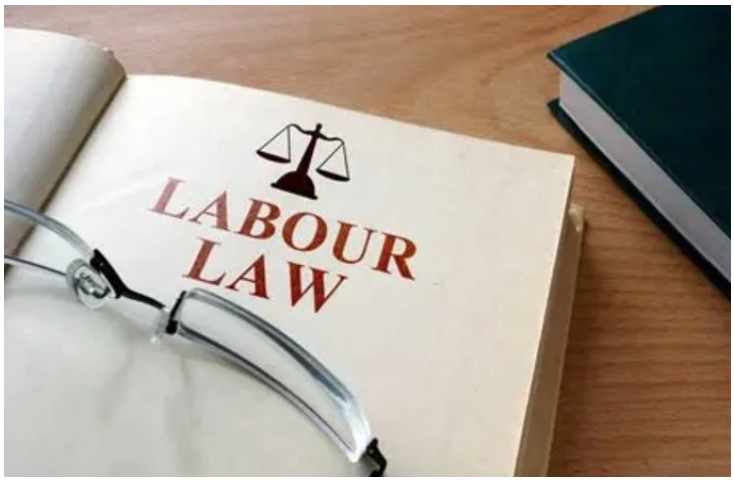
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Labour codes: Standardising compliance for life sciences sector

31 January 2026 | Features | By Sanjiv Das

The Government has consolidated 29 labour laws into four comprehensive Labour Codes. This move for across sectors is being seen as labour-friendly; however, a certain section of society seems to be wary. Experts from the life sciences sector welcome the new move on one hand, but express concern about the likely challenges.



The Government of India has announced the implementation of the four Labour Codes in November 2025. The laws, 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 (OSH) came into effect from November 21, 2025, rationalising 29 existing labour laws. The implementation of the four Labour Codes comes at a time when there has been a hue and cry over malpractices being followed by companies. News of mass layoffs is nothing new, and for an employee, it has far-reaching impacts when it comes to mental stress and agony.

The need for the labour law

Many of India's labour laws were framed in the pre-Independence and early post-Independence era (1930s–1950s). This was at a time when the economy and world of work were fundamentally different. While most major economies have updated and consolidated their labour regulations in recent decades, India continued to operate under fragmented, complex and in several parts outdated provisions spread across 29 Central labour laws. These restrictive frameworks struggled to keep pace with changing economic realities and evolving forms of employment, creating uncertainty and increasing compliance burden for both workers and industry.

How will it impact the life sciences sector?

For years, the life sciences sector operated under a fragmented framework of multiple labour laws, often leading to inconsistent wage structures, varied social security coverage, and interpretational ambiguity—particularly for contract manufacturing units, R&D teams, and field forces. By consolidating 29 central labour laws into four unified codes—covering wages, industrial relations, social security, and occupational safety—the government has created a framework that is easier to understand and enforce.

Talking specifically for the pharma, biotech and med-tech sector, **Urvee Garg, Director, HAB Pharma** says, "The Code on Wages ensures a uniform wage definition, reducing long-standing disputes around allowances and statutory calculations. The Social Security Code extends coverage to fixed-term, contract, and project-based employees—highly relevant for clinical research, validation teams, and plant operations. OSH Code strengthens workplace safety norms, which align well with GMP-driven manufacturing environments. For the workforce, this translates into predictability, protection, and dignity of employment. For employers, it creates alignment between labour compliance and the same structured governance already followed in quality and regulatory systems."

Anshul Prakash, Partner, Khaitan & Co, points out that employers may also consider initiating an internal diagnostic exercise to map all current HR practices against the provisions of the Labour Codes that are already in force. He further mentions, "The Labour Codes have the potential to bring meaningful relief to the workforce in the life sciences sector, particularly by creating a more uniform and contemporary framework around wages, social security, industrial relations and workplace safety. For a sector that typically operates with complex, multi-shift manufacturing and R&D environments, and a significant third-party workforce across plants, warehouses and field operations, a consolidated legal architecture can reduce fragmentation and improve consistency in how core protections and obligations are implemented across States, thereby benefiting both employees and employers."

Adding to it, **Manish Jain, Director, Naprod Life Sciences,** says, **"**In sectors such as pharmaceuticals and sterile manufacturing, where compliance, safety, and process discipline are non-negotiable, a simplified and uniform labour framework can reduce ambiguity for both workers and employers. However, the real impact will depend on how clearly the rules are framed and implemented at the state level, particularly in relation to wage restructuring and statutory benefits. When executed with clarity, the Codes can strengthen workforce confidence while supporting productivity and long-term capability building."

Deepak Sharma, Co-founder and CEO, MedLern mentions, "The life sciences sector is now subject to a more rigorous Occupational Safety, Health and Working Conditions (OSHWC) Code. Research scientists hired on fixed-term contracts now qualify for pro-rated gratuity after just one year instead of five. While this increases the cost of short-term project hiring, it supports better retention of specialised researchers. The labour codes distinguish between core and non-core activities. Since R&D and drug manufacturing are considered core to life sciences, companies face reduced flexibility in engaging third-party contract workers, encouraging a shift toward permanent or fixed-term direct hiring."

Compliance steps by employers

The new labour codes require employers to move from fragmented compliance to integrated workforce governance. Earlier, organisations followed multiple labour laws independently, often resulting in varied wage structures, siloed compliance processes, and inconsistent practices across locations. Now, the consolidated codes mandate uniform wage definitions, centralised compliance systems, and standardised people practices.

Employers should focus on strengthening occupational safety systems, contractor governance, and documentation practices, given the heightened emphasis on workplace safety and working conditions under the new Codes. This is particularly relevant for manufacturing-led organisations operating continuous or multi-shift operations, where safety discipline and compliance consistency are critical.

The following aspects can be looked into: Review of the timeframe for payment of wages; Impact of the definition of 'wages' on gratuity, notice pay, retrenchment compensation, etc. (although the exact impact on EPF and ESI contributions requires notification of contribution ceilings by the Government and schemes under the labour codes); Mapping leave entitlements under the Shops and Establishments (S&E) Acts with those under the OSH Code to understand how they can be harmonised; Review of engagement of fixed-term employees, particularly on eligibility for and computation of gratuity; and Assessment of any contract labour engaged in the core activity.

Likely challenges

The industry unions seem to be in a cautious mode on how the new law will benefit the employees. Experts see this as a transition phase, not a window for sudden enforcement. In December 2025, unions across India protested against the new laws. **Hari Kiran Chereddi, MD and CEO, HRV Pharma**, opines, "Organisations must analyse the remuneration packages based on the new definition of the word wages, distribute appointment letters to the employees, and update the personnel and payroll procedures. The complexities of transitional issues, salary and benefits system recalibration, and the differing regulations between states are some challenges that will need to be addressed by employers."

The future

The reforms intend to expand the scope of labour protections. The need is being met with the provision of universal minimum wage requirements, appointment letters being mandatory, the scope of social security being expanded to gig and contract service sector employees, and improved norms regarding workplace security.

Arun Kumbhat, Senior Healthcare Consultant, mentions, "The four codes on wage, regulating trade unions and templating employment conditions and redress, OSHs and Social Security have lofty goals and very desirable outcomes. The healthcare sector is perhaps in a relatively better position to align and comply than some other sectors, given a relatively higher need of. While such codification has undeniable and very desirable benefits, there is a need for Regulators and Policy Makers to 'walk a mile' in the industry's shoes, and take a 360-degree view of the overall compliance burden of the healthcare and life science industry. Compliance must not be seen as a job creation opportunity and add parallel processes to workflows."

Sharing his thoughts **Girdhar Balwani, Business Mentor and Non - Executive Director, Cadila Pharmaceuticals,** opines, "I do believe that these codes will benefit the workforce. The main benefits are unified wages, expanded social security, enhanced job security, improved working conditions, timely payments, etc. In the short to medium term, there will be challenges in the implementation. Appropriate governments (States v/s Centre) have to be clearly defined for the new rules, and responsibilities have to be allocated in terms of ensuring & monitoring the implementation."

The four Labour Codes seem to be appropriate at a time when there have been reports of mass layoffs across sectors, and the life sciences sector is no exception to this. A good move by the government, however, the timely implementation by pharma and healthcare companies need to be seen. Bringing the unions to the same table seems to be a tumultuous task. On how far these laws will benefit the life sciences sector, only time will tell. Till then, it seems a good move by the government, both for the employers and the employees.

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