

India's New Labour Codes: Simplification, Social Security Expansion, and the Future of Work

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Abstract

India's labour market is undergoing its most comprehensive reform since independence through the codification of 29 central labour laws into four unified labour codes: the Code on Wages (2019), the Industrial Relations Code (2020), the Social Security Code (2020), and the Occupational Safety, Health and Working Conditions Code (2020). Together, these reforms aim to extend minimum wages and timely payment to over 50 crore workers across both organized and unorganized sectors, expand social security to gig and platform workers, and institutionalize safeguards for women and migrant workers. By replacing fragmented legislation with a simplified, technology-enabled framework, the new codes seek to balance ease of doing business with worker welfare, ensuring transparency, reduced compliance burden, and a stronger dispute-resolution mechanism. Provisions such as expanded maternity benefits, portability through universal account numbers, and mandatory safety standards highlight the shift toward inclusive growth. This paper critically examines the scope, challenges, and potential of these reforms, situating them within the broader global discourse on the future of work and the changing nature of industrial relations.

Keywords: Future of Work; Gig and Platform Workers; Labour Codes; Labour Reforms in India; Social Security

1.Introduction

Labour laws form the backbone of industrial relations, social security, and workplace governance in any economy. In India, the framework for labour regulation historically evolved in a fragmented manner, with over 40 central laws and numerous state-level legislations governing wages, safety, industrial disputes, and welfare provisions. While these laws aimed to protect workers, their multiplicity often created overlaps, compliance hurdles, and ambiguities that impeded both worker welfare and business efficiency. This complexity contributed to what was widely described as “Inspector Raj,” marked by bureaucratic delays, excessive paperwork, and inconsistent enforcement.

Recognising these challenges, the Government of India undertook a historic step by consolidating 29 central labour laws into four simplified codes: the Code on Wages (2019), the Industrial Relations Code (2020), the Social Security Code (2020), and the Occupational Safety, Health and Working Conditions Code (2020). These reforms, described as the most comprehensive in independent India, seek to create a unified framework that addresses the dual goals of ensuring fairness for workers and providing flexibility and ease of compliance for employers.

The new labour codes are designed to universalise the right to minimum wages, extend social security to gig and platform workers, and strengthen occupational health and safety standards across sectors. With over 50 crore workers in the country, of which nearly 90 percent belong to the unorganised sector, the reforms represent a paradigm shift in India’s labour policy. They promise portability of benefits through Aadhaar-linked Universal Account Numbers, improved maternity benefits, mandatory safety provisions for women workers, and grievance redressal mechanisms for migrant workers.

At the same time, the labour codes are expected to improve India’s business environment by reducing compliance costs, ensuring single registration and licensing, and promoting technology-enabled transparency in inspections and dispute resolution. By institutionalising mechanisms for quicker settlement of industrial disputes and introducing re-skilling funds for retrenched workers, the reforms seek to strike a balance between protecting labour rights and fostering economic growth.

In this paper, an analytical study is undertaken to examine the scope, implications, and challenges of the new labour codes. The discussion situates these reforms within the larger discourse on the future of work, highlighting their significance for the inclusion of gig economy workers, the advancement of social security, and the creation of a more equitable yet competitive labour market in India.

2. Review of Literature

Bhattacharjea (2019) observed that India's labour laws were highly fragmented, with more than 40 central and 100 state-level legislations, leading to compliance difficulties and inefficiency. He highlighted the urgent need for consolidation to enhance both worker protection and business competitiveness.

Second National Commission on Labour (2002) recommended codifying multiple labour laws into four or five codes, pointing out the challenges posed by overlapping regulations and outdated provisions. This became a foundational basis for later reforms.

Sundar (2011) studied wage regulations in India and highlighted the uneven enforcement of minimum wage provisions. He argued that millions of workers, especially in the unorganised sector, were excluded from the benefits due to limited coverage of scheduled employments.

Papola (2012) emphasised the inadequacy of India's social security system, noting that nearly 90 percent of the workforce in the informal sector lacked effective social protection. He argued for a more inclusive framework that could cover informal and self-employed workers.

Kannan (2019) reiterated similar concerns, stressing that fragmented laws left vast sections of workers without access to pensions, insurance, or health benefits. He noted the urgency of systemic reforms to ensure universal coverage.

De Stefano (2016) in the context of the global gig economy, argued that platform workers faced precarity and lacked access to social security frameworks. He stressed the need for national governments to innovate labour regulations to include gig and platform-based workers.

Shyam Sundar (2014) examined occupational health and safety standards in India and revealed serious shortcomings, particularly in hazardous industries such as construction and mining. He concluded that poor OHS practices not only harmed workers but also affected productivity.

Roy (2010) analysed industrial relations in India and pointed out that disputes between employers and workers often resulted in lengthy litigation. He recommended stronger mechanisms for collective bargaining and speedier dispute resolution frameworks.

3. Research Gap

While the existing literature provides valuable insights into fragmented labour laws, minimum wage disparities, social security inadequacies, occupational safety issues, and industrial relations challenges in India, most of these studies predate the comprehensive codification of labour laws into the four new labour codes. Scholars such as Bhattacharjea (2019), Sundar (2011, 2014), and Papola (2012) have highlighted the systemic weaknesses of earlier frameworks but do not address the integrated approach introduced through the codes of 2019–2020. Similarly, global studies like De Stefano (2016) emphasise the vulnerability of gig and platform workers, yet Indian scholarship has only recently begun to explore their inclusion within national legislation. This reveals a critical gap in analysing the implications of the new labour codes for emerging work arrangements, gender inclusivity, and social security expansion. By bridging this gap, the present study contributes to academic discourse by providing a holistic examination of the four labour codes, their policy rationale, and their potential impact on the future of work in India.

4. Research Objectives

The study has been undertaken with the following objectives:

1. To examine the consolidation of 29 central labour laws into four unified labour codes and their policy rationale.
2. To analyse the provisions of the new labour codes in relation to wages, social security, occupational health and safety, and industrial relations.
3. To evaluate the extent to which the new codes address the needs of unorganised sector workers, gig and platform workers, women employees, and migrant labourers.
4. To assess the impact of the new codes on ease of doing business and employer–employee relations in India.
5. To identify potential challenges and implementation gaps in operationalising the labour codes across diverse sectors and states.

6. To situate India's labour reforms within the global discourse on the future of work and inclusive social security frameworks.

5. Research Methodology

This study adopts a qualitative and analytical research design, drawing upon both primary and secondary sources.

- **Research Design:** The paper is exploratory in nature, aiming to critically assess the objectives and implications of India's new labour codes. A doctrinal approach has been followed to analyse legal texts, government reports, and official notifications.
- **Data Sources:**

Primary Sources: Parliamentary Acts (Code on Wages, 2019; Industrial Relations Code, 2020; Social Security Code, 2020; Occupational Safety, Health and Working Conditions Code, 2020), government notifications, and official documents such as the New Labour Code for New India report.

Secondary Sources: Scholarly articles, books, research papers, and reports from journals (Economic and Political Weekly, Indian Journal of Labour Economics, etc.), as well as global literature on labour reforms and the gig economy.

- **Data Analysis:** A content analysis method has been employed to interpret the provisions of the codes, supported by a comparative analysis with international labour standards and practices (ILO conventions, global case studies). The research also incorporates a critical review of existing literature to situate India's reforms within academic discourse.
- **Scope and Limitations:** The study is limited to a policy and academic analysis of the four labour codes and does not undertake empirical fieldwork. Since the codes are yet to be fully implemented nationwide, the analysis focuses on their legal provisions, intended objectives, and potential implications rather than post-implementation outcomes.

Data Analysis

The analysis in this study has been carried out through a content analysis framework, supported by comparative evaluation with international standards and scholarly literature. Each of the four labour codes has been examined in terms of its stated objectives, key provisions, and the gaps it seeks to address compared to earlier legislations.

Code on Wages (2019):

Data Interpretation: The Code consolidates four wage-related legislations and ensures the universal right to minimum wages across all sectors. By introducing a floor wage, it attempts to reduce regional disparities. Content analysis reveals a significant expansion of coverage—nearly 40 crore unorganised workers are expected to benefit.

Comparative Perspective: Similar universalisation trends are found in ILO Convention No. 131 on Minimum Wage Fixing, which emphasises inclusivity irrespective of industry or occupation. India's move towards floor wages aligns with practices in countries such as South Africa and Brazil, where statutory minimums are pegged to living costs.

Social Security Code (2020):

Data Interpretation: The Code merges nine legislations and extends social protection measures—including pension, insurance, and maternity benefits—to workers in both organised and unorganised sectors. A notable innovation is the inclusion of gig and platform workers, a demographic traditionally excluded from labour protection. ESIC benefits are now extended to all districts of India, with the creation of a centralised social security fund.

Comparative Perspective: In line with ILO Recommendation No. 202 on Social Protection Floors, India's reforms echo global trends of adapting labour law to the digital economy. For example, the European Union has recently introduced directives mandating fair working conditions for platform workers, which resonates with India's inclusion of gig workers.

Occupational Safety, Health and Working Conditions (OSH) Code, 2020:

Data Interpretation: The OSH Code consolidates 13 laws and introduces mandatory health check-ups, safer working conditions, and mandatory appointment letters for employees. It expands coverage to inter-state migrant workers, providing portability of benefits such as ration

entitlements under “One Nation One Ration Card.” Women workers have been given rights to work in all establishments, including at night, with mandatory safety provisions.

Comparative Perspective: Globally, the OSH standards mirror ILO Convention No. 155 on Occupational Safety and Health. For instance, Australia and the UK mandate annual safety audits and employee health checks, which India is beginning to implement. The portability of migrant entitlements is also comparable to social welfare mechanisms in the EU for cross-border workers.

Industrial Relations Code (2020):

Data Interpretation: By codifying three earlier laws, the IR Code institutionalises quicker dispute resolution, mandates recognition of majority unions, and provides financial aid for reskilling retrenched workers. The Atal Bimit Vyakti Kalyan Yojana introduces unemployment allowances, marking a shift towards income security even in job loss situations.

Comparative Perspective: These reforms align with global practices such as unemployment insurance schemes in OECD countries, though India’s scheme is still limited in scale. The statutory recognition of trade unions also resonates with ILO Convention No. 98 on the Right to Organise and Collective Bargaining.

Critical Review of Literature:

The analysis of academic contributions reveals that earlier literature (e.g., Sundar 2011; Papola 2012; Bhattacharjea 2019) largely focused on the fragmented nature of Indian labour laws and the exclusion of informal workers. By contrast, the new codes attempt to integrate these concerns into a unified legal framework. However, critical concerns remain regarding state-level implementation, awareness among informal workers, and the balance between employer flexibility and worker welfare.

Interpretation:

The data analysis indicates that the four labour codes represent a structural shift from fragmented, compliance-heavy regulation to a unified, inclusive, and forward-looking framework. Comparative insights reveal that India’s reforms are increasingly in line with ILO conventions and global best practices, particularly in areas of wage protection, social security for non-standard workers, and occupational safety. At the same time, the codes’ success will

depend on effective implementation at the state level, robust grievance redressal mechanisms, and the government’s ability to build awareness among workers, especially in the informal and gig sectors.

Table 5.1 showing Earlier Provisions vs New Codes vs ILO/Global Standards

Aspect	Earlier Provisions in India	New Labour Codes (2019,2020)	ILO/Global Standards
Wage Regulation	Fragmented laws under Payment of Wages Act, Minimum Wages Act, Equal Remuneration Act; limited coverage; no universal floor wage.	Code on Wages, 2019: Universal minimum wages, floor wage, equal pay, review every 5 years.	ILO Convention 131 (Minimum Wage Fixing); living wage approaches in South Africa, Brazil.
Social Security	EPF & ESI mostly for organised sector; informal workers (90%) excluded; no provisions for gig/platform workers.	Social Security Code, 2020: Coverage for gig/platform workers, creation of Social Security Fund, ESIC extended to all districts, portability via UAN.	ILO Recommendation 202 (Social Protection Floors); EU directives on platform work.
Occupational Safety & Health	13 separate laws; weak enforcement in hazardous sectors; poor protection for migrant and women workers.	OSH Code, 2020: Mandatory health checkups, appointment letters, rights for women to work at night, portability for migrant workers, One Nation One Ration Card.	ILO Convention 155 (OSH); regular audits in Australia, UK; EU portability for migrant workers.
Industrial Relations	Trade Unions Act, ID Act, etc. led to lengthy litigation; no statutory recognition of majority unions; weak unemployment protection.	IR Code, 2020: Recognition of majority unions, re-skilling fund for retrenched workers, Atal Bimit Vyakti Kalyan Yojana (unemployment allowance), quicker tribunals.	ILO Convention 98 (Collective Bargaining); OECD unemployment insurance schemes.

6. Conceptual framework diagram

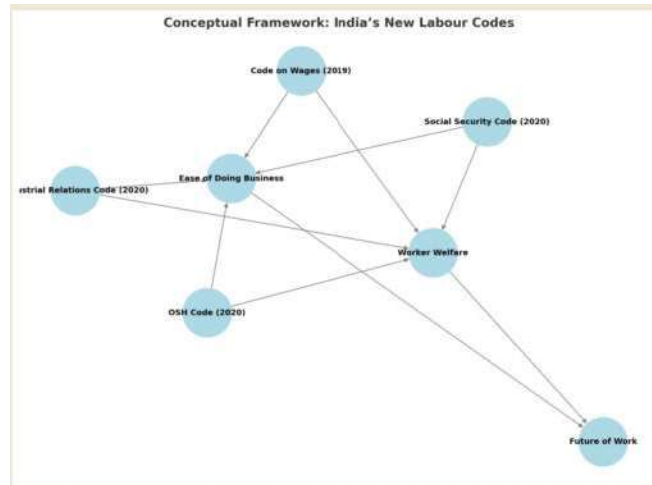


Fig No.6.1 Conceptual framework diagram

It shows how the four new labour codes contribute to Worker Welfare **and** Ease of Doing Business, which together shape the Future of Work in India.

7. Findings

1. The consolidation of 29 central labour laws into four codes has significantly reduced the complexity of India's labour law framework.
2. The Code on Wages (2019) universalises minimum wages, benefitting nearly 50 crore workers, including those in the unorganised sector.
3. Introduction of a floor wage ensures greater uniformity across states, addressing regional disparities.
4. Workers are now guaranteed timely payment of wages, reducing exploitation in informal and contractual employment.
5. The Social Security Code (2020) extends coverage to gig and platform workers for the first time in Indian labour law history.
6. A Social Security Fund has been created for 40 crore unorganised workers, expanding safety nets.

7. ESIC coverage has been expanded from 566 to all 740 districts of India, making healthcare access more universal.
8. The OSH Code (2020) makes annual health check-ups and appointment letters mandatory for employees.
9. Inter-state migrant workers benefit from One Nation One Ration Card, portability of entitlements, and travel allowances.
10. Women workers are now permitted to work in all establishments, including night shifts, provided adequate safety measures are ensured.
11. Paid maternity leave has been extended to 26 weeks, along with mandatory crèche facilities for establishments with 50+ employees.
12. The Industrial Relations Code (2020) institutionalises faster dispute resolution through tribunals, targeting case settlement within one year.
13. Trade unions are given statutory recognition, with 51% membership required for sole negotiating rights.
14. A re-skilling fund has been created, ensuring retrenched workers receive financial support for skill development.
15. Provisions such as digital inspections, single registration, and simplified compliance aim to improve the ease of doing business environment.

8. Discussion

1. The unification of labour laws reflects a shift towards “Minimum Government, Maximum Governance,” reducing bureaucratic hurdles for both employers and workers.
2. By extending protections to gig and platform workers, the reforms acknowledge the changing nature of work in the digital economy, a step aligned with global labour debates.
3. The inclusion of fixed-term employees under social security benefits marks a significant step toward contractual worker parity with permanent employees.
4. Portability through Universal Account Numbers (UAN) enhances workers’ ability to access benefits regardless of geographic mobility.
5. By mandating night work rights for women with safety assurances, the reforms contribute to gender inclusivity in employment.

6. The expansion of ESIC and pension schemes demonstrates a move toward universal social protection, though implementation challenges remain.
7. The codes introduce balance in industrial relations by protecting trade union rights while allowing employers flexibility in retrenchment with compensation.
8. By creating structured dispute resolution mechanisms, the IR Code reduces the risk of prolonged industrial unrest.
9. Digitalisation of compliance (e.g., web-based inspections) promotes transparency and accountability, reducing scope for corruption.
10. The provision of re-skilling funds signals recognition of the importance of employability in a rapidly changing labour market.
11. The recognition of informal workers through registration databases could transform them into a visible and quantifiable workforce, aiding policy design.
12. Comparisons with ILO conventions show India's reforms are moving closer to international labour standards, strengthening global competitiveness.
13. However, the federal structure of India means that state-level variations in implementation could dilute the uniformity intended by the codes.
14. Employers welcome simplified compliance, but concerns exist about increased costs of social security contributions, particularly for MSMEs.
15. While progressive in design, the success of these codes will depend on for workers in both organised and unorganised sectors.

9. Conclusion

The consolidation of 29 fragmented labour laws into four unified labour codes represents one of the most ambitious policy reforms in post-independence India. The new framework addresses long-standing concerns around wage disparity, lack of social security, poor workplace safety, and protracted industrial disputes. By extending protections to unorganised, gig, and platform workers, the codes expand the scope of labour law to reflect the realities of a modern workforce. At the same time, simplified compliance, digital inspections, and single registration mechanisms promise to reduce the regulatory burden on employers and enhance India's ease of doing business rankings.

However, the effectiveness of these codes will largely depend on their implementation at the state level, awareness among stakeholders, and balancing employer flexibility with worker welfare. If executed effectively, the reforms could transform India's labour market into a more

inclusive, equitable, and globally competitive system, aligning with the broader vision of Atmanirbhar Bharat and the future of work.

Policy Recommendations

1. Build institutional mechanisms at the state level to ensure uniform adoption of codes across diverse industries and regions.
2. Awareness and Training: Launch large-scale awareness programs to educate workers—especially in the unorganised sector—about their rights and entitlements.
3. Support for MSMEs: Provide phased compliance support or subsidies for micro, small, and medium enterprises to manage increased costs of social security contributions.
4. Monitoring and Evaluation: Establish independent monitoring agencies to track the real-time implementation of wage, safety, and social security provisions.
5. Digital Infrastructure: Expand IT-enabled systems (e.g., e-inspections, grievance portals, UAN portability) to ensure transparency and accountability.
6. Inclusion of Gig and Platform Workers: Develop detailed rules and funding mechanisms to operationalise social security benefits for gig workers, ensuring their effective enrolment.
7. Gender-Sensitive Policies: Strengthen workplace safety audits and crèche facilities to encourage greater female labour force participation.
8. Reskilling and Employability: Expand the re-skilling fund and link it with national skill development initiatives to ensure displaced workers remain employable.
9. Dispute Resolution Efficiency: Increase the capacity of tribunals and ensure strict adherence to the one-year resolution timeline for industrial disputes.
10. Alignment with Global Standards: Continue harmonisation with ILO conventions to enhance India's reputation in global labour markets and attract foreign investment.

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