

LEGISLATIVE COMMENTARY ON INDIA'S LABOUR CODES: A TRANSFORMATIVE SHIFT IN LABOUR AND EMPLOYMENT LAWS

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Abstract:

India's labour regulations, once fragmented across various central and state-level laws, have seen substantial changes since 2020. The central government consolidated these regulations into four important Labour Codes: the Code on Wages (2019), the Code on Industrial Relations (2020), the Code on Social Security (2020), and the Occupational Safety, Health, and Working Conditions Code (2020). This was done in order to both simplify business operations and guarantee worker protections. These codes aim to simplify compliance, bolster social security, and address challenges like the gig economy. However, the nationwide rollout is anticipated in 2025–26 and states are required to finalize rules by March 2025. This delay creates a mixed system of old and new laws, reflecting India's federal structure. Aimed at the "Viksit Bharat 2047" vision, these reforms balance employer flexibility with worker rights, particularly for informal and platform-based workers. Clarity and inclusion are emphasized centrally in reforms. State-level reforms vary. Promoting gender equity, Haryana's March 2024 regulations included safety measures for women working night shifts. Meghalaya's January 2025 rules mandated consent and safety for similar shifts. The IT/ITES sector's rules were eased by Karnataka's exemptions in June 2024, and its proposed bill extended health benefits to gig workers. Manipur's 2024 Act simplified renewals via self-certification. For women working night shifts, Madhya Pradesh's new regulations under the Shops and Establishments Act of 1958 and the Factories Act of 1948 require written consent, increased security, and essential amenities to ensure their safety and dignity. These rules, which go into effect right away, make sure that laws about maternity leave and sexual harassment are followed while also providing safe places to get around and rest. These variations highlight state autonomy but complicate multi-state compliance. Through improved POSH Act compliance, privacy protections under the Digital Personal Data Protection Act, 2023 (Rules, 2025), and youth hiring programs, the reforms improve workplace rights. Stricter rules against worker misclassification benefit informal workers. However, implementation delays lead to uncertainty, state variations raise costs, and high fines—up to INR 500,000—may be burdensome to small businesses and limit employment opportunities. With 90% of workers informal, uneven enforcement risks persistent vulnerabilities.

Keywords: Labour Codes, Workplace Rights, Gig Economy, Implementation Challenges, Federal Reforms.

Introduction

India's labour law framework underwent a historic transformation with the enactment of four labour codes between 2019 and 2020, consolidating 29 fragmented central laws into streamlined frameworks. The Second National Commission on Labour's (2002) recommendations to modernize regulations and strike a balance between worker protections and employer flexibility prompted this overhaul, the most significant since India gained independence in 1947. These codes aim to provide fair wages, social security, occupational safety, and dispute resolution mechanisms to all over 500 million workers—90 percent of whom work in the informal sector—while also fostering economic expansion. This commentary analyses

the Code on Wages, 2019; Industrial Relations Code, 2020; Code on Social Security, 2020; and Occupational Safety, Health and Working Conditions Code, 2020, highlighting their provisions, strengths, and critical gaps .

Background and Rationale

India's labour laws, rooted in colonial-era statutes, prioritized industrial stability over worker rights. Post-independence, constitutional directives under Articles 39, 41, 42, 43, and 43A shifted focus toward social justice, emphasizing fair wages, safe conditions, and social security. Prior to 2020, reforms addressed gaps but lacked cohesion, such as an extended 26-week maternity leave, increased end-of-service pay (Rs 10 lakh to Rs 20 lakh in 2018), and pensions for informal workers (Rs 3,000 monthly in 2019). These efforts are consolidated by the four codes, which address the rise of gig and platform economies, align with global standards like ILO conventions, and lessen the burden of compliance.

Legislative Analysis of the Four Labour Codes

1. Code on Wages, 2019¹

Objective: Standardizes wage provisions and ensures timely payments by combining the Payment of Wages Act of 1936, the Minimum Wages Act of 1948, the Payment of Bonus Act of 1965, and the Equal Remuneration Act of 1976.

Key Provisions:

- Establishes a universal floor wage that is set by the central government. States are obligated to set higher minimum wages based on skill, geography, and risks².
- Mandates timely wage payments (daily, weekly, fortnightly, or monthly) via electronic transfers for larger establishments, enhancing transparency³.
- Retains bonus eligibility for employees earning up to Rs 21,000 monthly (minimum 8.33% of wages or Rs 100; maximum 20%)⁵.
- Prohibits gender-based wage discrimination, extending protections to transgender workers.⁶
- Advisory boards guide wage fixation, ensuring stakeholder input.

Analysis: The floor wage addresses regional disparities, uplifting low-income workers. Electronic payments reduce exploitation, but enforcement in informal sectors remains challenging. Transgender workers' inclusion is in line with progressive equality standards.

2. Industrial Relations Code, 2020

Objective: Combining the Trade Unions Act of 1926, the Industrial Employment (Standing Orders) Act of 1946, and the Industrial Disputes Act of 1947 to simplify relations between employers and employees and the process of resolving disputes.⁷.

¹ The Code on Wages, 2019, No. 29, Acts of Parliament, 2019 (India)

² Sarkar, S., 2021. The 2019 Code on Wages. *Indian Journal of Industrial Relations*, 57(1), pp.1-12.

³ Bais, S. and Nagar, N., 2021. The Code on Wages, 2019: An Analysis. *Available at SSRN 3900399*.

⁴ Shetty, S., 2022. The Wage Code 2019 and Its Implications on Labour and Capital. *Issue 2 Indian JL & Legal Rsch.*, 4, p.1.

⁵ Kapoor, S., 2021. A Critical Analysis of the Code of Wages 2019: Need for Right to Minimum Wage. *Indian JL & Legal Rsch.*, 2, p.1

⁶ Kapoor, S., 2021. A Critical Analysis of the Code of Wages 2019: Need for Right to Minimum Wage. *Indian JL & Legal Rsch.*, 2, p.1.

⁷ Bhuta, A., 2022. Imbalancing Act: India's Industrial Relations Code, 2020. *The Indian Journal of Labour Economics*, 65(3), pp.821-830.

Key Provisions:

- Makes it easier for smaller businesses to comply by raising the threshold for standing orders (work condition rules) from 100 to 300 employees.⁸.
- equates them to permanent employees by introducing fixed-term employment with pro rata perks (such as a gratuity after a year).⁹
- reduces the bar for councils (10% to 20% per union) and solo negotiating unions (75% to 51% membership).¹⁰.
- Requires 14-day strike notice, valid for 60 days, with bans during conciliation or tribunal proceedings¹¹.
- Increases the threshold for government permission for layoffs/retranchment/closures from 100 to 300 workers, with 15 days' wages per year served as compensation.
- Establishes bi-partite forums and re-skilling funds for retrenched workers¹².

Analysis: Higher thresholds and fixed-term contracts enhance employer flexibility, vital for dynamic sectors like IT. However, strike restrictions may limit collective bargaining, potentially violating ILO Convention 87. Executive powers to exempt establishments risk pro-employer bias.

3. Code on Social Security, 2020¹³

Objective: Integrates nine laws, including the Employees' Provident Funds Act, 1952; Employees' State Insurance Act, 1948; and Maternity Benefit Act, 1961, to universalize social protection¹⁴.

Key Provisions:

- Extends provident fund (PF) and pension to firms with 20+ workers (12% contribution each) and ESI to 10+ workers for medical and dependent benefits¹⁵.
- Creates social security funds for gig, platform, and unorganized workers, funded by governments and aggregators (1-2% of turnover, capped at 5% of payouts).¹⁶
- Mandates Aadhaar-based registration for benefits, overseen by national/state boards.¹⁷
- Provides 26 weeks' maternity leave for two children and creche facilities (50+ workers).¹⁸
- Allows PF/ESI contribution reductions during epidemics (up to three months).¹⁹

Analysis: Inclusion of gig/platform workers addresses the digital economy's rise, but size-based thresholds limit universal coverage. Aadhaar linkage raises privacy concerns per the Puttaswamy

⁸ Roy, G.K. and Dubey, A., 2022. A Note on Industrial Relations Code, 2020. *The Indian Journal of Labour Economics*, 65(2), pp.533-543.

⁹ Varghese, S., 2022. The Industrial Relations Code, 2020: Legislative Commentary. *Issue 1 Int'l JL Mgmt. & Human.*, 5, p.1924.

¹⁰ Joshi, H.K., 2022. Legislative Commentary on the Industrial Relations Code, 2020. *Issue 6 Indian JL & Legal Rsch.*, 4, p.1.

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¹² Inbaraj, F.I. and Gerald, J.W.A., Influence of Human Resource Management Leaders on Managing Employee Relations Owing to The Introduction of The Code on Industrial Relations, 2020.

¹³ The Code on Social Security, 2020, No. 36, Acts of Parliament, 2020 (India)

¹⁴ Gupta, A. and Chandra, K., 2021. Concept of Social Security: An Analysis of Code on Social Security, 2020. *Indian JL & Legal Rsch.*, 2, p.1.

¹⁵ Nadagoudar, S. and Patil, R., 2021. Social Security Code 2020: An Analysis. *Christ ULJ*, 10, p.19.

¹⁶ Pandey, A., 2023. Study of the Code of Social Security, 2020 with Statutes Repealed with the Said Code. *Issue 1 Indian JL & Legal Rsch.*, 5, p.1.

¹⁷ Gupta, T., 2021. Social Security Code, 2020. *Issue 4 Int'l JL Mgmt. & Human.*, 4, p.3742.

¹⁸ Sharma, S. and Ragaur, S., 2021. Organising the unorganised: a comprehensive review of the Social Security Code 2020. *Int Res J Manag IT Soc Sci*.

¹⁹ JAIN, K., CODE ON SOCIAL SECURITY, 2020-A CRITICAL STUDY.

judgment. Funding mechanisms for informal workers are innovative but depend on effective implementation.

4. Occupational Safety, Health and Working Conditions Code, 2020²⁰

Objective: Consolidates 13 laws, including the Factories Act, 1948; Mines Act, 1952; and Contract Labour Act, 1970, to ensure uniform safety and welfare standards.

Key Provisions:

- Applies to establishments with 10+ workers (or hazardous activities), redefining factories as 20+ (with power) or 40+ (without).
- Caps daily work hours at eight (weekly 48) with one rest day; overtime requires consent and double pay.
- Ensures women's safety for all shifts and portability of benefits for inter-state migrants.
- Raises contract labour thresholds to 50 workers, with licenses renewable every five years²¹.
- Employs inspectors-cum-facilitators for guidance, with web-based inspections and compoundable offenses (penalties up to Rs 5 lakh).

Analysis: Gender-inclusive provisions and migrant protections align with constitutional equity goals. However, delegating details to rules risks inconsistency, and barring civil court access may limit judicial recourse, challenging separation of powers.

Recent Developments (2024-2025)

- **One-Stop Registration:** In late 2024, the labour ministry introduced a unified registration system and five-year business licenses, reducing paperwork and mandating digital records for wages and hours.
- **Minimum Wage Update:** In September 2024, wages were revised for sectors like construction to reflect inflation.
- **Gig Worker Inclusion:** The 2025-26 budget allocated funds to register over 10 million gig workers on an e-portal, providing ID cards, healthcare, and benefits.
- **Pension Reforms:** In 2024, pension calculations for early exits were improved, with provident fund interest rates raised to 8.25%.
- **Judicial Support:** Court rulings in 2023 (maternity leave for temporary staff) and 2024 (permanent status for long-term contract workers) reinforced protections.

Critical Evaluation

Strengths:

- Simplifies compliance, fostering formalization and economic growth.
- Addresses emerging sectors (gig economy) and marginalized groups (transgender, migrant workers).
- Aligns with constitutional mandates and global standards, promoting inclusivity.

Challenges:

- Higher thresholds exclude smaller firms, risking exploitation in the 93% informal workforce.
- Strike restrictions and executive exemptions may undermine worker rights, echoing colonial biases.
- Aadhaar-based registration raises privacy concerns.

²⁰ The Occupational Safety, Health and Working Conditions Code, 2020, No. 37, Acts of Parliament, 2020 (India)

²¹ Krishna, N.R., 2025. Occupational Safety, Health and Working Conditions (OSH) Code, 2020 and Interstate Women Migrants: A Gender Integrative Evaluation. *Indian Journal of Public Administration*, 71(2), pp.406-411.

- Reliance on rules for implementation risks delays and inconsistency.

CONCLUSION

India's labour codes represent a bold leap toward modernizing a fragmented system, harmonizing economic liberalization with social justice to drive dynamism. By consolidating 29 outdated laws into four cohesive frameworks, the codes streamline compliance, enhance employer flexibility, and extend vital protections to informal and gig workers, who form 90% of India's 500 million-strong workforce. Innovations like the universal floor wage, social security funds for platform workers, and inclusive provisions for women and migrants align with constitutional mandates and ILO standards, positioning India as a competitive force in global labour markets. Recent initiatives, including the 2024 unified registration system, updated minimum wages, and the 2025-26 budget's focus on gig worker welfare, reflect a commitment to transparency and inclusivity. However, challenges remain: size-based thresholds exclude smaller firms, risking exploitation in the informal sector, while strike restrictions and executive exemptions threaten collective bargaining and worker rights, potentially conflicting with ILO Convention 87. Aadhaar-based registration raises privacy concerns, and barring civil court access undermines judicial recourse, challenging democratic principles. To realize the 2002 National Commission on Labour's vision of universal coverage and equitable governance, targeted amendments are crucial to address these gaps. Sustained dialogue at platforms like NLU Jodhpur's International Symposium on Labour and Employment Laws is essential to refine these reforms, ensuring a balanced framework that fosters economic growth while safeguarding the rights and dignity of all workers in India's evolving labour landscape.