

# Labour codes rollout: Centre nudges states to take the driver's seat

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In the absence of a clear timeline for notifying the four labour codes, the Centre has asked all states and Union Territories (UTs) to make “necessary” amendments to their existing labour laws to align them with the “spirit and provisions” of the new codes, according to official sources.

“The nudge by the Centre to have states amend their existing laws is part of the government’s efforts to advance ease of doing business and attract investments and create job opportunities, without getting entangled with the labour unions, which have adopted an obstinate and adamant stance while dealing with the question of labour reforms,” a senior official told *Business Standard*. “The government is ready to talk on all provisions, if unions provide some constructive feedback, rather than engaging in consultations with a zero-sum-game approach.”

The Joint Platform of Central Trade Unions — comprising 10 central unions,

excluding the Rashtriya Swayamsevak Sangh (RSS)-affiliated Bharatiya Mazdoor Sangh — has postponed a planned nationwide general strike against the implementation of the new labour codes from May 20 to July 9 after “due consideration of prevailing situation” in the country.

“There is no timeline yet to notify the new labour codes,” said an official

source. “During the past couple of years, we have deliberated extensively with states and tried to convince them to take the lead in undertaking these reforms. A majority of states have already made these amendments, which align

their state laws in line with the spirit of the Centre’s codes.”

Parliament passed the four labour codes between 2019 and 2020, consolidating 29 existing labour laws into ‘Code on Wages’, ‘Code on Social Security’, ‘Occupational Safety, Health and Working Conditions Code’, and ‘Industrial Relations Code’.

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# Several states have already amended labour laws to align with industry asks

The reforms were intended to streamline regulation, improve working conditions, and support industry growth.

Several states have since amended their labour laws to align with industry demands as part of a broader strategy to position themselves as investment-friendly destinations.

At least 20 states and UTs have increased the threshold for retrenchment without government approval from 100 to 300 workers -- a long-standing demand of industry. Similarly, 19 states and UTs have doubled the threshold under the Factories Act to 20 workers (for units with power) and 40 (for those without). An equal number of jurisdictions have raised the threshold for the applicability of the Contract Labour Act to 50 workers, up from the current 20.

“It’s not that the amendments in labour laws are limited only to the National Democratic Alliance (NDA)-governed states. Many Opposition-ruled states have also gone ahead and made these changes, which indicate that these states also value the



importance of investments, especially in the manufacturing sector,” a source said.

Among other changes, 31 states and UTs have allowed women to work night shifts, while all states and UTs have notified reforms related to compliance notices before prosecution.

Certain provisions of the new labour codes, particularly those concerning social security for gig and platform workers, may be implemented separately, officials added, noting that these workers now constitute a significant part of the country’s labour force.