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New Labour Codes Put Capital's Priorities First

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India's new Labour Codes relegate worker interests to state or employer discretion. This deepens precarity and wealth concentration. Addressing these outcomes requires more than amendments; it demands a strategic rethinking of the evolving capital-labour contract shaping India's future workforce.

India's new Labour Codes are being implemented even as its workforce confronts significant challenges. Despite a sizeable professional workforce, many young and educated people continue to face obstacles in finding jobs. Less-skilled older workers mainly depend on agriculture while manufacturing provides only scarce options (ILO 2024: xx-xxv) and the service industry cannot absorb a fast-expanding youth labour force.

In 2022, youth made up the bulk of India's unemployed. At the same time, more than 60% of young regular workers lack social security and face informal employment (PLFS 2022-23). More than 194 million citizens are undernourished (FAO 2025). Corporate profits have soared, yet wage levels have remained stagnant. Wealth accumulation is highly concentrated: the top 1% accounts for 40% of recent financial gains (Bharti et al. 2024). Many pursue risky migration overseas where they face highly vulnerable situations, violence, and even death. Health and safety issues persist, highlighted by unresolved incidents like the Bhopal gas tragedy and ongoing industrial accidents, including the deaths of track maintaining crew in the Indian Railways.

Who is Affected?

Four labour 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-were first introduced through draft gazette notifications-the Code on Wages on 8 August 2019, and the remaining three codes on 20 September 2020. The draft central rules for all four codes were subsequently issued on 30 December 2025.

The Industrial Relations Code consolidates three previous laws, and provides a framework for the negotiation and settlement of disputes between employers and employees. The Code on Wages brings together and supersedes four earlier labour laws. Designed to provide social security benefits for workers, the Code on Social Security merges nine existing acts. Finally, the Occupational Health and Safety Code aims to ensure safe and healthy workplaces, merging 13 different regulations pertaining to health, safety, and working conditions of a diverse range of workers.

Essentially, these new codes merge 29 older laws, most of which were already focused exclusively on the formal sector. Only the Code on Wages and certain sections of the Code on Social Security apply to informal workers. The rest are mainly relevant to the formal sector, which represents less than 50 million people out of an estimated workforce of about 610 million.

Regardless of the numbers that are impacted, these regulatory changes are a matter of concern because they are a step in the direction of consolidating a new capital-labour contract.

> The potential improvement that might result from the introduction of standardised regulations across all labour types remains unclear.

A Press Information Bureau brief issued in November 2025 announced that the four codes would standardise regulations across all types of workers, while the specific benefits will still vary by industry. Fifteen categories of workers are expected to gain from these changes. These categories include workers in mining, plantations, export industries, information technology (IT) and IT-enabled services, and micro, small, and medium enterprises (MSMEs).

Previously, the labour framework consisted of separate regulations for different categories of workers, with each category governed by distinct provisions. There is no evident justification offered for moving away from this earlier structure of separate regulations and specific provisions. Moreover, the potential improvement that might result from the introduction of standardised regulations across all labour types remains unclear.

A Shift in Balance

Recent changes to India's labour regulations have been marked by the absence of tripartite consultation since 2015. Tripartite consultation refers to formal consultation between the government, employers, and workers' organisations.

The transition from multiple labour acts to a smaller number of consolidated labour codes took place after years of stagnation in reform. However, this transition occurred without the necessary rules in place, which has created regulatory gaps.

Parliamentary approval of these labour codes was also contentious. It took place during a period of political unrest and the Covid-19 pandemic and did not involve sufficient stakeholder consultation or adequate deliberation in parliamentary committees. Legislating without consultation with labour and without proper deliberation in the constitutionally mandated institutional process of parliamentary standing committees appears to be part of the process of building the new contract.

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

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Labour is placed in the Concurrent List of the Constitution of India, which means that both the union and the state governments have power to make laws on labour. Although this division of powers continues, the move from separate acts to four consolidated codes has effectively transferred much of the authority from the legislature to the executive, which now determines many important details through subordinate legislation in the form of rules. State-adopted versions of the codes are now in effect in their respective jurisdictions, while the central government continues to regulate certain industries such as railways, mines, major ports, air transport, telecommunications, banking, and insurance. Under the Social Security Code, private businesses that operate across more than one state fall under the jurisdiction of the central government.

> As one begins to decode the four Labour Codes, they emerge as key elements in a broader process of reframing labour in India's ongoing development trajectory.

This change gives the executive greater flexibility to adjust specific aspects, such as how wages are calculated or how safety standards are set, without seeking immediate approval from Parliament. Many state governments have used this flexibility to introduce deregulated rules in order to attract investment, while other states, with strong trade unions, have postponed implementing these changes. This has led to inconsistent regulations across states and the five-year gap between the parliamentary approval of the codes and their implementation has only created further disparities.

Reframing Labour

As one begins to decode the codes, they emerge as key elements in a broader process of reframing labour in India's ongoing development trajectory. Each forms part of an integrated framework and needs to be read alongside preceding or concurrent developments relating to labour issues that are associated with the others.

During the five-year period between the announcement of the codes and the announcement of the corresponding rules, related policy and administrative developments played a significant role. The E?Shram portal, launched in August 2021, was designed to create a national database of unorganised workers. The Union Budget of 2025 underscored an increased focus on gig workers, signalling the shifting landscape of labour. In October 2025, the draft Shram Shakti Niti was announced, aiming to integrate social protection, skill development, safety, and technology-based governance, and to position the union labour ministry as an employment facilitator through the adoption of artificial intelligence (AI)-based approaches.

The policy aims to make the National Career Service (NCS) India's "Digital Public Infrastructure for Employment" and proposes a unified "labour stack" to centralise labour market data into a Universal Social Security Account. The National Career Service portal claims to connect job seekers and employers across sectors, providing job matching, career guidance, and vocational information. Despite high registration numbers on the portal, questions have been raised about the mismatch between job postings and applications, which in turn raises concerns about the challenges of access to digital resources for India's workforce.

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Additional audits, including those of the Pradhan Mantri Kaushal Vikas Yojana by the Comptroller and Auditor General of India in 2025, revealed problems such as incorrect or fake account details and reused applicant photographs, highlighting the need for stronger data verification. Reports have also noted weak project governance, inconsistent service agreements, and difficulty in accurately tracking hiring outcomes because reporting is not mandatory.

While these reforms were intended to promote simplification and efficiency, several concerns have persisted. These include limited accessibility for informal, rural, and migrant workers; the risks of algorithmic bias; data privacy; multilingual support; implementation costs; and system reliability. Beyond broad claims of intent, the government has not provided clear evidence that these changes will actually enhance workers' welfare.

The state asserts in the codes that it will protect workers with little bargaining power, including those in informal employment and gig work, by bringing them under regulatory oversight. However, on closer examination, workers may in fact face outcomes that run contrary to these stated protections.

To see this, one can begin by examining how the codes affect workers' rights and entitlements. The requirement to obtain government approval before retrenchment, lay?offs, or closure of factories, mines, and plantations has been raised from 100 to 300 workers at the central level, and state governments are allowed to raise this threshold even further. As a result, more companies with fewer than 300 employees can now reduce their workforce or shut down without needing prior approval.

The Industrial Relations Code also now mandates that both industrial workers (including those in the private sector) and employers must give notice before going on strike or declaring a lock?out. Previously, such restrictions applied only to public utility services under the Industrial Disputes Act. Under the new code, strikes and lock?outs are prohibited during ongoing or recently concluded conciliation, arbitration, or tribunal proceedings, as well as for the period during which a settlement or award is in force.

In effect, the new code treats all private industrial establishments like public utility services, making it much harder for workers to use strikes as an instrument of negotiation. In addition, if more than half of the employees take casual leave at the same time, this is now classified as a strike. Taken together, these provisions make spontaneous protests more difficult, give employers more time to prepare and respond, and may significantly reduce the overall effectiveness of industrial strikes.

The Social Security Code does not recognise social security as a right or clearly specify enforcement dates, which leaves millions of workers without effective coverage. Whatever protection social security might offer as a right is further diluted by arbitrary workforce categories and outdated thresholds.

For example, only construction sites with 10 or more workers are covered, and personal residential work is excluded. Wage ceilings remain in place despite recommendations, and eligibility for the Employees' Provident Fund (EPF) is restricted to establishments with more than 20 workers, thereby excluding most micro and small enterprises. Definitions also remain vague, especially in relation to gig workers and platform workers.

Even leaving aside the uncertainty about who is covered, the exact entitlements of workers to pensions, provident fund benefits, and Employees' Deposit Linked Insurance (EDLI) are still not clearly known at this stage. By 21 November 2026, the central government is expected to formulate a new pension?related scheme, and notifications on the PF and EDLI are expected to be issued in the interim.

Impact on Employment

The Industrial Relations Code legalises fixed?term contracts in every sector. Under this arrangement, employers can hire temporary workers who can be dismissed without notice or retrenchment compensation and who are not allowed to participate in strikes. Additionally, the Social Security Code-when read together with the Industrial Relations Code-explicitly recognises fixed?term employment across all industries. Fixed?term workers will be entitled to certain benefits, but once their tenure is completed they will be excluded from retrenchment compensation and notice pay.

Fixed?term employment is a specific type of contract with a pre?set end date. It differs from permanent employment, which has no end date and is ongoing, and from more general contracts, which may be short?term or project?based but are not formally classified as fixed?term. Thus, fixed?term workers gain some benefits, but the higher threshold for standing orders means that employers can avoid hiring permanent staff, resulting in legal jobs but very little security.

Employers can now staff their entire operations with fixed?term workers whose contracts regularly expire. Working conditions are likely to worsen because of the higher retrenchment thresholds, the legalisation of fixed?term contracts, and rules that allow temporary staff to be dismissed easily without notice or compensation.

In addition, women are now permitted to work night shifts and to enter roles that were previously restricted. However, the codes do not contain anything to show that the risks women face at the workplace have been reduced in any meaningful way. It appears that the changes are based on the belief that simply removing regulatory barriers will, by itself, improve workplace safety.

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Automatic absorption of contract workers into permanent roles applies only when they have been employed through unlicensed contractors. In practice, this situation is relatively rare, because employers usually prefer to engage licensed contractors. As a result, the code may encourage a segmented workforce, with a small core of permanent employees and a large share of contract workers facing uncertain job security.

Furthermore, most regulations apply only to large establishments and do not extend to the vast unorganised sector. This effectively excludes around 90% of India's workforce from adequate protection and creates incentives for firms to operate through smaller units.

The position of labour is further weakened by the minimum wage framework established under the Code on Wages. This framework excludes many home?based workers and small agricultural workers because of ambiguous definitions of "employer" and "employee". It also applies a uniform approach that ignores regional and industry?specific regulations-such as those for the beedi industry, mining, and plantations-in the name of simplification. In doing so, it simultaneously removes provisions from earlier regulations that offered stronger protection and that functioned as substitutes for collective bargaining, particularly for workers who do not have union representation.

The Code on Occupational Safety, Health and Working Conditions demonstrates a casual approach to worker health and safety by excluding many unorganised and informal sector workers from its protections. It does not address the specific vulnerabilities of migrant workers or the need for portability of benefits or the establishment of a universal social security floor-concerns that have been highlighted by the Working People's Charter.

Large?scale, unorganised agriculture remains outside the main safety mandate, which applies only to "establishments" with 10 or more workers. Employers in hazardous industries and in factories with more than 10 workers-including both permanent and contractual staff-are now required to provide free annual health check?ups. However, this rule does not apply to non?hazardous sectors, to workplaces with fewer than 10 employees, or to some categories of temporary staff.

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Employers must arrange these examinations through certified providers, maintain detailed health records, and rely on government programmes such as the Employees' State Insurance (ESI) scheme and Ayushman Bharat for funding. Yet it remains unclear who is responsible for follow?up measures when occupational health risks fall outside these schemes.

Some of the rules in the Code on Occupational Safety, Health and Working Conditions are so impractical that anyone genuinely concerned about worker safety might question whether the government is serious about it. For instance, the rules concerning inter?state migrant workers require the central government to conduct research and consult relevant parties in order to improve their safety, health, and welfare. In other words, the supposed protection for inter?state migrants consists largely of an intention to study their safety requirements, written into the rules themselves!

Responsibility for the safety of inter?state migrant workers is placed mainly on contractors, while intra?state migrant workers are not addressed at all. Most Indian workers are self?employed or work in very small units, yet the Code requires a workplace safety committee only in firms with at least 250 workers. The code avoids mandating minimum occupational safety and health standards and leaves crucial details, such as working hours, to be determined later by government notification.

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The Code on Social Security does not adopt recommendations to expand the term "establishment". Its definition continues to vary across statutes and often excludes domestic workers, large parts of informal labour, and most primary agricultural work from the scope of core protective legislation. Marginalised groups do not have guaranteed representation on governing bodies, and the diversity of sectors is left unaddressed. Penalties for employers who do not comply are minimal, making it easier for them to avoid making contributions. It also remains unclear who is responsible for gratuity payments if contractors fail to pay.

The Code on Social Security, 2020 (Act 36 of 2020) came into effect on 21 November 2025, with most of its provisions now operational, except for Sections 15, 16, 143, 164, and several sub-sections. Clauses 15 and 16, which deal with government notifications on provident fund and pension schemes, have been partially exempted, along with certain definitions related to contributions and some administrative powers.

The authority of the central government to oversee and implement these schemes appears to have been reduced. As a result, it is likely that the private sector will play a more significant role in the new pension and provident fund schemes that are to be introduced over the coming year.

Compliance and Oversight

The approach reflected in the four codes is to prioritise simplification even when this comes at the cost of compliance. It also centralises decision?making power by placing more government appointees on key bodies instead of maintaining a balanced tripartite system of government, employers, and workers.

The move towards web?based self?certification and the redefinition of inspectors as "facilitators" is likely to weaken regulatory oversight further. Government inspectors now act both as advisors and as inspectors, with their primary role framed as guiding employers and workers. Given that the balance of power already favours employers, it is not difficult to anticipate that the facilitators' recommendations will tend to support their interests.

Certain offences can now be compounded either before or after an inquiry, which can result in delays in the payment of fines. The Codes also introduce limitation periods for filing claims and initiating proceedings; for instance, the Code on Social Security sets a maximum look?back period of five years. In addition, the codes generally bar civil courts from hearing matters covered by them or matters for which a dispute?resolution mechanism is provided within the codes themselves.

With grievance redressal mechanisms and decision-making frameworks for social security, wage determination, and occupational safety already tilted in favour of employers, and with strikes and collective bargaining subject to tighter restrictions, the lack of direct recourse to civil courts further disempowers workers.

Future of Labour

The provisions in the codes relating to gig workers and platform workers have substantial implications for the future workforce of India. The government has loudly praised itself for expanding social security coverage through the Code on Social Security, 2020, claiming that all workers-including gig workers and platform workers, a group projected to grow to 23.5 million by 2029-30-will now be covered.

> Capital is clearly regarded as legitimate in its claim to surplus, whereas labour is treated simply as an input, with its own claims seen as costs to be minimised.

Although the Code on Social Security seeks to reach these workers through a Universal Social Security Account, it does not extend core legal protections such as minimum wage guarantees, job stability, or collective bargaining rights. At the same time, opaque and unaccountable algorithmic management practices remain unregulated.

Unless there is specific legislation that establishes effective regulation-ensuring algorithmic transparency, fair standards, accessible grievance mechanisms, data rights, clear disclosure of terms, fair penalty procedures, access to performance data, portability of benefits, union rights, and mediated forums-the promise of social security for gig workers will remain entirely misleading.

The codes devote little attention to the future vulnerabilities that workers are likely to face. By overlooking key issues such as data protection, digital exclusion, coordination between the central and state governments, and algorithmic bias-and by treating aggregation and leverage as the natural trajectory of capital-they allow platform businesses to shift much of the risk onto workers while retaining most of the control themselves.

This approach ultimately prioritises capital accumulation over the interests of labour. Capital is clearly regarded as legitimate in its claim to surplus, whereas labour is treated simply as an input, with its own claims seen as costs to be minimised.

Labour in Policy

There is a noticeable trend in policymaking in India that prioritises corporate interests over those of workers. Labour rights are increasingly labelled as "rigidities", and measures to regulate labour are intensified, often justified in the name of simplification, efficiency, and technological advancement. These policies restrict collective bargaining, make strikes more difficult, and expand employers' authority. Recent policies have transferred more risk to workers, while capital has retained its position of control. The rollout of the four Labour Codes marks a further step in this direction.

One example is the treatment of rural labour. A significant segment of rural workers, particularly agricultural workers who are not covered by the existing codes, has effectively lost its legally guaranteed right to employment on demand through a unilateral constitutional amendment. This guarantee has been replaced by a new law-the Viksit Bharat-Guarantee for Rozgar and Ajeevika Mission (Gramin)-which was enacted by a voice vote in Parliament. As a result, the legally guaranteed right to employment has now been reduced to a discretionary benefit.

> The overall policy direction promotes greater control by capital, further concentration of wealth, and increased precarity for labour.

In summary, the core policy message is that labour claims are given priority only after the needs of capital have been met. Capital facilitation is thus positioned as a central element of labour governance. Worker interests are addressed by relying on the benevolence of employers or the state, rather than through collective bargaining or efforts to strengthen rights.

This approach does not genuinely integrate any serious commitment to improving workers' well?being or enhancing their economic security. The overall policy direction promotes greater control by capital, further concentration of wealth, and increased precarity for labour.

The four Labour Codes form an additional element in this broader framework shaping the future of the workforce in India. Addressing these issues requires more than simply recommending amendments to them; it is part of a larger strategic agenda that demands a comprehensive understanding of the evolving capital-labour contract.

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