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Investor Confidence and the Remaking of Labour Rights

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India's four Labour Codes, implemented in November 2025, consolidate a long-term shift privileging capital interests over collective bargaining. By legalising decades-old practices, they recast citizenship for working people in an economy marked by informality and precarity.

Workers' unions are resisting the repeal of 29 central labour protections that were replaced when four Labour Codes came into force in November 2025-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). How does the burden of "nation building" and of facilitating the "ease of doing business" impact workers in different sectors?

An order passed by the Gurugram Industrial Tribunal-cum-Labour Court in November 2025 offers a revealing illustration of this shift in legal common sense.

> Both judgments underline that the national interest is synonymous with investors' sentiment, often dominated by a handful of transnational firms.

The order observed: "Nation-building is the most sacred duty of every Indian in the present-day Trumpian world of cutthroat competition. History is witness to the most glaring fact that only those economies have survived and thrived where the workforce was dressed in discipline… The least that may be expected of the justice delivery department is not succumbing to the oft-repeated sentiment of showing empathy and compassion to the wrongdoer workman and thus breeding more indiscipline under the guise of beneficial legislation."(*Ram Niwas v. Maruti Suzuki India Limited*, Reference No. 208 of 2016)

The labour court was adjudicating the legality of terminating a permanent worker employed by a major automobile manufacturer in Haryana's Manesar industrial zone more than a decade earlier.

The judicial officer was only echoing the sentiments of the Chandigarh High Court, which in 2013 had denied bail to 13 Maruti workers serving a life sentence and 147 others who would go on to spend more than five years behind bars. At the time, the court had opined that the workers' struggle to form a union, which had been met by violence by the company management, had "lowered the reputation of India in the estimation of the world" and that foreign investors would hesitate to invest due to "fear of labour unrest".

Both judgments underline that the national interest is synonymous with investors' sentiment, often dominated by a handful of transnational firms.

Under the four new Labour Codes, which came into effect the same month as the Gurugram labour court's order, such a situation may have played out very differently.

First, the case would likely be heard by a two-member industrial tribunal, comprising an administrative officer, rather than a labour court. The Industrial Relations Code introduces this change in the conciliation and arbitration process to balance the letter of the law with the government's practical priorities and considerations.

This is akin to a provision in the Bharatiya Janata Party (BJP) government's farm laws enacted in 2020, which referred any dispute arising between sub-contracting farm produce companies and farmers to a conciliation board chaired by the sub-divisional magistrate instead of any judicial body. In particular, this provision appeared in the Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020, and the Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020, which were later repealed after a year-long farmers' struggle.

Second, in the dispute in question, where the worker was the president of a union and was terminated after an industrial strike, the strike itself would have been illegal. Now, workers can halt their labour only after a 60-day notice is given, with a 14-day "cooling off" period mandatory before any such action.

No such strike action would be allowed if the management raises a dispute with a conciliation officer or an appeal is pending before an industrial tribunal, and for an additional 60 days after the tribunal proceedings have ended. Participating in or financially supporting such an illegal strike will result in fines up to Rs 10,000 and even imprisonment.

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In short, it takes away the few tools available to force the hand of major corporations, which often enjoys disproportionate powers vis-à-vis individual workers, with the threat of collective bargaining. This is perhaps to update ageing laws, such as Article 19 of the Constitution, which guarantees the fundamental rights to freedom of speech and expression and to assemble peacefully without arms.

Third, it is unlikely that the worker going to the tribunal would have a permanent job to begin with. This will unburden the courts of the tiresome litigation arising from unfair retrenchments. The new Industrial Relations Code introduces the concept of "fixed-term employment", allowing employers to directly negotiate contracts for a specified period in any category of work.

In 1966, the first National Commission on Labour had said that the contract labour system was a "pernicious evil" to be gradually eliminated. The now superseded Contract Labour (Regulation and Abolition) Act, 1970 prohibited the employment of contract labour where the work was of a perennial nature, was part of the core production process, or was also performed by regular workers. The new Codes promote labour market "flexibility" as a catalyst for economic growth and nation-building.

All this suggests that the compact between organised labour and big capital in the country is undergoing a major shift, which the four Labour Codes formalise. In doing so, it also points to a wider shift in the relationship between the state and its citizens.

There is some truth to this. What must be emphasised, however, is that the pre-existing laws also excluded the majority of the working population from coverage, with some estimates suggesting that the Industrial Disputes Act covered barely 3% to 7% of the country's working population. While the law, enacted in 1947, governed almost any type of employer-employee relationship, including within the domestic sphere, it was met with organised opposition from big monopoly houses.

Amendments to the Act were introduced in 1956 at the insistence of capitalists' unions, or industrial associations as they are called, such as the Federation of Indian Chambers of Commerce and Industry (FICCI). These amendments narrowed the scope of the term "workplace" in the law to only include the "factory", as defined by the Factories Act, 1948. This category covered only those establishments employing more than 10 people if using power, and more than 20 if not.

This amendment laid the institutional basis for the informalisation of labour, which today constitutes the majority of Indians working outside the ambit of any worker protections. In the guise of streamlining various laws, the new Labour Codes have eliminated each of these Acts, and now establish that any unit employing fewer than 300 workers can undertake layoffs, retrenchments, and closures without prior government approval.

Formalising Informality

On New Year's Eve 2026, social media feeds were flooded with calls for a strike by workers in the instant-delivery and home-services sector. Some of the major demands raised by unions concerned transparency in how rates for tasks are calculated; inclusion in health insurance, accident coverage, maternity and emergency leave, and basic pension benefits; an end to punitive ID suspensions for raising grievances; mandatory rest breaks and safety gear; and formal recognition of workers.

> What remains unsaid is that recognising gig or platform workers as a separate category implicitly excludes them from the protections extended to other categories of workers.

The new Codes have settled a longstanding debate that has plagued such workers in the "gig economy". Major tech giants have long evaded their responsibility to ensure worker protections by claiming they have no workers, only "independent contractors" who use their digital platforms to connect with customers. Despite overwhelming evidence that these industries tend to leverage the monopolistic power of a few firms to control the work process, they have long shirked their responsibility to provide decent working conditions or social security coverage to those whose sweat feeds their revenue streams.

Under the new Code on Social Security, which merges nine separate laws, elaborate provisions have been laid down for determining who is excluded. It details schemes for documenting workers across sectors, including, importantly, unorganised and gig workers. However, it remains unclear which universal protections will be extended to such workers, leaving them reliant on sectoral schemes yet to be announced.

Read the first piece here and second piece here in this three part series on labour codes

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Much has been written about how this Code has compelled aggregator platforms to set aside 1% to 2% of their annual turnover for a social security fund to cover registered workers, bringing truly universal coverage for social security schemes. Previously, certain state governments had introduced targeted publicly funded social security schemes for gig workers, such as the Rajasthan Platform-Based Gig Workers (Registration and Welfare) Act, 2023, the first such law of its kind. What remains unsaid is that recognising gig or platform workers as a separate category implicitly excludes them from the protections extended to other categories of workers.

In this manner, it settles the debate over whether those employed in delivery, transport, home services, caregiving, and various other sectors of work that are being gig-ified can claim protections extended to workers in the formal sector. They cannot. Meanwhile, government-run institutions such as Employees' State Insurance (ESI) hospitals and public healthcare, anganwadis or crèches for working women, hostels, and community kitchens, on which the majority of working people rely, continue to suffer death by a thousand cuts.

Schemes such as those related to old-age pensions, maternity benefits, accident coverage, and other protections for marginalised communities are no longer entitlements of rights-bearing citizens. They have become benefits granted to, and withdrawn from, targeted populations, depending on short-term fiscal and electoral contingencies.

Who's Work Counts as Work?

When the employer-employee relationship is excluded from formal recognition, pre-existing social hierarchies of caste, community, and gender acquire a structural footing in the labour market. They become the de facto basis for recruitment across various sectors of the informal economy. This has a particularly gendered dimension, visible, for example, in the very recognition of what is considered work.

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Take the case of domestic labour, such as sweeping, washing clothes, cooking, and caring for children or the elderly. For decades, this sector has operated without written contracts and has been denied statutory recognition as "work" under various state lists, such as those related to minimum wages. In this sector, collective bargaining is almost absent, and arbitrary harassment by the police in the name of theft or abuse is the norm.

This is linked to the status of women's work in the household under patriarchal norms, where it is seen as their natural domain and not as an arena of labour. Yet domestic work is among the fastest-growing sectors fuelling inter-state migration alongside construction, and it is among the largest employers of the female labour force.

As mentioned earlier, the original definition of the Industrial Disputes Act covered any employer-employee relationship, including work in hospitals, universities, restaurants, and even the domestic sphere. This definition was subsequently constrained under organised opposition from sections of big capital.

The first documented strike by domestic workers in Pune, in February 1980, was met with ridicule in the business press and fierce opposition from the Chamber of Commerce. This opposition from industrial associations highlights how women's unpaid and underpaid labour crucially subsidises the wage costs of capital, even in the organised sector. It is for this reason that women domestic workers have led various struggles for paid monthly leave, cash bonuses instead of gifts "in kind", written contracts, minimum wages, and collective bargaining.

Instead of addressing these longstanding concerns, the Occupational Safety, Health and Working Conditions Code has taken up questions regarding women's work through deregulation. For example, it lifts the ban on night shifts from 7 p.m. to 6 a.m. While framed as a step towards gender equality, this move ignores the reality that the majority of women are already working double shifts,

on farms and in factories as well as at home.

Apart from the various documented spikes in crimes against women and the broader considerations of safety, these changes also indicate that women are already bearing the brunt of increasingly exploitative conditions of work for the larger population at large.

Process and Power

The first call to streamline various labour laws into a small number of codes came from the 2nd National Labour Commission in 2002. This commission was constituted without consulting any workers' organisation other than the Indian National Trade Union Congress (INTUC), affiliated to the Indian National Congress, and the Bharatiya Mazdoor Sangh (BMS), affiliated to the Rashtriya Swayamsevak Sangh (RSS). Tellingly, all unions, apart from the INTUC, were critical of the report produced by this commission.

> Various non-BJP governments have also rolled out regulations in line with the four Labour Codes over the last five years, underscoring the bipartisan character of these reforms.

It is no surprise, then, that the four Labour Codes were adopted during the Covid-19 lockdown. Traditionally, major labour reforms have retained some semblance of a consultative process by convening tripartite meetings of workers' unions, capitalists' unions, and various state and Union government bodies under the Indian Labour Conference, last convened in 2015.

At the time of their operationalisation in 2025, these laws were passed by a voice vote in both Houses of Parliament, with minimal debate, amid the Opposition's boycott of proceedings. Interestingly, even the BMS had earlier opposed two of these Codes. Various non-BJP governments have also rolled out regulations in line with the four Labour Codes over the last five years, underscoring the bipartisan character of these reforms.

The four Labour Codes do not so much inaugurate a new regime as consolidate a long-term shift in India's political economy. They privilege investor confidence over workers' collective bargaining. By giving legal form to practices that have expanded over the past four decades, the Codes recalibrate the terms of citizenship for working people. What is at stake is not merely labour regulation, but the meaning of work, rights, and democratic participation in an economy organised around informality and precarity.

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