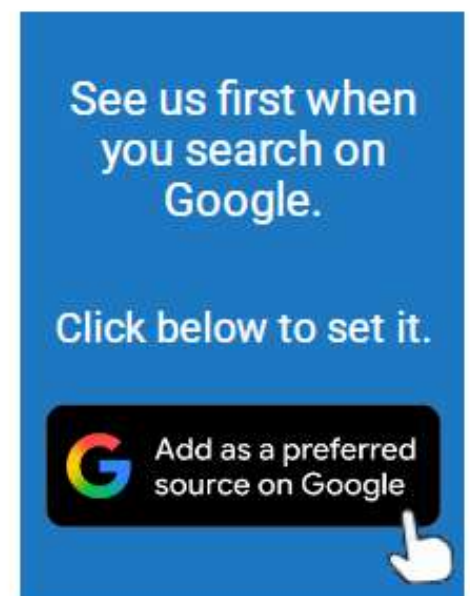
Updated - December 10, 2025 at 02:55 PM.



The labour codes promise inclusivity, but challenges like State-level adoption and union pushback loom | Photo Credit: ADNAN ABIDI

India's labour landscape underwent a seismic shift on November 21, 2025, when the Ministry of Labour and Employment notified the enforcement of four consolidated Labour Codes, rationalising 29 archaic central laws into a streamlined, modern framework. The Code on Wages (2019), Industrial Relations Code (2020), Code on Social Security (2020), and Occupational Safety, Health and Working Conditions (OSHWC) Code (2020) aim to foster a "protected, future-ready workforce" amid the nation's sprint toward a \$5 trillion economy.

But as gig work surges and global employment morphs, does this overhaul truly equip India for tomorrow's jobs? With social security coverage leaping from 19 per cent in 2015 to 64 per cent in 2025 — encompassing over 320 million workers — the codes promise inclusivity, but challenges like State-level adoption and union pushback loom.



The old regime, riddled with 1,536 acts, 69,233 compliances, and 6,618 annual filings, stifled SMEs and deterred FDI, trapping 90 per cent of the 500-million-strong workforce in informality. The new codes slash this by up to 80 per cent through single registrations, pan-India licences, and annual returns, easing business while mandating minimum wages, timely payments (within 15 days), and appointment letters for all — universalising dignity for unorganised sectors. This formalisation thrust could onboard 100-150 million workers by 2030, injecting ₹20-30 lakh crore into formal payrolls and amplifying consumption by 25-30 per cent, as RBI data shows formal workers spend more.

Social security

Future-readiness shines in adaptability to evolving work. The Social Security Code pioneers protections for gig and platform workers — projected to hit 23.5 million by 2030 — requiring aggregators to contribute 1-2 per cent of turnover to welfare funds for health, pensions, and disability aid. Aadhaar-linked portability ensures migrants (40 per cent of urban labour) access benefits nationwide, aligning with global trends where the gig economy, valued at \$582 billion in 2025, employs 435 million worldwide and contributes \$3.8 trillion annually. In the US, 36 per cent of the workforce freelances, generating \$1.5 trillion; Europe eyes 43 million platform jobs by 2025. India's codes mirror this by granting fixed-term employees (FTEs) gratuity after one year (versus five), equal pay, and leave — slashing exploitation in project-driven sectors like IT and manufacturing.

Globally, employment is flexing: 84 per cent of firms offer hybrid models, with activity-based workspaces (79 per cent adoption) and hot-desking (64 per cent) redefining offices. AI will transform 86 per cent of businesses by 2030, per the World Economic Forum, while gig revenue — 58 per cent from ride-sharing — fuels a \$2.17 trillion market by 2034 at 15.79 per cent CAGR. Women lead in virtual assistance and content (40 per cent US freelancers), yet face risks like violence; India's codes counter with night shifts for women (with safety), equal pay, and expanded family definitions for benefits — potentially lifting female participation from 18 per cent by 3.5 per cent. OSHWC mandates annual check-ups for over-40s, double overtime (up to 12-hour shifts with consent), and safety committees in 500+ employee units, cutting accidents in high-risk mining and textiles.

Formal staffing

Enter formal staffing: the unsung hero in this transition. Valued at \$21 billion in 2025, employing 7.23 million formally, it grew 15.3 per cent YoY in FY24, with net new jobs at 1.8 lakh quarterly. Constituting 60 per cent contract placements, it bridges informality to formality, offering average ₹22,000 monthly salaries — above minimum wages — and skilling for sectors like e-commerce (projected 12 per cent job growth in 2025). The codes amplify this: five year all-India licences and principal employer accountability for contract social security slash costs by 40 per cent, enabling scaling. ISF projects doubling formal placements to 15 million by 2030, tripling employment elasticity in manufacturing and supporting MSMEs — key to 25 per cent GDP contribution. With mandatory letters and wages that integrate millions, labour codes will help enhance retention amid global talent wars.

Yet, is it truly future-ready? Benefits abound: \$100 billion annual FDI influx, 13 per cent overall job growth in 2025, and alignment with gig regulations. The Industrial Relations Code raises lay-off thresholds to 300 workers and fast-tracks disputes via two-member tribunals, balancing flexibility with rights. But trade unions decry pro-employer tilts, and States lag in rule notifications — potentially delaying rollout. Enforcement via “inspector-cum-facilitators” must prioritise awareness over raids to avoid MSME distress.

In sum, yes — barring implementation hiccups — the codes vault India into a flexible, inclusive era. By embracing global flexi-trends and leveraging staffing’s bridge-building, they don’t just simplify; they strategise for a workforce whereby reducing 50 per cent informality (from current 85 per cent), as planned by Ministry of Labour and Employment, powering sustainable growth. As Prime Minister Modi tweeted, “Shramev Jayate!” — labour triumphs, and so does the economy.

The writer is Executive Director, Indian Staffing Federation