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# India's Labour Codes: Transforming Work, Empowering Workers, Building Viksit Bharat

*For a country aspiring to become a developed economy by 2047, labour law reform cannot remain confined to statutory text. It must translate into living standards, safer work, social security coverage, and credible institutions of enforcement. The Codes provide the legal foundation. The next phase must focus on careful rulemaking, transparent implementation, capacity building, and continued dialogue among governments, employers, unions, and workers.*

## A Historic Restructuring of Labour Law

India's labour law reform through the four Labour Codes marks one of the most significant statutory reorganisations in the country's post-Independence legal history. By bringing into force 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, with effect from 21 November 2025, the Government of India consolidated 29 central labour enactments into a more coherent legislative architecture. The reform is not just a codification. It reflects an attempt to reconcile three long-standing policy objectives that often appeared to be in tension: the protection of workers' rights, the simplification of compliance for employers, and the promotion of a formal, modern labour market suited to a fast-changing economy.

For decades, India's labour regulation was criticised for fragmentation, definitional inconsistency, overlapping compliance, and uneven enforcement. Different statutes contained different meanings of "wages," varied registration requirements, separate registers, multiple returns, and sector-specific thresholds that made legal compliance difficult, especially for enterprises operating across several states. The Second National Commission on Labour

(2002) had long recommended the consolidation of labour laws into a smaller number of thematic codes. The four Labour Codes are the legislative culmination of that recommendation.

Their significance lies not only in replacing older statutes but also in reframing the legal relationship between labour welfare and economic growth. In a country with a vast informal workforce, expanding platform work, interstate migration, and increasing demands for manufacturing competitiveness, the Codes seek to create a common legal foundation while retaining the welfare orientation central to Indian labour jurisprudence. The real test, however, lies in understanding both what the Codes provide and how far they can shape social and economic outcomes in practice.

## From Fragmented Statutes to a Unified Framework

The architecture of the reform is straightforward. The Code on Wages, 2019, consolidates four laws relating to wages, bonuses, and equal remuneration. The Industrial Relations Code, 2020, consolidates three laws dealing with trade unions, standing orders, and industrial disputes. The Code on Social Security, 2020, consolidates nine laws concerning provident fund, insurance, maternity benefits, gratuity, and welfare schemes. The Occupational Safety, Health and Working

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Conditions Code, 2020 consolidates thirteen laws dealing with factories, mines, contract labour, migrant workers, dock work, plantations, and other workplace conditions.

This reorganisation is important because labour regulation in India has often developed in silos, disconnected from one another. The same employer could be subject to multiple definitions, separate inspectors, and repetitive filings under different statutes. By reducing this complexity, the Codes aim to improve legal certainty. This has relevance for enterprises seeking to expand employment, for MSMEs struggling with compliance burdens, and for workers who benefit when legal entitlements become easier to identify and enforce.

At the same time, consolidation should not be mistaken for mere simplification. The Codes also introduce substantive shifts. They widen the conceptual scope of labour law by recognising categories such as gig workers and platform workers, rationalise compliance architecture, and seek to standardise key concepts such as wages, registration, and dispute resolution. In policy terms, therefore, the Labour Codes represent both a legal clean-up and a structural attempt to adapt labour governance to new forms of work.

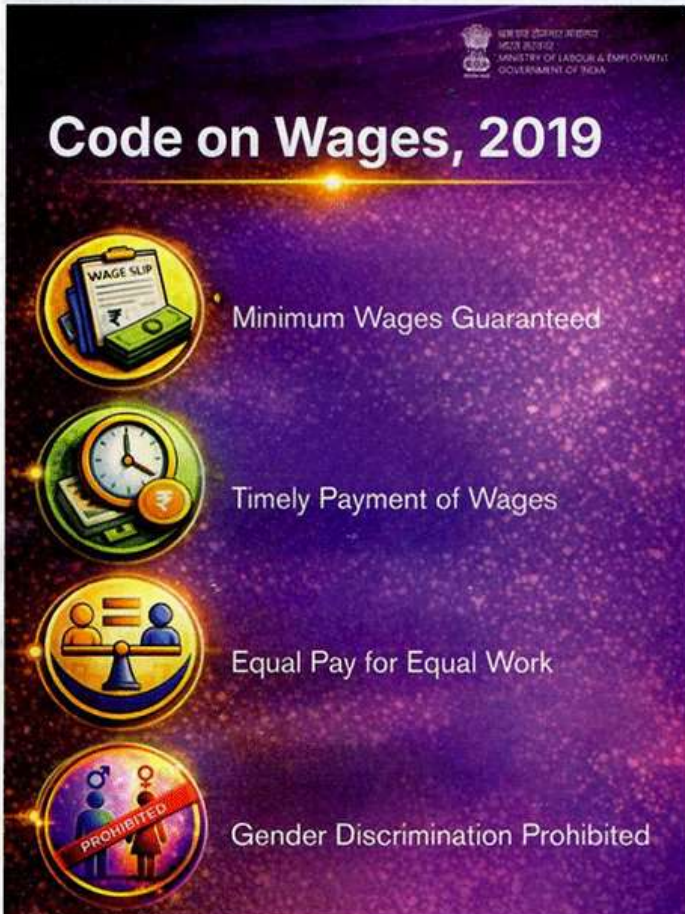
## The Code on Wages: Towards Fairness, Uniformity and Transparency

Among the four Codes, the Code on Wages, 2019, has perhaps the widest conceptual reach because it applies to both organised and unorganised employment. One of its most important contributions is the introduction of a uniform definition of “wages.” Historically, different labour statutes used different definitions, enabling fragmented compliance and, in some cases, wage structuring designed to reduce the base for provident fund, gratuity, bonus, and other benefits. The new framework seeks to address that problem by harmonising the wage concept and limiting the extent to which allowances may be used to reduce the statutory wage base.

This definitional reform has major implications. By ensuring that excluded components of remuneration do not exceed the permissible threshold, the Code may increase the amount on which social security contributions and terminal benefits are calculated. From a worker welfare perspective, this enhances substantive protection. From an employer’s perspective, it creates greater predictability but may also increase compliance costs, especially for sectors where compensation structures were heavily allowance-driven. The importance of the wage definition had already been highlighted in judicial interpretation, especially in *Regional Provident Fund Commissioner (II), West Bengal v. Vivekananda Vidyamandir* (2019), where the Supreme Court emphasised that universally, ordinarily, and necessarily paid allowances cannot be artificially excluded for social security purposes. The Codes, in that sense, legislatively reinforce a principle that courts had already begun to protect.

The Code also empowers the Central Government to fix a floor wage based on minimum living standards, below which no state government may set its minimum wage. This is a significant policy innovation because it creates a national baseline while preserving space for state-level variation. It does not impose a single uniform wage across India; rather, it attempts to ensure that wage-setting reflects a minimum social standard without ignoring regional economic differences. This approach resonates with the constitutional vision reflected in Articles 38, 39, 41, 42, and 43, which place social and economic justice at the centre of governance.

The Code further strengthens wage governance by emphasising timely payment, bonus provisions, and non-discrimination in remuneration. Its absorption of



## Code on Social Security, 2020



Universalization of  
 Social Security

Health & Maternity  
 Benefits



Across States  
 Portability of Benefits



Gig & platform workers and  
 aggregators formally defined



though concerns remain regarding the practical inclusion of minority unions. The jurisprudential background to collective bargaining in India, including cases such as *Balmer Lawrie Workers' Union v. Balmer Lawrie & Co. Ltd.*, has long reflected the law's attempt to mediate industrial peace through representative mechanisms; the Code tries to carry that objective forward through statutory clarity.

The Code also formalises the concept of fixed-term employment, granting fixed-term employees parity in wages, benefits, and working conditions with permanent workers performing similar work. This is a notable reform because it attempts to reconcile labour market flexibility with fairness. Rather than relying excessively on informal or contract work, employers can use fixed-term arrangements within a regulated framework. The provision for gratuity after one year of service for fixed-term employees further strengthens this model.

At the same time, the Code raises the threshold for prior government permission for lay-off, retrenchment, and closure from 100 workers to 300 workers in certain

the principle of equal remuneration into a unified wage code is important not only from a compliance standpoint but also from a constitutional perspective, given India's commitment to equality and social justice. The Code thus links efficiency with dignity: it simplifies the law while reinforcing the principle that wages are not merely a market outcome but a matter of legal protection.

### The Industrial Relations Code: Balancing Flexibility and Collective Rights

The Industrial Relations Code, 2020, addresses one of the most congested areas of labour policy: the balance between managerial flexibility and workers' collective protections. It brings together the law on trade unions, standing orders, and industrial disputes into a single statutory framework.

A central feature of the Code is the recognition of a negotiating union where a trade union has 51 per cent or more workers as members, and a negotiating council where no such majority exists. This seeks to reduce multiplicity in representation and facilitate structured collective bargaining. For industrial establishments, this can improve clarity in negotiations. For workers, it provides a more formal channel of representation,

establishments. It is argued that this encourages enterprise growth by reducing regulatory rigidities that previously discouraged employers from crossing workforce thresholds. The legal significance of this change lies in the fact that it rebalances the labour-capital relationship in favour of operational flexibility, though there is debate over whether adequate countervailing protections remain. That debate must be read against the broader constitutional position that while the right to carry on business under Article 19(1) (g) is protected, labour regulation has consistently been upheld as a permissible and necessary instrument of social control.

The requirement of prior notice for strikes and lockouts across establishments is another major shift. It aims to promote industrial peace and encourage conciliation before disruption. Yet its practical impact will depend on whether it is used to strengthen dispute resolution or to constrain collective action disproportionately. In that sense, the Industrial Relations Code reflects the broader philosophy of the labour reform project: formalisation, predictability, and negotiated order, but accompanied by continuing questions about the future of labour power.

## The Social Security Code: Expanding the Idea of Labour Protection

The Code on Social Security, 2020, is perhaps the most ambitious of the four Codes in terms of welfare vision. By consolidating nine laws into a common framework, it seeks to rationalise the administration of social protection for provident funds, employee state insurance, gratuity, maternity benefits, and welfare measures.

Its most discussed innovation is the statutory recognition of gig workers and platform workers. This is a major conceptual development in Indian labour law. Traditional labour statutes were often built around conventional employer-employee relationships and therefore struggled to respond to app-based and digitally mediated work. By defining these categories and enabling scheme-based social security support, the Code acknowledges that the future of labour protection cannot be confined to standard employment alone.

However, this recognition must be understood carefully. The Code creates the legal framework for extending benefits to gig and platform workers; it does not mean that universal and fully operational

coverage already exists in practice. The effectiveness of this reform depends on the framing of schemes, contribution mechanisms, registration systems, and intergovernmental coordination. Therefore, while the Code is pathbreaking in legal design, implementation remains the key challenge. This distinction between statutory promise and enforceable benefit is essential for any serious legal assessment of the reform.

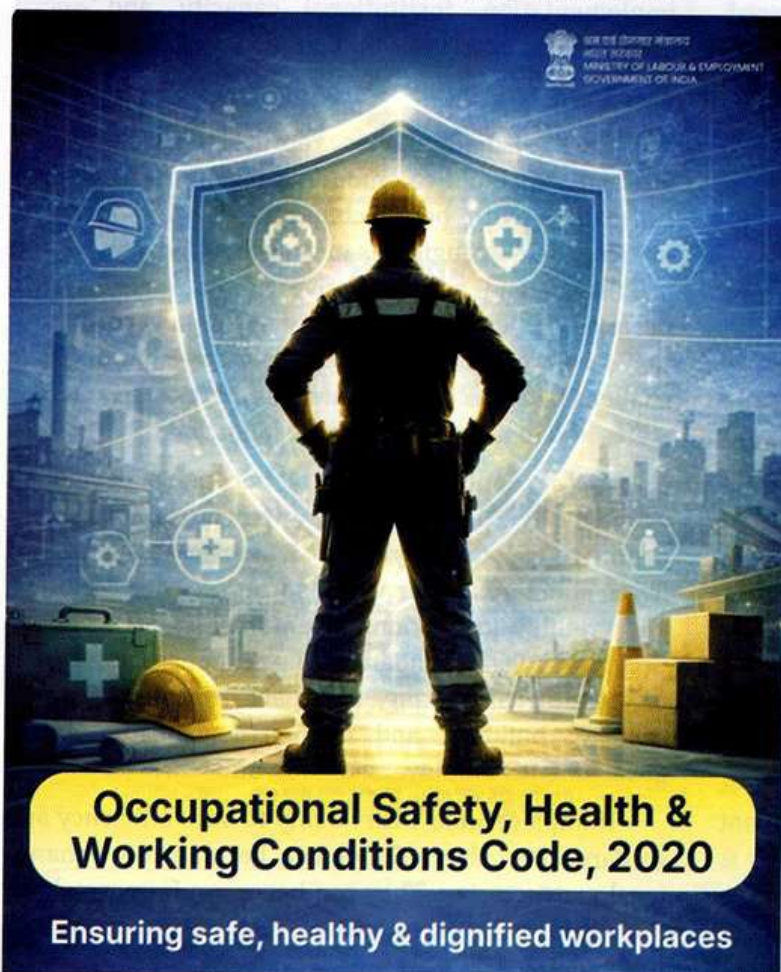
For workers in conventional sectors, the Code preserves and reorganises important protections relating to maternity benefits, gratuity, provident fund, and employee insurance. It also carries considerable significance for unorganised workers and inter-state migrant workers, especially when read alongside the digital registration ecosystem built around e-Shram. In policy terms, the Social Security Code reflects a movement from fragmented welfare statutes toward the idea of a more portable and integrated social protection system.

This shift is particularly important in the context of labour market mobility. Workers increasingly move across employers, sectors, and states. Social protection systems built around static or long-term industrial employment are therefore insufficient. By seeking greater portability and broader categories of inclusion, the Social Security Code responds to structural changes in the Indian economy, even though its promise will depend on the seriousness of execution. The Supreme Court's observations in *Bandhua Mukti Morcha v. Union of India* and related social justice jurisprudence remind us that labour welfare cannot be viewed narrowly; it is tied to dignity, health, and constitutional citizenship.

## The OSHWC Code: Safety, Health and Dignity at Work

The Occupational Safety, Health and Working Conditions Code, 2020, (OSHC Code) consolidates thirteen laws dealing with workplace health, safety, welfare, and working conditions. Its importance lies in the fact that labour reform cannot be judged solely through the lenses of wage and flexibility; the quality and safety of work remain equally central.

The Code addresses several dimensions of workplace governance: appointment letters, working hours, leave, welfare facilities, contract labour regulation, and the rights of inter-state migrant workers. Its provisions



relating to safety committees, welfare officers, medical examinations, and regulated hours are designed to modernise workplace administration while promoting minimum standards of humane work. By unifying standards across multiple sectors, the Code attempts to reduce uncertainty without undermining the protective purpose of workplace regulation.

The inclusion of protections relating to women working at night, subject to conditions concerning safety, consent, and safeguards, reflects a more contemporary understanding of workforce participation. Equally important is the treatment of migrant labour. India's experience during the pandemic exposed the legal and administrative invisibility of many migrant workers. By bringing greater attention to registration, portability, and welfare, the Code attempts to respond to that structural weakness.

Another important reform under the OSH framework is the raising of the threshold for the applicability of certain provisions relating to contract labour. From the perspective of employers, this reduces compliance burdens for smaller establishments. From the perspective of workers, however, the issue remains whether threshold-based exemptions create gaps in protection. Thus, as with the other Codes, simplification and inclusion are accompanied by difficult policy trade-offs. The law of occupational safety has long rested on the principle that productivity cannot be divorced from human welfare; the Code retains that foundational insight while seeking to modernise regulatory design.

### **Policy Impact: Reform, Formalisation and the Limits of Transition**

The policy rationale behind the Labour Codes is clear: simplification of labour regulation, reduction of compliance duplication, expansion of social protection, and support for formal employment growth. Official data indicates growing social security coverage, rising *e-Shram* registrations, and wider administrative reach of institutions such as ESIC (Employees' State Insurance Corporation). These trends suggest that the labour reform agenda is being situated within a larger project of formalisation and welfare delivery.

Yet policy impact must be measured carefully. It is analytically unsound to treat statutory enactment as equivalent to completed transformation. Labour is a subject on the Concurrent List, and therefore, state-level rulemaking remains critical. The pace and quality of implementation across states will determine whether

the Codes operate as a truly national framework or as an uneven reform patchwork.

Moreover, the shift from the older inspector-based model to an Inspector-cum-Facilitator approach is normatively significant. In theory, it encourages compliance assistance rather than adversarial enforcement. In practice, however, concerns remain that facilitation without sufficient inspection capacity may dilute deterrence, especially in sectors marked by informality and vulnerability. Similarly, digital platforms such as *e-Shram* can improve registration and portability, but digital exclusion, language barriers, and limited awareness can weaken their transformative potential.

The real policy impact of the Labour Codes, therefore, lies not only in what they simplify for employers but also in whether they deepen enforceable rights for workers. Their success should ultimately be measured by better wages, safer workplaces, wider coverage, lower precarity, and more reliable dispute resolution. From a legal policy perspective, the Codes should be viewed not as the end of labour reform, but as the beginning of a new regulatory phase in which implementation, institutional capacity, and social dialogue will determine outcomes.

### **The Road Ahead**

India's Labour Codes represent an important attempt to build a modern labour law system compatible with both economic growth and social justice. Their strength lies in consolidation, conceptual expansion, and administrative rationalisation. Their promise lies in bringing clarity to employers, dignity to workers, and coherence to labour governance. Their challenge lies in implementation, particularly across states and in the vast informal economy.

For a country aspiring to become a developed economy by 2047, labour law reform cannot remain confined to statutory text. It must translate into living standards, safer work, social security coverage, and credible institutions of enforcement. The Codes provide the legal foundation. The next phase must focus on careful rulemaking, transparent implementation, capacity building, and continued dialogue among governments, employers, unions, and workers.

If implemented with fidelity to both efficiency and welfare, the Labour Codes can become more than a legal restructuring. They can become a framework for a more formal, fair, and future-ready world of work in India. □