

**GOVERNMENT OF INDIA
MINISTRY OF LABOUR AND EMPLOYMENT
LOK SABHA
UNSTARRED QUESTION NO. 2341
TO BE ANSWERED ON 15.12.2025**

SBI PROJECTIONS ON IMPACT OF LABOUR CODES

**2341. SHRI VIJAYAKUMAR ALIAS VIJAY VASANTH:
SHRI SURESH KUMAR SHETKAR:**

Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

- (a) whether the Government accepts that SBI's estimate of a Rs. 75,000-crore consumption boost from the new labour codes is purely theoretical and if so, whether any independent impact study has been conducted by the Government;**
- (b) if so, the details thereof;**
- (c) whether the Government has credible evidence to support the assumption that 20 per cent of informal workers are likely to shift to formal employment, despite the persistent failure of past formalisation efforts and if so, the details thereof;**
- (d) whether the Government admits that unemployment cannot fall by 1.3 per cent when several States have yet to fully notify labour code rules and if so, the details thereof along with the corrective steps are planned by the Government;**
- (e) whether safeguards exist to prevent employers from evading compliance through contractualisation, outsourcing or pushing workers back into informal arrangements and if so, the details thereof; and**
- (f) whether the Government has assessed the compliance burden on Micro, Small and Medium Enterprises (MSMEs) and small establishments and if so, the measures proposed by the Government to ensure that the labour codes do not escalate costs or trigger job losses?**

ANSWER

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

(a) & (b): Reforms in labour laws are an on-going process to update the legislative as well as governance system to address the need of the hour so as to make them more effective, flexible and in sync with

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emerging economic and industrial scenario. The four Labour Codes have provisions for reducing compliance burden and enabling flexible, modern work arrangements thereby facilitating employment, skilling and industrial growth; reaffirming the Government's commitment to a pro-worker, pro-women, pro-youth and pro-employment labour ecosystem.

(c) to (e): The four Labour Codes came into force with effect from 21.11.2025. The Codes provide for reducing compliance burden and enabling flexible, modern work arrangements thereby boosting employment, skilling and industry growth, reaffirming the Government's commitment to a pro-worker, pro-women, pro-youth and pro-employment labour ecosystem.

The Labour Codes strengthen the protection available to workers, including unorganized workers in terms of statutory minimum wage, social security and healthcare of workers. The provision of Fixed Term Employment (FTE) has been introduced in the Industrial Relations Code 2020, allowing engagement of workers for a specified duration. Such workers are entitled to all benefits, at par with permanent employees performing similar work. This provision is expected to reduce contractualization, increase employability and meet workers' aspirations. They are eligible for gratuity after just one year, instead of five years.

The Code on Wages, 2019 provides for a statutory right for payment of minimum wages for all employees and extends applicability of minimum wages to all employees in all sectors covering both organised and unorganised.

The Occupational Safety, Health and Working Conditions Code, 2020 provides for provisions related to safety, health and working conditions of these workers. The Code also mandates every employer to issue appointment letters to all employees which will further enhance formalisation.

Further, the Code on Social Security, 2020 aims to extend social security benefits to all workers both in the organised and unorganized sectors.

Besides, the National Career Service (NCS) and a national database of unorganised workers on e-Shram portal of Ministry of Labour and Employment are in place to bridge the supply-demand in labour market through convergence of various stakeholders employers, job-seekers, skilling services and registration respectively.

The NCS Portal is a one-stop solution for providing career related services including jobs from private and government sectors through a digital platform [www.ncs.gov.in].

Labour is in the Concurrent List of the Constitution of India, therefore, the Centre and the States have separate enforcement machinery to oversee compliance and ensure effective implementation of labour laws in their respective sphere.

(f): One of the central aims of the Labour Codes is to simplify and streamline regulatory processes through rationalised thresholds leveraging technology thorough digitised forms, registers & returns, transparency in enhancement and decriminalisation of offences etc. The Codes create a balanced environment for enterprises to create employment opportunities for workers to benefit from fair wages, dignity, and social protection.
