

---

---

**NEW LABOUR CODES IN INDIA: CATALYST OF CHANGE -A LITERATURE REVIEW**

---

---

**Harshada Nilesh Gavate and Dr. Mihika Kulkarni**

**ABSTRACT**

*India's labour law system has changed significantly from a complex and old structure to a more simple and organized one. Even after many years of independence, nearly 90% of the workforce remains in the unorganized sector, lacking adequate social security. Earlier, there were more than 40 central laws and 200 state laws, which created confusion, overlap, and difficulty in following rules for both employers and employees. To solve these problems, the Government of India combined 29 labour laws into four new labour codes: Code on Wages (2019), Occupational Safety, Health and Working Conditions Code (2020), Code on Social Security (2020), and Industrial Relations Code (2020). These new codes aim to make laws easier, improve transparency, and provide better social security, especially for unorganized workers. This paper studies how these labour codes can bring positive change and also discusses the challenges in their proper implementation.*

**1. INTRODUCTION**

India's labour law framework has historically been characterized by complexity and fragmentation. With the existence of more than 40 central and over 200 state laws, compliance became difficult for both employers and employees. This led to inefficiencies, legal disputes, and limited coverage of workers, especially those in the unorganized sector.

To address these challenges, the Government of India introduced four consolidated labour codes between 2019 and 2020. These reforms are considered one of the most significant transformations in India's labour regulation system. The primary aim is to simplify laws, ensure uniformity, and extend social security benefits to a larger workforce.

**2. OBJECTIVES OF THE STUDY**

- To review existing literature on new labour codes in India
- To understand the key features of the four labour codes
- To analyze their role as a catalyst for change
- To identify challenges in implementation

**3. OVERVIEW OF THE LABOUR CODES****3.1 Code on Wages, 2019**

This code standardizes wage definitions and introduces a national floor wage. It ensures minimum wage coverage across sectors and reduces wage-related disputes.

**3.2 Industrial Relations Code, 2020**

The code regulates trade unions, strikes, and dispute resolution. It introduces fixed-term employment and increases the threshold for layoffs, promoting labour flexibility.

**3.3 Code on Social Security, 2020**

This code expands social security coverage to gig and platform workers, aiming for universal protection. It integrates schemes related to provident fund, insurance, and maternity benefits.

**3.4 Occupational Safety, Health and Working Conditions Code, 2020**

This code consolidates laws related to workplace safety and welfare, ensuring better working conditions across industries.

**4. LITERATURE REVIEW FINDINGS :****4.1 Simplification and Compliance**

Most studies agree that consolidation of laws reduces complexity and enhances compliance. Digitalization of processes further improves transparency.

**4.2 Impact on Workers**

**Research indicates mixed outcomes:**

- **Positive:** Expansion of social security, wage protection

- 
- **Negative:** Reduced bargaining power, concerns over job security

#### **4.3 Impact on Employers**

##### **Employers benefit from:**

- Reduced compliance burden
- Greater flexibility in hiring

However, increased wage costs and compliance responsibilities remain concerns.

#### **4.4 Informal Sector Challenges**

Literature consistently highlights that despite reforms; a large portion of informal workers may remain outside effective coverage.

### **5. LABOUR CODES AS A CATALYST OF CHANGE**

#### **5.1 Structural Transformation**

The shift from multiple laws to a unified framework represents a major structural reform.

#### **5.2 Economic Growth**

Simplified labour regulations improve the ease of doing business and attract investment.

#### **5.3 Social Inclusion**

Inclusion of gig workers and informal sector employees promotes inclusive development.

#### **5.4 Digital Governance**

Introduction of online compliance systems enhances efficiency and accountability.

### **6. CHALLENGES IN IMPLEMENTATION**

- **Delayed State-Level Rules:** Implementation depends on state governments
- **Lack of Awareness:** Workers, especially in rural areas, are unaware of provisions
- **Enforcement Mechanisms:** Weak inspection and monitoring systems
- **Exclusion Risks:** Small establishments may fall outside coverage
- **Balance of Power:** Concerns over weakening of trade unions.

### **7. POLICY IMPLICATIONS AND SUGGESTIONS**

- Strengthen enforcement through digital monitoring
- Increase awareness via government campaigns
- Expand coverage to informal sector workers
- Ensure fair balance between employer flexibility and worker protection
- Encourage stakeholder participation in policy implementation.

### **8. CONCLUSION**

The new labour codes represent a landmark reform in India's labour law system, aiming to simplify regulations and promote inclusive growth. While they hold the potential to transform the labour market and act as a catalyst for change, their success largely depends on effective implementation and addressing existing gaps. Ensuring that the benefits reach the vast unorganized workforce remains a critical challenge. Future research should focus on empirical assessment of the codes' impact post-implementation.