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REVISITING LABOUR REFORMS IN INDIA: A CRITICAL AND COMPARATIVE EXAMINATION OF THE NEW LABOUR CODES

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ABSTRACT

The codification of Indian labour laws through the Code on Wages, 2019, the Code on Industrial Relations, 2020, the Code on Social Security, 2020, and the Code on Occupational Safety, Health and Working Conditions, 2020 represents a landmark shift in the nation's socio-legal and economic framework. These four comprehensive enactments consolidate twenty-nine fragmented legislations into a unified regulatory architecture that seeks to harmonize industrial relations, improve administrative efficiency, and enhance worker welfare. This article undertakes a critical and comparative examination of these reforms, tracing their historical evolution, legislative intent, and practical implications. It analyses whether the new codified regime effectively balances the twin objectives of ease of doing business and protection of labour rights within a rapidly liberalizing economy. While the consolidation simplifies compliance and expands the scope of social security especially for unorganised, gig, and platform workers the study identifies persistent challenges such as definitional ambiguities, insufficient clarity in rule-making, and the risk of tilting the balance in favour of employers. The research adopts a doctrinal and analytical methodology to evaluate the effectiveness of these codes in ensuring social justice, inclusivity, and regulatory coherence. The paper concludes that the success of India's new labour codes will depend upon robust institutional enforcement, state-level coordination, and the active participation of all stakeholders in translating legislative reform into equitable labour governance.

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INTRODUCTION

Labour law in India has historically evolved as a complex mosaic of colonial enactments, constitutional commitments, and post-independence welfare legislation. By the early twenty-first century, nearly thirty central statutes and more than a hundred state-level laws governed various aspects of wages, social security, industrial relations, and occupational safety.³ The multiplicity of statutes produced overlaps, inconsistencies in definitions, and heavy compliance burdens for employers while offering uneven protection for workers.⁴ Recognising these inefficiencies, the Second National Commission on Labour (2002) recommended consolidation into four comprehensive codes to promote uniformity, legal clarity, and administrative efficiency.⁵

In 2019 and 2020, Parliament enacted four principal codes 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 the stated objective of rationalising the legal framework while fostering an investor-friendly environment.⁶ Together, these enactments seek to modernise India's labour regulation architecture, align domestic standards with International Labour Organization (ILO) conventions, and enhance the nation's ranking in the World Bank's *Ease of Doing Business* index.⁷

However, the process of codification has invited both commendation and critique. Proponents view the reforms as a long-awaited step toward simplification, predictability, and digital compliance.⁸ Critics contend that the codes privilege economic liberalisation over labour

³ Ministry of Labour & Employment, *Report of the Second National Commission on Labour* (2002).

⁴ Id. at ¶ 3.2; International Labour Organization, *India Labour Market Update* (2018).

⁵ Second National Commission on Labour, *Recommendations* ch. VII (2002).

⁶ *The Code on Wages*, No. 29 of 2019, INDIA CODE; *The Industrial Relations Code*, No. 35 of 2020; *The Code on Social Security*, No. 36 of 2020; *The Occupational Safety, Health and Working Conditions Code*, No. 37 of 2020.

⁷ Piyush Tiwari, *Labour Law Reforms and Ease of Doing Business in India*, 12 INDIAN J. LAB. L. 45, 46 (2021).

⁸ INDIA CONST. arts. 38, 39, 43.

protection, potentially weakening collective bargaining and narrowing the definition of “worker.”⁹ The duality of these perspectives reflects a persistent tension in Indian labour jurisprudence between the constitutional promise of social justice under Articles 38, 39, and 43 and the pragmatic need for regulatory flexibility in a globalised economy.¹⁰

This article undertakes a critical and comparative examination of the new labour codes within that tension. It revisits the historical evolution of labour legislation, analyses the substantive and procedural shifts introduced by the new codes, and evaluates their implications for employees, employers, and the state. The study employs a doctrinal-analytical approach grounded in statutory interpretation, policy analysis, and comparative assessment with prior legislation. The overarching question it addresses is whether the four codes achieve a balanced synthesis between efficiency and equity that is, whether they can simultaneously facilitate industrial growth and uphold the constitutional ethos of labour welfare.

Ultimately, the discussion aims to demonstrate that while consolidation of the labour regime is a progressive reform in principle, its success depends on nuanced rule-making, participatory implementation by both central and state governments, and continuous judicial scrutiny to prevent erosion of hard-won worker rights. The subsequent sections trace the background of India’s labour reforms, compare the substantive content of the old and new regimes, and conclude with policy suggestions to ensure that codification evolves not into deregulation, but into genuine legal rationalisation anchored in social justice.

HISTORICAL BACKGROUND OF LABOUR LAW REFORMS IN INDIA

The historical evolution of labour legislation in India is deeply intertwined with the country’s industrial and socio-political transformations. The earliest labour laws were enacted during the British colonial period, primarily designed to safeguard imperial economic interests rather than to

⁹ World Bank, *Doing Business 2020* (World Bank Grp., 2020).

¹⁰ Venkatesan Ashok, *The Industrial Relations Code and the Future of Collective Bargaining in India*, 65 J. INDIAN L. & SOC’Y 117, 120 (2021).

protect indigenous labour.¹¹ Statutes such as the Factories Act of 1881 and Workmen's Breach of Contract Act of 1859 reflected a paternalistic approach focused on maintaining industrial discipline rather than ensuring welfare.¹² Post-independence, however, the Indian state reoriented labour policy toward social justice, guided by the Directive Principles of State Policy (DPSPs) enshrined in the Constitution.¹³

The immediate post-1947 decades witnessed the proliferation of sector-specific labour laws intended to secure minimum standards of employment, fair remuneration, and collective bargaining. Landmark enactments included the Industrial Disputes Act, 1947, the Factories Act, 1948, the Minimum Wages Act, 1948, and the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.¹⁴ These legislations, though progressive, gradually created a labyrinthine framework characterised by overlapping definitions, procedural complexity, and inconsistent enforcement.¹⁵

The Second National Commission on Labour (2002) identified these issues as systemic impediments to economic growth and equitable labour relations. It observed that the multiplicity of central and state laws had led to confusion among employers, inspectors, and workers alike, thereby obstructing compliance and industrial peace.¹⁶ The Commission recommended consolidation of existing statutes into four comprehensive codes addressing (i) wages, (ii) industrial relations, (iii) social security, and (iv) occupational safety and welfare.¹⁷

Building upon these recommendations, the Ministry of Labour and Employment initiated an ambitious reform process between 2015 and 2020 aimed at harmonising definitions, promoting

¹¹ Suresh Chandra, *Evolution of Labour Legislation in India: A Historical Perspective*, 58 INDIAN J. INDUS. REL. 101, 103 (2020).

¹² Id.

¹³ INDIA CONST. arts. 38, 39, 41–43A.

¹⁴ *The Industrial Disputes Act*, No. 14 of 1947, INDIA CODE; *The Factories Act*, No. 63 of 1948; *The Minimum Wages Act*, No. 11 of 1948; *The Employees' Provident Funds and Miscellaneous Provisions Act*, No. 19 of 1952.

¹⁵ Report of the Second National Commission on Labour, ¶ 4.1 (2002).

¹⁶ Id. at ¶ 5.3.

¹⁷ Id. at ¶ 5.5.

digital governance, and introducing uniform compliance mechanisms.¹⁸ This culminated in Parliament's enactment of the four new labour codes between 2019 and 2020, which collectively subsumed twenty-nine central statutes.¹⁹ The reform agenda was also aligned with the broader national objective of improving India's global competitiveness by streamlining business regulation and attracting foreign investment.²⁰

Nevertheless, while the codification drive signalled a shift toward legal rationalisation, it also rekindled debates regarding the balance between deregulation and protection. The consolidation of labour laws represented not merely a technical rearrangement of statutes but a reconfiguration of the state's normative commitment to social welfare within a liberalised economy. The subsequent sections examine these codes comparatively to assess whether the promise of simplification has translated into substantive advancement in labour rights and governance.

COMPARATIVE EXAMINATION OF EARLIER LABOUR LAWS AND THE NEW CODES

The consolidation of twenty-nine central statutes into four comprehensive labour codes represents the most extensive restructuring of India's labour regime since independence.²¹ Each code seeks to harmonise definitions, reduce procedural redundancies, and modernise compliance mechanisms. However, while the reform aims at administrative simplicity, it also raises significant legal and policy questions regarding continuity, coverage, and protection. This section comparatively evaluates each of the four codes vis-à-vis the earlier legislations they replace.

¹⁸ Ministry of Labour & Employment, *Labour Reforms in India: Consolidation of Labour Laws* (Gov't of India, 2020).

¹⁹ *The Code on Wages*, No. 29 of 2019, INDIA CODE; *The Industrial Relations Code*, No. 35 of 2020; *The Code on Social Security*, No. 36 of 2020; *The Occupational Safety, Health and Working Conditions Code*, No. 37 of 2020.

²⁰ NITI Aayog, *India's Labour Market Reforms and Ease of Doing Business* (Policy Brief, 2021).

²¹ Ministry of Labour & Employment, *Labour Reforms in India: Consolidation of Labour Laws* (Gov't of India, 2020).

THE CODE ON WAGES, 2019

The Code on Wages, 2019 unified four key laws: the *Payment of Wages Act, 1936*, *Minimum Wages Act, 1948*, *Payment of Bonus Act, 1965*, and *Equal Remuneration Act, 1976*.²² Its principal objective is to ensure uniformity in the determination and payment of wages across organised and unorganised sectors. A major innovation lies in the introduction of a single, standard definition of “wages” encompassing basic pay, dearness allowance, and retaining allowance, while excluding specified components such as bonuses or travel concessions.²³ This uniform definition eliminates conflicting interpretations that previously existed across statutes.

The Code’s applicability extends to all employees, regardless of wage ceilings or scheduled employment a significant departure from earlier laws that restricted coverage to “scheduled industries.”²⁴ Furthermore, it mandates the Central Government to fix a floor wage to serve as a national benchmark, enabling states to prescribe higher rates based on regional variations.²⁵ The inclusion of provisions for digital wage payment and prompt settlement of dues within two working days of termination reflects an orientation toward transparency and worker convenience.²⁶

Nevertheless, concerns persist regarding enforcement and the limited inclusion of informal sector workers. Critics argue that while the floor wage is a positive development, the absence of clear criteria for its periodic revision may lead to stagnation and regional disparities.²⁷ In essence, the Code on Wages provides administrative uniformity but requires vigilant monitoring to ensure that simplification does not dilute substantive worker entitlements.

²² *The Code on Wages*, No. 29 of 2019, INDIA CODE.

²³ *Id.* § 2(y).

²⁴ *Id.* § 1(4).

²⁵ *Id.* § 9.

²⁶ *Id.* § 17.

²⁷ S. R. Mohan, *The Code on Wages and Its Implications for Labour Justice*, 42 *ECON. & POL. WKLY.* 51, 54 (2021).

THE INDUSTRIAL RELATIONS CODE, 2020

The Industrial Relations (IR) Code, 2020 consolidates three statutes the *Trade Unions Act, 1926*, the *Industrial Employment (Standing Orders) Act, 1946*, and the *Industrial Disputes Act, 1947*.²⁸ Its purpose is to foster harmonious industrial relations by rationalising procedures for trade union recognition, employment conditions, and dispute resolution.

One of the most debated reforms is the increase in the employee threshold from 100 to 300 for establishments required to seek prior government approval before retrenchment, layoffs, or closure.²⁹ Proponents view this as an incentive for investment and flexibility, whereas trade unions perceive it as a dilution of worker security.³⁰ The Code also legalises fixed-term employment, allowing employers to hire workers for specified durations with parity of benefits vis-à-vis permanent employees.³¹ While this promotes adaptability, it may also normalise precarious employment.

Procedurally, the Code introduces a 14-day notice requirement for strikes, extends grievance redressal committees to establishments with twenty or more workers, and codifies mechanisms for arbitration and adjudication.³² Moreover, it designates the trade union commanding more than 51 percent membership as the sole negotiating union, reducing inter-union rivalry.³³ Yet, this provision may marginalise smaller unions and restrict plural representation.

The IR Code's emphasis on industrial flexibility aligns with global competitiveness goals, but it simultaneously shifts the balance of power toward management.³⁴ Its long-term impact will depend on whether the newly created institutions such as the National Industrial Tribunal operate with impartiality and inclusivity.

²⁸ *The Industrial Relations Code*, No. 35 of 2020, INDIA CODE.

²⁹ *Id.* § 77.

³⁰ Venkatesan Ashok, *The Industrial Relations Code and the Future of Collective Bargaining in India*, 65 J. INDIAN L. & SOC'Y 117, 120 (2021).

³¹ Industrial Relations Code, 2020, § 4.

³² *Id.* §§ 62–66.

³³ *Id.* § 14.

³⁴ Rajeev Dubey, *Labour Flexibility and the Indian Economy*, 17 INT'L J. L. & MGMT. 89, 93 (2022).

THE CODE ON SOCIAL SECURITY, 2020

The Code on Social Security, 2020 is arguably the most socially consequential of the four codes. It merges nine existing enactments, including the *Employees' Provident Funds Act, 1952*, *Employees' State Insurance Act, 1948*, *Maternity Benefit Act, 1961*, and *Payment of Gratuity Act, 1972*.³⁵ The Code's overarching goal is to universalise social protection by extending benefits to all categories of workers organised, unorganised, gig, and platform-based.³⁶

Significantly, it introduces the National Social Security Board for unorganised workers and mandates Aadhaar-based registration to ensure uniform identification and portability of benefits.³⁷ Provisions for voluntary coverage under the Employees' State Insurance (ESI) and the Employees' Provident Fund (EPF) reflect flexibility for smaller establishments.³⁸ Moreover, the Code empowers both central and state governments to formulate welfare schemes covering life and disability insurance, old-age protection, health and maternity benefits, and education.³⁹

A notable innovation is the formal recognition of gig and platform workers as beneficiaries of social security.⁴⁰ This acknowledgment aligns domestic law with global developments in the digital economy and marks a progressive shift toward inclusive protection. However, the Code leaves crucial aspects such as contribution rates and eligibility thresholds to delegated legislation, thereby creating uncertainty about actual implementation.⁴¹ Furthermore, critics note that the absence of clearly delineated funding responsibilities among the Centre, states, and aggregators may impede realisation of these benefits.⁴²

Thus, while the Social Security Code embodies an ambitious vision of universal coverage, its effectiveness will hinge upon fiscal capacity, administrative will, and cooperative federalism.

³⁵ *The Code on Social Security*, No. 36 of 2020, INDIA CODE.

³⁶ Id. pmbl.

³⁷ Id. § 113.

³⁸ Id. §§ 25–27.

³⁹ Id. §§ 109–110.

⁴⁰ Id. § 2(35)–(36).

⁴¹ S. B. Das, *Social Security in India's Gig Economy: A Legal Review*, 14 ASIAN J. COMP. L. 241, 246 (2022).

⁴² Id. at 249.

THE CODE ON OCCUPATIONAL SAFETY, HEALTH AND WORKING CONDITIONS, 2020

The Occupational Safety, Health and Working Conditions (OSHWC) Code, 2020 amalgamates thirteen prior statutes, including the *Factories Act, 1948*, the *Mines Act, 1952*, and the *Contract Labour (Regulation and Abolition) Act, 1970*.⁴³ It seeks to standardise workplace safety norms and ensure humane working conditions across sectors. The Code mandates electronic registration for establishments employing ten or more workers and introduces the concept of a common licence for factory, contract, and beedi-cigar operations, thereby simplifying procedural compliance.⁴⁴

Among its progressive provisions are explicit prohibitions on gender discrimination, the extension of employment opportunities for women in night shifts (subject to safety measures), and recognition of transgender persons' workplace rights, including separate facilities.⁴⁵ Additionally, it enhances the definition of “inter-state migrant worker” by including those earning up to ₹18,000 per month, thus broadening coverage.⁴⁶

Yet, critics argue that the Code's increased threshold for factory applicability from ten to twenty workers (with power) and from twenty to forty (without power) may exclude smaller establishments from essential safety norms.⁴⁷ Moreover, by empowering the executive to exempt categories of establishments “in public interest,” the legislation risks weakening uniform enforcement.⁴⁸

Nonetheless, the OSHWC Code represents an important step toward consolidating occupational safety legislation, introducing digital transparency, and extending gender inclusivity. Its success will

⁴³ *The Occupational Safety, Health and Working Conditions Code*, No. 37 of 2020, INDIA CODE.

⁴⁴ Id. §§ 3–7.

⁴⁵ Id. §§ 43–46.

⁴⁶ Id. § 61.

⁴⁷ Id. § 2(v).

⁴⁸ Id. § 127.

depend on effective inspection mechanisms and sustained awareness among employers and employees alike.

SYNTHESIS

Taken together, the four codes signify a decisive attempt to rationalise India's labour law system through consolidation and digitalisation. They unify definitions, reduce compliance burdens, and align regulatory practice with contemporary industrial realities. However, the transition from multiple protective legislations to four overarching codes entails an inevitable trade-off between simplification and specificity. The balance between labour flexibility and worker security remains delicate and unresolved.

The following section undertakes a critical analysis of these reforms, probing whether their underlying philosophy aligns with India's constitutional vision of social justice, or whether codification merely reconfigures the old inequalities under a modern administrative veneer.

CRITICAL ANALYSIS OF THE NEW LABOUR CODES

The enactment of the four new labour codes constitutes a watershed moment in India's employment regulation landscape. Although the codification process is officially framed as an exercise in simplification and modernization, a closer examination reveals complex normative, institutional, and socio-economic dimensions. The following analysis evaluates the codes through four intersecting lenses constitutional conformity, social justice, administrative rationalisation, and economic liberalisation to determine whether the reform truly advances a balanced labour regime.

CONSTITUTIONAL AND JURISPRUDENTIAL DIMENSIONS

At the core of Indian labour jurisprudence lies the constitutional guarantee of social and economic justice embodied in the Directive Principles of State Policy (DPSPs).⁴⁹ Articles 38, 39, 41, 42, and 43A require the State to ensure humane working conditions, living wages, and participation of workers in management.⁵⁰ The four codes claim to operationalise these mandates by consolidating

⁴⁹ INDIA CONST. arts. 38–43A.

⁵⁰ *Id.*

labour laws, enhancing compliance, and expanding social protection. However, their textual analysis reveals potential tensions with established constitutional principles.

First, several provisions delegate wide discretion to the executive, allowing the central or state governments to exempt industries “in public interest.”⁵¹ Such open-ended delegation risks contravening the doctrine of separation of powers and may enable selective deregulation contrary to equality under Article 14.⁵² Second, the codes’ increased thresholds for instance, the requirement of 300 workers for prior approval of retrenchment could weaken the right to livelihood recognised in *Olga Tellis v. Bombay Municipal Corporation*.⁵³ The reforms, while intended to promote economic flexibility, must withstand constitutional scrutiny to ensure that efficiency is not achieved at the expense of fundamental rights.

LABOUR WELFARE AND SOCIAL PROTECTION

From a welfare perspective, the codes exhibit both continuity and innovation. The Code on Social Security, 2020 expands the notion of coverage by recognising *gig* and *platform* workers an unprecedented step in Indian law.⁵⁴ This inclusion aligns domestic policy with evolving global labour standards and the International Labour Organization’s Recommendation No. 204 (2015) concerning the transition from informal to formal employment.⁵⁵ Yet, the code’s reliance on enabling provisions and deferred rule-making raises concerns about its justiciability and enforceability.⁵⁶

The Wages Code similarly seeks to achieve equity by establishing a universal floor wage and prohibiting gender-based pay discrimination.⁵⁷ Nevertheless, without an independent wage commission or binding periodic revision, the measure risks remaining symbolic.⁵⁸ Scholars note

⁵¹ *The Occupational Safety, Health and Working Conditions Code*, No. 37 of 2020, § 127, INDIA CODE.

⁵² *In re Delhi Laws Act*, AIR 1951 SC 332 (India).

⁵³ *Olga Tellis v. Bombay Mun. Corp.*, (1985) 3 SCC 545 (India).

⁵⁴ *The Code on Social Security*, No. 36 of 2020, §§ 2(35)–(36), INDIA CODE

⁵⁵ Int’l Lab. Org., Recommendation No. 204 on the Transition from the Informal to the Formal Economy (2015).

⁵⁶ S. B. Das, *Social Security in India’s Gig Economy: A Legal Review*, 14 ASIAN J. COMP. L. 241, 248 (2022).

⁵⁷ *The Code on Wages*, No. 29 of 2019, §§ 9, 16, INDIA CODE.

⁵⁸ Piyush Tiwari, *Uniform Wages and Regional Disparities in India*, 13 INDIAN J. LAB. L. 89, 93 (2021).

that wage uniformity without effective enforcement may exacerbate regional inequalities rather than correct them.⁵⁹

Furthermore, while the Occupational Safety, Health and Working Conditions (OSHC) Code introduces gender and transgender inclusivity, it simultaneously raises the threshold for factory applicability, thereby excluding many small enterprises from basic safety obligations.⁶⁰ The cumulative effect may be a narrowing of protective reach, contrary to the constitutional commitment to universal labour welfare.⁶¹

ADMINISTRATIVE AND INSTITUTIONAL RATIONALISATION

A central justification for codification is the promise of administrative efficiency. The four codes adopt technology-driven governance single registration, common returns, and online inspection systems to reduce compliance costs.⁶² The creation of the *Inspector-cum-Facilitator* marks a paradigm shift from punitive inspection toward advisory engagement.⁶³ This reform could reduce corruption and enhance predictability in enforcement.

Yet, institutional rationalisation must not lead to regulatory capture. The replacement of independent labour inspectors with facilitators may weaken deterrence against violations.⁶⁴ Without robust oversight mechanisms, the system could devolve into formal compliance rather than substantive protection. Moreover, the heavy reliance on subordinate legislation over 300 draft rules notified by various governments blurs accountability and invites inconsistency across jurisdictions.⁶⁵

⁵⁹ Id.

⁶⁰ *The Occupational Safety, Health and Working Conditions Code*, No. 37 of 2020, § 2(v).

⁶¹ M. A. Khan, *Worker Safety and Legal Thresholds in India*, 55 INDIAN J. L. & SOC. 52, 56 (2022).

⁶² Ministry of Labour & Employment, *Digital Labour Compliance System: Overview* (2021).

⁶³ *The Code on Wages*, No. 29 of 2019, § 51.

⁶⁴ A. S. Rao, *From Inspector to Facilitator: Rethinking Labour Governance in India*, 47 INDIAN J. PUB. ADMIN. 67, 71 (2021).

⁶⁵ Press Information Bureau, Gov't of India, *Draft Labour Code Rules 2021* (Dec. 2021).

In practice, the success of digital compliance depends on infrastructure and literacy, particularly among small-scale enterprises and unorganised workers.⁶⁶ The government's goal of "one registration, one return" may remain aspirational unless accompanied by targeted capacity-building initiatives and transparent grievance-redressal frameworks.

INDUSTRIAL RELATIONS AND COLLECTIVE BARGAINING

The Industrial Relations (IR) Code, 2020 seeks to create a balance between industrial peace and managerial flexibility. By recognising a single negotiating union with more than 51 percent membership, it aims to streamline collective bargaining.⁶⁷ However, this numerical threshold could marginalise minority unions and dilute plural representation—an essential democratic principle within industrial relations.⁶⁸

The redefinition of "strike" to include cessation of work in any form, coupled with a mandatory fourteen-day notice period, places significant procedural constraints on workers' ability to protest.⁶⁹ Such restrictions, though intended to prevent disruptive strikes, may infringe the fundamental right to association under Article 19(1)(c).⁷⁰ Additionally, raising the threshold for mandatory standing orders from 100 to 300 workers potentially weakens job security for a substantial segment of the workforce.⁷¹

These developments suggest an ideological shift from *protective collectivism* to *managerial pragmatism*.⁷² While industrial harmony requires flexibility, it must not come at the cost of eroding the historically negotiated equilibrium between capital and labour.

⁶⁶ NITI Aayog, *India's Labour Market Reforms and Ease of Doing Business* (Policy Brief, 2021).

⁶⁷ *The Industrial Relations Code*, No. 35 of 2020, § 14, INDIA CODE.

⁶⁸ V. Subramaniam, *Collective Bargaining and Union Pluralism in India*, 69 J. INDIAN L. & POL'Y STUD. 115, 118 (2022).

⁶⁹ *The Industrial Relations Code*, No. 35 of 2020, § 62.

⁷⁰ INDIA CONST. art. 19(1)(c); see also *A.I.I.E.A. v. State of Karnataka*, AIR 2002 SC 1146 (India).

⁷¹ *The Industrial Relations Code*, No. 35 of 2020, § 28.

⁷² J. R. Bhattacharya, *From Protective Collectivism to Managerial Pragmatism: A Shift in Indian Labour Law*, 18 S. ASIA L. REV. 102, 107 (2023).

ECONOMIC LIBERALISATION AND EASE OF DOING BUSINESS

From the standpoint of economic policy, the codes align with the government's ambition to enhance the *Ease of Doing Business* and attract foreign investment.⁷³ Simplified compliance structures, digitalisation, and uniform definitions contribute to predictability in labour markets. Empirical studies suggest that countries with transparent labour laws witness higher formal-sector employment and productivity.⁷⁴

However, critics caution that deregulation under the guise of reform may exacerbate precarity. The substitution of protective legislation with flexible norms could institutionalise informality rather than eliminate it.⁷⁵ The challenge, therefore, lies in striking a dynamic equilibrium where efficiency complements, rather than supplants, equity. The success of labour reform must ultimately be measured not by the quantum of investment it attracts but by the quality of work and security it guarantees.⁷⁶

OVERALL ASSESSMENT

The codification of India's labour laws represents both a conceptual advance and a normative compromise. It signifies administrative modernisation consistent with global trends but risks attenuating the welfare ethos that has historically underpinned Indian labour policy. While the new framework simplifies procedure, it also centralises discretion and weakens statutory specificity. The reform's constitutional legitimacy and practical efficacy will depend on how subordinate rules operationalise its broad principles.

Thus, the new labour codes should not be viewed merely as instruments of deregulation but as a constitutional experiment in reconciling economic efficiency with social justice. Their trajectory

⁷³ World Bank, *Doing Business 2020* (World Bank Grp., 2020).

⁷⁴ D. Ramaswamy, *Labour Regulation and Economic Performance in Emerging Markets*, 31 J. DEV. STUD. 233, 238 (2021).

⁷⁵ Venkatesan Ashok, *Institutionalising Informality: Critique of India's Labour Reforms*, 16 INDIAN L. REV. 75, 82 (2022).

⁷⁶ *Id.* at 85.

will hinge upon judicial interpretation, cooperative federalism, and the sustained participation of workers' organisations in shaping the emerging regulatory paradigm.

CHALLENGES AND POLICY IMPLICATIONS

The enactment of the four labour codes has undoubtedly modernised India's labour law architecture, but their realisation in practice faces multifaceted challenges administrative, fiscal, institutional, and normative. These impediments underscore the importance of translating legislative intent into operational efficacy while preserving constitutional guarantees of fairness and social justice.

ADMINISTRATIVE AND FEDERAL COORDINATION CHALLENGES

One of the foremost difficulties lies in the federal implementation structure. Although the codes provide a uniform framework, both the central and state governments possess concurrent legislative competence under List III, Entry 22 of the Seventh Schedule of the Constitution.⁷⁷ This dual authority risks creating fragmented enforcement unless robust coordination mechanisms are established.⁷⁸ Several states have issued draft rules with divergent provisions, threatening uniformity and legal certainty for employers and employees alike.⁷⁹

Furthermore, administrative capacity remains uneven. Many labour departments continue to face shortages of trained inspectors, digital infrastructure, and enforcement resources.⁸⁰ The replacement of "inspectors" with "facilitators," though conceptually progressive, may dilute accountability in the absence of clear performance standards and independent audit mechanisms.⁸¹

⁷⁷ INDIA CONST. sch. VII, List III, entry 22.

⁷⁸ Ministry of Labour & Employment, *Labour Codes Implementation Status Report* (Gov't of India, 2023).

⁷⁹ Press Trust of India, *States Frame Divergent Labour Code Rules*, THE HINDU (Aug. 10, 2023).

⁸⁰ NITI Aayog, *Labour Reform Progress Report* (2022).

⁸¹ A. S. Rao, *From Inspector to Facilitator: Rethinking Labour Governance in India*, 47 INDIAN J. PUB. ADMIN. 67, 72 (2021).

As a result, the success of codification depends on the development of transparent, technology-driven inspection systems complemented by human oversight.⁸²

FISCAL AND SOCIAL PROTECTION CONCERNS

The Code on Social Security, 2020 envisions universal coverage, including for unorganised, gig, and platform workers.⁸³ However, the financial sustainability of such a broad welfare net remains uncertain. India's public expenditure on social security has historically remained below 2 percent of GDP, far less than the OECD average.⁸⁴ Without assured fiscal commitment and defined contribution-sharing formulas between central and state governments, the goal of universality may prove aspirational.⁸⁵

The issue of contributory equity also arises. The Code allows for variable contribution rates from employers, employees, and aggregators, but lacks precise statutory guidance on distribution.⁸⁶ This flexibility may produce disparities across sectors, undermining the constitutional principle of equality. Moreover, the heavy reliance on Aadhaar-linked registration presupposes digital literacy and access, excluding marginalised workers who remain outside formal networks.⁸⁷

RULE-MAKING AND DELEGATED LEGISLATION

Another critical concern pertains to delegated legislation. Collectively, the four codes empower the executive to frame more than 400 rules across multiple domains.⁸⁸ Excessive delegation risks subverting parliamentary oversight and enables the government to modify substantive rights

⁸² Economic Times Bureau, *Implementation of Labour Codes Delayed as States Lag Behind*, ECON. TIMES (May 12, 2024).

⁸³ *The Code on Social Security*, No. 36 of 2020, § 113, INDIA CODE.

⁸⁴ Int'l Lab. Org., *India Social Protection Expenditure Profile* (2021).

⁸⁵ S. B. Das, *Financing Universal Social Protection in India*, 12 DEV. POL'Y REV. 333, 337 (2022).

⁸⁶ *The Code on Social Security*, No. 36 of 2020, §§ 142–143, INDIA CODE.

⁸⁷ R. Mehta, *Digital Exclusion and Labour Rights in India*, 15 J. L. TECH. & SOC'Y 215, 222 (2022).

⁸⁸ Press Information Bureau, *Draft Rules under the Four Labour Codes* (Dec. 2021).

through secondary instruments.⁸⁹ In *Delhi Laws Act*, the Supreme Court cautioned against the abdication of essential legislative functions to the executive a warning equally pertinent here.⁹⁰

The absence of a synchronised timeline for notifying these rules has delayed the codes' implementation, generating uncertainty in industrial relations.¹⁴ A transparent, consultative rule-making process involving trade unions, employer associations, and civil society is essential to restore legitimacy and participatory governance.⁹¹

SOCIO-LEGAL IMPLICATIONS AND POLICY RECOMMENDATIONS

From a socio-legal standpoint, the reforms illustrate the evolving philosophy of labour regulation in India from welfare-oriented protectionism to facilitative regulation.¹⁵ While economic competitiveness requires flexibility, unrestrained deregulation could erode the normative foundations of labour law as a tool of distributive justice.¹⁶

Policy attention should therefore focus on three imperatives:

1. Phased implementation allowing enterprises and labour departments sufficient time to adapt.
2. Institutional strengthening training facilitators, developing online grievance platforms, and enhancing tripartite consultation.
3. Periodic review mandating a quinquennial evaluation by an independent commission to assess impact on employment, productivity, and welfare.

⁸⁹ V. Subramaniam, *Delegated Legislation and Accountability in Labour Law*, 18 INDIAN PUB. L. J. 118, 123 (2023).

⁹⁰ *In re Delhi Laws Act*, AIR 1951 SC 332 (India).

⁹¹ J. R. Bhattacharya, *From Protective Collectivism to Managerial Pragmatism: A Shift in Indian Labour Law*, 18 S. ASIA L. REV. 102, 106 (2023).

In essence, codification must not culminate in bureaucratic formalism but evolve into a responsive system that upholds constitutional morality, encourages compliance, and fosters sustainable industrial relations.⁹²

CONCLUSION AND SUGGESTIONS

The consolidation of India's labyrinthine labour laws into four comprehensive codes represents a historic juncture in the evolution of Indian industrial jurisprudence.⁹³ By unifying twenty-nine central enactments, the reform aims to reconcile two longstanding objectives enhancing economic efficiency and preserving labour welfare. Yet, as the preceding analysis has shown, codification is neither a neutral nor purely administrative act. It is a normative exercise that redefines the balance between capital and labour, between state intervention and market autonomy.

The new labour codes undoubtedly streamline compliance and reflect India's aspiration to harmonise its regulatory framework with global standards.⁹⁴ They signify a shift from prescriptive regulation toward facilitative governance, incorporating mechanisms for digital registration, single licensing, and self-certification.⁹⁵ However, simplification alone cannot substitute for substantive protection. The dilution of statutory thresholds for safety, retrenchment, and collective bargaining combined with expansive executive discretion raises concerns about the erosion of the welfare ethos underpinning Indian labour law.⁹⁶

To transform codification into genuine reform, several steps are essential. First, effective implementation requires harmonisation between the central and state governments. Federal coordination mechanisms, such as an intergovernmental labour council, should oversee uniform

⁹² S. R. Mohan, *The Code on Wages and Its Implications for Labour Justice*, 42 ECON. & POL. WKLY. 51, 55 (2021).

⁹³ Ministry of Labour & Employment, *Labour Reforms in India: Consolidation of Labour Laws* (Gov't of India, 2020).

⁹⁴ World Bank, *Doing Business 2020* (World Bank Grp., 2020).

⁹⁵ *The Occupational Safety, Health and Working Conditions Code*, No. 37 of 2020, §§ 3–7, INDIA CODE.

⁹⁶ V. Subramaniam, *Delegated Legislation and Accountability in Labour Law*, 18 INDIAN PUB. L. J. 118, 124 (2023).

enforcement and continuous data exchange.⁹⁷ Second, institutional capacity-building must accompany legal change. Labour inspectors turned “facilitators” require specialised training in digital auditing, conciliation, and social dialogue to ensure that facilitation does not become leniency.⁹⁸ Third, social protection financing must be expanded to make universal coverage under the Social Security Code financially viable. Progressive taxation or sectoral levies on digital platforms could subsidise benefits for informal and gig workers.⁹⁹

Additionally, the judicial role remains crucial in interpreting the codes in light of constitutional commitments. Courts must apply a purposive construction that privileges labour welfare and equity, consistent with precedents such as *Bandhua Mukti Morcha v. Union of India* and *People’s Union for Democratic Rights v. Union of India*, which affirmed the judiciary’s duty to safeguard labour dignity.¹⁰⁰

Finally, the codes’ long-term legitimacy depends on continuous evaluation through tripartite review mechanisms involving workers, employers, and government. Codification should be treated as a dynamic framework subject to revision in response to economic transformation and evolving notions of decent work.

In conclusion, the new labour codes constitute an ambitious yet unfinished reform. Their promise of simplification must evolve into a practice of substantive justice where efficiency coexists with empathy, and growth is tempered by equity. Only through participatory governance, transparent enforcement, and constitutional fidelity can India’s labour law reform realise its transformative potential.

⁹⁷ NITI Aayog, *India’s Labour Market Reforms and Ease of Doing Business* (Policy Brief, 2021).

⁹⁸ A. S. Rao, *From Inspector to Facilitator: Rethinking Labour Governance in India*, 47 INDIAN J. PUB. ADMIN. 67, 72 (2021).

⁹⁹ S. B. Das, *Financing Universal Social Protection in India*, 12 DEV. POL’Y REV. 333, 337 (2022).

¹⁰⁰ *Bandhua Mukti Morcha v. Union of India*, (1984) 3 SCC 161 (India); *People’s Union for Democratic Rights v. Union of India*, (1982) 3 SCC 235 (India).