



Impact of New Labour Codes on Workers' Rights in India

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ABSTRACT

Labour law has historically played a crucial role in balancing industrial growth with social justice. In India, labour legislation developed over several decades to protect workers from exploitation, ensure fair wages, provide social security, and promote industrial harmony. However, the multiplicity of labour laws, procedural complexities, and compliance burdens led to persistent demands for labour law reform. In response, the Government of India introduced four comprehensive labour codes between 2019 and 2020, consolidating twenty-nine central labour laws into a simplified framework.

The four labour codes — the Code on Wages, 2019; the Industrial Relations Code, 2020; the Occupational Safety, Health and Working Conditions Code, 2020; and the Code on Social Security, 2020 — represent the most significant transformation of Indian labour law since independence. While these reforms aim to enhance ease of doing business, attract investment, and modernize industrial relations, they have also generated intense debate regarding their implications for workers' rights.

This research paper critically examines the impact of the new labour codes on workers' rights in India. It analyses whether the consolidation strengthens labour protection or dilutes long-standing safeguards related to job security, collective bargaining, social security, and workplace safety. By evaluating statutory provisions, constitutional

principles, and labour jurisprudence, the paper seeks to assess whether the new labour regime strikes an equitable balance between economic efficiency and social justice.

Introduction

Labour rights constitute a fundamental pillar of a welfare state. The Indian Constitution reflects this commitment through provisions such as Articles 14, 19, 21, 23, 24, 38, 39, 41, 42 and 43, which collectively emphasize social justice, dignity of labour, and protection of workers. Since independence, India enacted a wide range of labour legislations addressing wages, industrial disputes, social security, workplace safety, and conditions of employment.

Over time, however, the Indian labour law framework became fragmented, consisting of more than forty central and numerous state laws. Employers frequently criticized the regime as complex and rigid, while workers viewed these laws as essential safeguards against exploitation. The coexistence of overlapping statutes, inconsistent definitions, and varied compliance mechanisms created regulatory uncertainty for industries and administrative challenges for enforcement agencies.

In the era of globalization, liberalization, and technological advancement, the Indian economy witnessed rapid structural changes. The growth of the informal sector, gig economy, contractual employment, and platform-based work exposed the limitations of traditional labour laws. Simultaneously, India's ambition to become a global manufacturing hub intensified pressure to reform labour regulation.

Against this background, the Government undertook a comprehensive restructuring of labour laws by introducing four labour codes. These codes seek to simplify regulation, unify definitions, expand coverage, and promote industrial growth. However, labour unions and scholars have raised serious concerns regarding dilution of worker protections, weakening of collective bargaining rights, and increased employer discretion.

This paper seeks to critically examine whether the new labour codes enhance workers' rights or fundamentally alter the protective character of Indian labour law.

Historical Evolution of Labour Laws In India

The development of labour law in India can be traced back to the colonial period, when early legislations such as the Factories Act, 1881 were enacted primarily to regulate working hours and child labour. Post-independence, labour law expanded significantly to reflect the constitutional vision of social justice.

Legislations such as the Industrial Disputes Act, 1947, the Minimum Wages Act, 1948, the Employees' Provident Funds Act, 1952, the Employees' State Insurance Act, 1948, and the Factories Act, 1948 formed the backbone of worker protection. These laws aimed to ensure job security, fair remuneration, industrial peace, and social security.

Indian labour jurisprudence consistently adopted a pro-worker orientation. Courts recognized labour legislation as social welfare statutes deserving liberal interpretation. The judiciary emphasized that economic growth must not come at the cost of human dignity.

However, by the early twenty-first century, concerns arose regarding outdated provisions, procedural rigidity, and uneven enforcement. While formal-sector workers benefited from legal protections, over ninety percent of India's workforce remained in the informal sector, largely outside the ambit of labour law.

The labour codes were introduced to address these structural challenges.

Overview of The Four New Labour Codes

The labour law reform culminated in the enactment of four consolidated codes:

The Code on Wages, 2019

The Industrial Relations Code, 2020

The Occupational Safety, Health and Working Conditions Code, 2020

The Code on Social Security, 2020

Together, these codes subsume twenty-nine central labour laws and aim to create a uniform legal framework applicable across sectors.

The government justified the reform on grounds of simplification, standardization, expansion of coverage, and promotion of employment generation. However, the true impact of these reforms can only be assessed by analysing their implications for workers' substantive rights.

The Code on Wages, 2019: Implications For Workers

The Code on Wages consolidates four major wage-related legislations, including the Minimum Wages Act and the Payment of Wages Act. It introduces a uniform definition of wages and extends applicability to all employees across organized and unorganized sectors.

One significant reform is the introduction of a national floor wage, intended to ensure a minimum standard of living for workers. This has the potential to enhance wage protection, particularly in states with historically low minimum wages.

However, concerns arise from the centralized determination of wages, which may undermine federal flexibility and ignore regional variations in living costs. The exclusion of several allowances from the definition of wages may also reduce actual take-home benefits for workers.

While the code improves coverage, enforcement remains uncertain due to inspector-cum-facilitator mechanisms that emphasize compliance over strict regulation.

The Industrial Relations Code, 2020: Job Security and Collective Rights

The Industrial Relations Code replaces the Industrial Disputes Act, the Trade Unions Act, and the Industrial Employment (Standing Orders) Act. It significantly alters the framework governing job security and collective bargaining.

One of the most debated provisions is the increase in the threshold for prior government permission for layoffs, retrenchment, and closure from 100 to 300 workers. This change grants employers greater flexibility but raises serious concerns regarding job security for industrial workers.

The code also imposes restrictions on strikes, requiring advance notice even in non-public utility services. This substantially weakens the collective bargaining power of workers and limits their right to protest.

Trade union recognition provisions aim to streamline negotiations, yet the high membership thresholds may marginalize smaller unions.

Overall, the Industrial Relations Code represents a shift from a protection-oriented regime toward employer flexibility.

Constitutional Dimension of Workers' Rights

Workers' rights are intrinsically linked to constitutional guarantees. The Supreme Court has consistently recognized the right to livelihood as part of Article 21. Labour rights are also integral to the Directive Principles of State Policy, which mandate the State to secure just and humane conditions of work.

Any dilution of labour protection must therefore satisfy constitutional scrutiny. Critics argue that the labour codes emphasize economic efficiency at the expense of social justice, thereby deviating from the constitutional vision of a welfare state.

The Occupational Safety, Health and Working Conditions Code, 2020

The Occupational Safety, Health and Working Conditions Code, 2020 represents a major consolidation of thirteen labour laws including the Factories Act, the Mines Act, the Contract Labour Act, and the Inter-State Migrant Workmen Act. The primary objective of the Code is to establish uniform standards of workplace safety and working conditions across sectors. The Code seeks to extend coverage to establishments employing ten or more workers and introduces a common registration system for establishments operating in multiple states.

From the perspective of workers' rights, the Code introduces several progressive measures such as mandatory appointment of safety officers, provision of free annual health check-ups, and statutory obligations upon employers to maintain safe working environments. It also empowers the central government to prescribe national occupational safety standards, which may contribute to consistency in enforcement.

However, significant concerns remain regarding dilution of protections. The enhanced powers granted to governments to exempt establishments from compliance during emergencies, including economic crises, raise apprehensions about misuse. Furthermore, the increased threshold for applicability may exclude a large segment of informal workers, particularly in small establishments. The shift from a rights-based enforcement mechanism to a facilitative compliance model may weaken accountability and compromise workplace safety standards.

The Code on Social Security, 2020 And Expansion Of Coverage

The Code on Social Security, 2020 consolidates nine major legislations governing provident fund, employee state insurance, gratuity, maternity benefits, and welfare schemes. One of its most significant features is the recognition of gig workers, platform workers, and unorganized workers as beneficiaries of social security schemes.

This inclusion represents a landmark development, as it acknowledges changing employment patterns in the digital economy. The Code enables the formulation of welfare schemes for these workers funded through contributions from aggregators and government sources.

Despite its progressive intent, the Code does not confer enforceable statutory rights upon gig and platform workers. The absence of guaranteed benefits, mandatory employer contributions, and defined entitlements renders social security protection discretionary. Workers' access to welfare remains dependent on government notification and scheme formulation rather than legal entitlement.

Additionally, the continuation of voluntary registration and digital-based systems may exclude vulnerable workers lacking technological access.

Impact on Informal, Contract and Migrant Workers

India's labour market is predominantly informal, with over ninety percent of workers engaged outside formal employment structures. The effectiveness of the labour codes must therefore be assessed in relation to informal, contractual, and migrant workers.

While the codes attempt to extend coverage through broader definitions of "employee" and "establishment," practical barriers persist. Contractual employment continues to expand without adequate safeguards. The weakening of inspection mechanisms and relaxation of compliance requirements may exacerbate precarity.

Inter-state migrant workers, who faced severe hardship during the COVID-19 pandemic, are formally recognized under the new framework. However, the absence of strong enforcement mechanisms and reliance on employer-provided data raise concerns about implementation.

Without robust state capacity and institutional accountability, the promised expansion of rights risks remaining largely symbolic.

Role of Trade Unions and Collective Bargaining

Trade unions have historically served as the primary instrument for protecting workers' interests. The Industrial Relations Code introduces a framework for recognition of negotiating unions or councils based on membership thresholds.

While this may streamline negotiations, it risks marginalizing minority unions and weakening plural representation. The stringent conditions imposed on strikes, including mandatory notice periods and extended conciliation timelines, significantly restrict workers' collective bargaining power.

These provisions reflect a policy shift favoring industrial stability over workers' democratic right to protest. The cumulative effect may be a reduction in labour's bargaining strength and increased managerial dominance.

Judicial Perspective and Labour Jurisprudence

Indian courts have consistently emphasized the social welfare character of labour legislation. Judicial pronouncements have recognized labour rights as integral to the right to life and dignity under Article 21 of the Constitution.

The labour codes mark a departure from earlier protective interpretations by prioritizing flexibility and investment facilitation. This shift may invite constitutional scrutiny, particularly regarding restrictions on the right to strike, dilution of job security, and executive exemption powers.

Future judicial interpretation will play a decisive role in determining whether the labour codes align with constitutional principles of social justice and equality.

Comparison with International Labour Standards

The International Labour Organization (ILO) conventions emphasize core labour standards including freedom of association, collective bargaining, fair wages, occupational safety, and social security. India, as a founding member of the ILO, has committed to promoting these standards.

Several provisions of the labour codes have been criticized for falling short of international norms, particularly restrictions on strikes and union activities. Concerns have also been raised regarding employment security and tripartite consultation.

Alignment with global labour standards is essential to ensure that economic reform does not undermine fundamental workers' rights.

Critical Analysis of The Labour Codes

The labour codes reflect a paradigm shift from protective labour welfare toward market-oriented regulation. While simplification and consolidation were necessary, the reform process has prioritized employer flexibility over workers' security.

Positive aspects include expansion of wage coverage, recognition of gig workers, and unified regulatory structures. However, dilution of job security, weakening of collective rights, discretionary social security, and reduced inspection powers significantly affect workers' bargaining position.

The success of the labour codes ultimately depends on implementation, rule-making, and political commitment to worker welfare.

Challenges in Implementation

Several challenges threaten effective implementation, including delayed notification of rules, lack of coordination between central and state governments, inadequate labour administration capacity, and limited awareness among workers.

The digital compliance model may exclude vulnerable populations. Absence of strong grievance redressal mechanisms further undermines enforcement.

Unless supported by institutional reform and social dialogue, the labour codes may fail to deliver meaningful protection.

Suggestions and Recommendations

To ensure protection of workers' rights, the following measures are essential:

Strengthening social security entitlements through statutory guarantees rather than discretionary schemes; ensuring effective enforcement mechanisms with adequate inspection powers; restoring balance between flexibility and job security; expanding consultation with trade unions; aligning domestic laws with ILO standards; and adopting worker-centric interpretation by courts.

Conclusion

The new labour codes represent the most comprehensive restructuring of Indian labour law since independence. While the reforms seek to modernize regulation and promote economic growth, their impact on workers' rights remains deeply contested.

The consolidation of laws has improved clarity and expanded formal coverage, yet significant dilution of job security, collective bargaining rights, and enforcement mechanisms raises serious concerns. The shift from a welfare-oriented approach to a flexibility-driven regime marks a fundamental transformation in labour governance.

For India to fulfill its constitutional vision of social justice, labour reform must not prioritize ease of doing business at the cost of human dignity. Economic growth and workers' rights are not mutually exclusive but must advance together.

The true success of the labour codes will depend not merely on legislative intent but on inclusive implementation, judicial oversight, and sustained commitment to protecting the rights of the working class in a rapidly changing economy.

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