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**DAILY EDITORIAL
ANALYSIS**

TOPIC

**FOUR LABOUR CODES IN INDIA:
IMPLEMENTATION COMPLETE, BUT
WORKERS STILL VULNERABLE**

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Context

- The implementation framework for labour reforms has been completed with the notification of the **rules under the four Labour Codes**. However, trade unions and labour scholars have raised concerns regarding several provisions and the absence of adequate worker safeguards.

About the Four Labour Codes

- The government consolidated **29 central labour laws into four Labour Codes** to simplify India's complex labour law regime:
 - ♦ **Code on Wages, 2019:** Ensures universal wage protection, minimum wages, and timely payment of wages.
 - ♦ **Industrial Relations Code, 2020:** Regulates trade unions, industrial disputes, layoffs, retrenchment, and fixed-term employment.
 - ♦ **Code on Social Security, 2020:** Extends social security benefits to organised, unorganised, gig, and platform workers.
 - ♦ **Occupational Safety, Health and Working Conditions (OSHWC) Code, 2020:** Consolidates laws relating to workplace safety, health, welfare, and working conditions.
- The reforms were presented as part of India's effort to improve the ease of doing business while ensuring labour welfare.

What Are the Key Promises of the Labour Codes?

- **Simplification of Labour Laws:** The codes replace 29 fragmented labour legislations with a unified legal framework, reducing compliance burdens and legal complexity.
- **Universal Wage Protection:** The **Code on Wages** extends minimum wage provisions and timely payment of wages to all employees across sectors.
- **Formalisation of Employment:** The Industrial Relations Code seeks to provide flexibility to employers while ensuring statutory benefits for workers by legally recognising **Fixed-Term Employment (FTE)**.
- **Expansion of Social Security:** The Social Security Code promises inclusion of gig workers, platform workers, unorganised workers, and migrant labourers under social protection mechanisms.
- **Improved Occupational Safety:** The OSHWC Code aims to establish common standards relating to health and safety, welfare facilities, working conditions, and occupational hazard prevention.
- **Promotion of Industrial Harmony:** The Industrial Relations Code seeks to streamline dispute resolution and strengthen collective bargaining mechanisms.

Core Issues and Concerns Associated with the Labour Codes

- **Concerns over Fixed-Term Employment (FTE):** No minimum tenure has been prescribed; no limit exists on the number of contract renewals; employers may repeatedly renew contracts instead of creating permanent jobs; and regular positions could gradually be converted into fixed-term positions.
 - ♦ It may increase employment insecurity and weaken long-term labour protections.
- **Ambiguity in Wage Determination:** Lack of clear distinction between **floor wage** and **minimum wage**, no detailed consultation framework with States, and absence of transparent criteria for wage fixation.
- **Problems with Hourly Wage Calculation:** Workers may not find employment for the remaining hours of the day, hourly work and gig work differ fundamentally from full-day employment, and international labour standards often determine hourly wages independently.

- ◆ It becomes increasingly important with the growth of domestic work, platform work, and gig economy employment.
- **Inadequate Protection for Gig and Platform Workers:** Gig workers continue to be treated as self-employed, employment relationships remain undefined, and social security obligations of platform companies remain unclear.
 - ◆ As a result, workers engaged with digital platforms remain vulnerable despite their growing contribution to the economy.
- **Absence of Clarity on Gratuity Insurance:** The Rules do not specify implementation mechanisms, employer obligations, and insurance modalities.
 - ◆ It weakens an important safeguard against non-payment of gratuity.
- **Weakening of Trade Union Recognition:** Smaller unions may struggle to secure recognition, new unions may find it difficult to represent workers, and collective bargaining power could decline further.
 - ◆ It may undermine labour representation, particularly in large establishments.
- **Contract Labour and Informalisation:** The OSHWC Rules fail to clearly define core activities, non-core activities, and sectors where contract labour can be employed.
 - ◆ It leads to expansion of contract labour in permanent operations, increased informalization of the workforce, and greater scope for misuse and legal ambiguity.
- **Missing Occupation-Specific Welfare Measures:** Certain welfare provisions available under earlier laws are absent.
 - ◆ **Examples:** Housing facilities for plantation workers, and dedicated medical facilities for plantation labour.
 - ◆ It raises concerns regarding dilution of worker welfare standards.

Way Forward: Measures for Strengthening Labour in India

- **Regulate Fixed-Term Employment:** Prescribe a minimum contract duration, cap the number of renewals, and prevent replacement of permanent jobs with perpetual fixed-term contracts.
- **Ensure Transparent Wage Fixation:** Clearly define floor wage and minimum wage, adopt evidence-based wage determination methods, and remove gender-biased consumption norms.
- **Strengthen Gig Worker Protection:** Define employer–employee responsibilities in platform work, ensure social security contributions from aggregators, and provide health, accident, and retirement benefits.
- **Clarify Contract Labour Regulations:** Clearly distinguish core and non-core activities, and restrict contract labour in permanent production functions.
- **Enhance Trade Union Participation:** Review recognition thresholds, and encourage collective bargaining and social dialogue.
- **Operationalise Gratuity Insurance:** Establish mandatory insurance mechanisms, and create effective grievance redress systems.
- **Preserve Welfare Standards:** Reinstate occupation-specific protections for vulnerable workers, and strengthen enforcement and labour inspection systems.

Daily Mains Practice Question

[Q] Examine the key features of the Four Labour Codes and discuss the major concerns raised by trade unions and labour experts regarding their impact on workers' rights and welfare.

[Source: TH](#)

