

**GOVERNMENT OF INDIA
MINISTRY OF LABOUR AND EMPLOYMENT
RAJYA SABHA
UNSTARRED QUESTION NO. 1527
TO BE ANSWERED ON 12.02.2026**

RAISING THRESHOLDS FOR LAY OFFS

1527. SHRI JAGGESH:

Will the Minister of Labour and Employment be pleased to state:

- (a) whether Government has assessed the impact of raising the threshold for prior approval for layoffs, retrenchment and closure from 100 to 300 workers on employment security and labour welfare;**
- (b) whether the new Labour Codes are expected to lead to increased hiring across MSMEs and labour-intensive sectors such as manufacturing, textiles, logistics and hospitality;**
- (c) whether Government has put in place adequate safeguards to prevent misuse of increased flexibility provided to establishments employing fewer than 300 workers; and**
- (d) if so, the details thereof?**

ANSWER

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

(a) to (d): The Central Government has implemented the four Labour Codes — the Code on Wages, 2019, the Code on Social Security, 2020 (CoSS), the Industrial Relations Code, 2020 (IR Code), and the Occupational Safety, Health and Working Conditions Code, 2020 (OSH&WC Code) — with effect from 21st November 2025. The Codes consolidate 29 legislations into 4, thereby reducing compliance burden.

Under the Industrial Relations Code, the provisions of Chapter-X, which contain Special Provisions relating to Lay-off, Retrenchment and Closure in Certain Establishments, apply to an industrial establishment where not less than three hundred workers were employed on an average per working day in the preceding twelve months. These provisions apply to specified industrial establishments such as factories, mines and plantations as outlined in section 77(3) of the Code.

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The Code provide for single registration, licensing and return, reduce multiplicity of definitions & authorities, facilities use of technology, bring transparency & accountability in enforcement, which will promote setting up of more enterprises and incentivize economic growth and quality employment generation. Simultaneously, it strengthens the protection available to workers, including unorganized workers and promotes formalisation of workforce.

The Code also provides important safeguards for employees in the form of mandatory notice period, retrenchment compensation and provision for retrenched workers to be given preference in re-employment. The Code introduces Workers Re-Skilling Fund for retrenched workers for the first time with a view to providing financial support to help workers transition to new employment.

The code also prescribes penalties for violation of any provisions of the code including those related to retrenchment, lay-off and closure. Dispute resolution mechanisms through industrial tribunals also remain available.
