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UNDERSTANDING INDIA'S NEW LABOUR CODES: COMPREHENSIVE OVERVIEW AND IMPLICATIONS

India has introduced a major reform to its labour law system. Earlier, there were 29 different central labour laws. Now, these laws have been combined into four main labour codes. The goal is to make the system simpler, clearer, and more suitable for

today's work environment.

These changes are important for all businesses, including shipping companies, port operators, logistics providers, and offshore service companies. Employers should review their employment

contracts, salary structures, and workplace policies to ensure compliance with the new framework. Previously, India's labor laws were fragmented across multiple statutes covering wages, industrial relations, social security, and occupational



THOUGHT
for the MONTH

Peace cannot be
kept by force; it can
only be achieved by
understanding

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safety. The new framework consolidates these into four major codes:

1. **Code on Wages, 2019** – integrates the Minimum Wages Act, Payment of Wages Act, Bonus Act, and Equal Remuneration Act.
2. **Industrial Relations Code, 2020** – consolidates the Trade Unions Act, Industrial Disputes Act, and related laws.
3. **Social Security Code, 2020** – combines the Employees' Provident Fund Act, Employees' State Insurance Act, Gratuity Act, and other welfare provisions.
4. **Occupational Safety, Health and Working Conditions (OSHC) Code, 2020** – replaces 13 laws governing workplace safety, welfare, and working hours.

This consolidation reduces overlapping compliance requirements, standardizes procedures across sectors, and extends protections to previously unorganized and gig-sector workers.

Change in the Meaning of "Wages"

One of the most important changes under the new regime is the uniform definition of "wages." Earlier, employers often structured compensation with a lower basic salary and higher allowances, thereby limiting statutory contributions such as provident fund and gratuity. Under the new framework, allowances cannot exceed a prescribed proportion of total remuneration. A greater portion of salary must now be classified as "wages" for statutory calculations. As a result, employers may experience increased financial obligations towards social security contributions and retirement benefits. Organisations should therefore reassess their salary structures, payroll systems, and employment contracts to ensure compliance and anticipate cost implications.

More Flexibility in Layoffs

The Industrial Relations Code introduces greater flexibility for certain establishments. The threshold for obtaining prior government approval before layoffs, retrenchment, or closure

has been increased from 100 to 300 workers. This change provides operational flexibility, particularly for medium-sized enterprises and industries subject to market fluctuations. At the same time, the Code establishes clearer procedures for recognition of trade unions, resolution of industrial disputes, and regulation of strikes and lockouts. Employers should ensure that internal HR policies, grievance mechanisms, and disciplinary procedures are clearly documented and aligned with statutory requirements. Proactive internal governance can significantly reduce the risk of industrial disputes.

Social Security for More Workers

The Social Security Code expands coverage to include temporary or short term workers and online or digital platform workers (eg: Workers on Food Delivery Apps, Ridesharing Drivers, Freelance Designers or Developers etc.), a notable development reflecting the changing nature of employment relationships. This marks a shift toward broader social protection and inclusion of non-traditional workers. Businesses should carefully review their engagement models with contractors, consultants, and outsourced personnel. The expanded definitions under the Code may trigger new registration or contribution obligations. Proper classification of workers is essential to avoid compliance exposure.

Focus on Health and Safety

The Occupational Safety, Health and Working Conditions Code brings together various workplace safety laws under a unified framework. It prescribes standards relating to working conditions, safety measures, health facilities, welfare provisions, and working hours. In certain establishments, periodic health check-ups may be mandatory. For companies operating warehouses, ports, shipyards, offshore installations, and logistics centres, comprehensive safety audits and updated compliance records are advisable. Workplace safety is no longer merely an operational issue; it is a statutory and risk-management priority.

Simpler Compliance Process

A key objective of the reform is

simplification through digital processes, including online registration and electronic filings. While this reduces administrative complexity, it does not dilute employer responsibility. Labour regulation in India operates within a federal structure. Accordingly, state-level rules and notifications will play a critical role in implementation. Employers must monitor both central and state developments to ensure full compliance.

What This Means for Shipping Companies

Seafarers are mainly covered under separate maritime laws. But shore staff, port workers, office employees, and logistics staff are covered under these new labour codes. Shipping companies that work with contractors, manning agencies, or service providers should review their agreements. If contractors fail to comply with the labour laws, the principal employer may face legal liability. A legal review of employment agreements and vendor contracts is therefore advisable.

Conclusion

India's Labour Codes represent a landmark reform, consolidating fragmented legislation into a cohesive framework that balances worker protection with employer flexibility. Legal practitioners play a critical role in guiding clients through compliance audits, policy revisions, and dispute resolution. Businesses should review their salary structures, employment contracts, safety policies, and HR systems. Taking proactive steps now can prevent compliance challenges in the future. For employers, adopting the Codes proactively reduces legal risk, strengthens workforce trust, and aligns business practices with modern employment standards. The new Codes are not just regulatory reforms, they also serve as a strategic tool for sustainable workforce management in India's evolving industrial landscape.

In today's regulatory environment, staying compliant is not only about following the law, but it is also about protecting the company's long-term stability ■



HOT NEWS

ESCALATING CONFLICT DISRUPTS GLOBAL SHIPPING THROUGH THE STRAIT OF HORMUZ



The ongoing geopolitical conflict in the Middle East has significantly disrupted maritime trade through the Strait of Hormuz, one of the world's most critical shipping routes for energy and commodities.

Since late February 2026, escalating hostilities between Iran and Western allies have led to serious security risks for commercial vessels transiting the region. Iran has reportedly warned that ships attempting to pass through the strait could face military action, resulting in a dramatic decline in vessel traffic and increased uncertainty for shipowners, charterers, and insurers.

Recent incidents highlight the severity

of the situation. On 11 March 2026, a cargo vessel was reportedly struck by a projectile in the Strait of Hormuz, causing a fire onboard and forcing the crew to evacuate, according to maritime security reports.

The disruption carries major implications for global trade. Approximately 20% of the world's oil and significant volumes of LNG normally pass through the Strait of Hormuz, making it a vital energy corridor connecting Gulf producers with international markets. The sharp decline in shipping traffic has already pushed freight and insurance costs higher, while oil prices have surged amid fears of prolonged supply shortages.

Shipping companies, insurers, and governments are closely monitoring the situation, with several naval powers considering coordinated measures to protect commercial vessels. However, the narrow geography of the strait and the ongoing conflict make security operations particularly challenging.

For the maritime industry, the crisis underscores the vulnerability of global supply chains to geopolitical tensions and highlights the growing importance of risk management, war risk insurance, and maritime security compliance in international shipping operations ■

Courtesy : www.gcaptain.com

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