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The Four Labour Codes: Challenges in Implementation and the Way Forward

FARA SAMEER*, PARAMESHWARI A.**, AND P. HARSHAVARTHAN***

ABSTRACT

The four Labour Codes were introduced to simplify India's complex labour-law system and to create a unified framework for workers and employers. The Codes on Wages, Industrial Relations, Social Security, and Occupational Safety, Health and Working Conditions consolidate 29 central labour laws in order to modernise regulation and extend protection to India's workforce, about 90 per cent of which is informally employed and which includes gig workers. The reforms also respond to challenges highlighted by the COVID-19 pandemic. Despite these goals, implementation has been delayed and varies across States. This doctrinal study compares the statutory language of the Codes with the antecedent laws and draws on evidence from the ILO and national think tanks. It identifies the key challenges: delayed notification of state rules, weak Centre–State coordination, limited administrative capacity and few trained officials, inadequate digital infrastructure, and difficulty in registering and covering informal workers. The paper recommends phased, coordinated implementation: timely notification of state rules, clear administrative guidelines, capacity building and investment in labour departments, better digital and offline support for registration and the delivery of benefits, stakeholder consultation, awareness campaigns in regional languages, targeted assistance for small enterprises, stronger Centre–State coordination, effective monitoring and evaluation, and continuous training for labour officials.

Keywords: Labour Codes, Labour Law, Implementation Challenges, Informal Workers, Gig Workers

I. INTRODUCTION

A. Background of the study: evolution of labour jurisprudence in India

The trajectory of Indian labour jurisprudence reflects a continuous negotiation between constitutional ideals and socio-economic imperatives, moving from colonial-era regulatory frameworks to post-independence welfare models.

* Author is a Student at Sathyabama Institute of Science and Technology, Chennai, Tamil Nadu, India.

** Author is a Student at Sathyabama Institute of Science and Technology, Chennai, Tamil Nadu, India.

*** Author is a Student at Sathyabama Institute of Science and Technology, Chennai, Tamil Nadu, India.

- **Colonial-era regulatory framework:** Under British rule, labour legislation was largely reactive and piecemeal, aimed primarily at maintaining industrial peace and securing uninterrupted production for colonial interests through enactments such as the Factories Act and the Trade Disputes Act.
- **Post-independence constitutional mandate:** Following independence, the adoption of the Constitution of India in 1950 fundamentally transformed the landscape. By embedding labour welfare within the Directive Principles of State Policy in Part IV, specifically Articles 38, 39, 42 and 43, and by placing labour on the Concurrent List (Entries 22 to 24 of List III, Seventh Schedule), the Constitution assigned the State an active role as protector of workers' rights, social security and equitable working conditions.
- **Legislative proliferation and fragmentation:** This constitutional mandate triggered a proliferation of central and state enactments over the following decades. Over time, however, this fragmented legislative approach produced a complex maze of 29 central labour laws alongside numerous state-specific amendments. The resulting legal architecture came to be characterised by overlapping definitions, rigid procedural compliances, conflicting adjudicatory mechanisms and an overwhelming focus on the formal manufacturing sector, leaving the vast majority of India's workforce outside the ambit of effective legal protection.

B. Evolution and genesis of the reforms: from the Second National Commission on Labour to consolidated Codes

Recognising the structural obsolescence and administrative inefficiencies of India's legacy labour framework, the Second National Commission on Labour (2002) recommended a comprehensive rationalisation of existing laws. The Commission underscored the need to consolidate dozens of fragmented statutes into broad, thematic clusters in order to eliminate administrative redundancies, reduce litigation and foster a flexible yet protective economic environment.

This reform trajectory culminated in 2019 and 2020, when Parliament enacted the four Labour Codes:¹

¹ The Code on Wages, No. 29 of 2019, INDIA CODE (2019) (assented to Aug. 8, 2019); The Industrial Relations Code, No. 35 of 2020, INDIA CODE (2020); The Code on Social Security, No. 36 of 2020, INDIA CODE (2020); The Occupational Safety, Health and Working Conditions Code, No. 37 of 2020, INDIA CODE (2020) (each assented to Sept. 28, 2020). The four Codes were brought into force from Nov. 21, 2025 by MINISTRY OF LABOUR & EMPLOYMENT Notifications S.O. 5322(E) (Code on Wages), S.O. 5320(E) (Industrial Relations Code), S.O. 5319(E) (Code on Social Security) and S.O. 5321(E) (Occupational Safety, Health and Working Conditions Code), each dated Nov. 21, 2025; the notifications under the Code on Wages and the Code on Social Security exclude

- The Code on Wages, 2019
- The Industrial Relations Code, 2020
- The Code on Social Security, 2020
- The Occupational Safety, Health and Working Conditions Code, 2020

These four Codes amalgamate 29 central statutes into a unified framework designed to modernise regulatory compliance, streamline enforcement and extend protection to India's vast informal and gig workforce; nearly 90 per cent of the country's workers are informally employed.²

C. Statement of the problem: the legislative paradox and delayed implementation

Although Parliament enacted the four Labour Codes in 2019 and 2020, they were brought into force only from 21 November 2025, more than five years later. Their operationalisation was held up by the requirement that both the Central Government and the State Governments frame and notify the corresponding subordinate rules and schemes. The final Central Rules under all four Codes were notified on 8 May 2026,³ while rule-making by the States has proceeded unevenly.

This federal dependency produced a striking paradox. For more than five years a modern legislative framework intended to simplify compliance remained in limbo, and even after commencement the state-level rules have been fragmented, inconsistent and delayed. The resulting regulatory uncertainty creates acute legal ambiguity for enterprises operating across state boundaries and leaves vulnerable categories of workers, such as gig, platform and inter-state migrant workers, without the full statutory safety nets promised by the reforms.

D. Research questions

1. What structural, federal and administrative bottlenecks caused the prolonged delay in rolling out the four Labour Codes after their enactment by Parliament?

certain provisions. The twenty-nine central enactments subsumed are repealed by Code on Wages § 69(1) (four Acts), Industrial Relations Code § 104(1) (three Acts), Code on Social Security § 164(1) (nine Acts) and Occupational Safety, Health and Working Conditions Code § 143(1) (thirteen Acts).

² INTERNATIONAL LABOUR ORGANIZATION & INSTITUTE FOR HUMAN DEVELOPMENT, INDIA EMPLOYMENT REPORT 2024: YOUTH EMPLOYMENT, EDUCATION AND SKILLS (2024), https://www.ilo.org/sites/default/files/2024-08/India%20Employment%20-%20web_8%20April.pdf (nearly 82 per cent of the workforce engaged in the informal sector and nearly 90 per cent informally employed).

³ The Code on Wages (Central) Rules, 2026, the Industrial Relations (Central) Rules, 2026, the Social Security (Central) Rules, 2026 and the Occupational Safety, Health and Working Conditions (Central) Rules, 2026 were notified on May 8, 2026 by G.S.R. 343(E), G.S.R. 342(E), G.S.R. 344(E) and G.S.R. 345(E) respectively. See *Occupational Safety, Health and Working Conditions (Central) Rules, 2026: Key Highlights & Compliance Guide*, SCC ONLINE BLOG (May 13, 2026), <https://www.sconline.com/blog/post/2026/05/13/osh-central-rules-2026-key-highlights-and-compliance-guide/>; see also *supra* note 1 (commencement of the Codes).

2. How do interstate inconsistencies and divergent state-level rule-making affect uniform labour standards, worker protection and business operations across India?

E. Objectives of the study

- To map, analyse and critique the structural, political and administrative causes of the delayed implementation of the four Labour Codes.
- To examine the fragmentation caused by divergent state-level rules and to evaluate its legal and economic implications for the Indian labour market.

F. Scope and methodology

This study adopts a doctrinal and analytical approach, critically examining statutory texts, parliamentary standing committee reports, policy briefs and state-level notifications. It also draws on empirical and comparative evidence from the International Labour Organization (ILO) and national policy think tanks to assess the systemic bottlenecks hindering effective enforcement of the Codes.

The paper is an outcome of the Problem and Project-Based Learning (P2BL) pedagogy, in which structured inquiry, collaborative problem-solving and real-world regulatory analysis converge to address complex policy challenges.

II. ANATOMY OF THE FOUR NEW LABOUR CODES

India's labour law long developed through a large number of separate statutes, each dealing with a different aspect of employment, wages, welfare and industrial relations. Over time, this fragmented structure created complexity for employers and workers alike, making compliance difficult and legal protection uneven in practice.

The Codes aim to simplify regulation, widen coverage and bring labour law into line with changing patterns of work, including informal employment, migration and platform-based work. The four Codes are 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. Together they form the basis of the new labour law structure in India.

A. The Code on Wages, 2019

The Code on Wages, 2019 consolidates four central laws, namely the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976, into a single statute governing wage determination, payment, bonus entitlement and equal pay.

Key reforms:

- **Floor wage:** The Central Government fixes a national floor wage, and the minimum wages fixed by the appropriate Government cannot fall below it. The measure is intended to reduce extreme inter-state and inter-sectoral wage differentials.^{4,5,6}
- **Expanded definition of “wages”:** A broadened and standardised definition aligns the basis for minimum wages, bonus calculations and social security contributions, reducing ambiguity in the computation of remuneration.
- **Equal remuneration and anti-discrimination:** The Code preserves the core principle of the Equal Remuneration Act by prohibiting gender-based discrimination in wages and in recruitment for the same work or work of a similar nature.
- **Universal minimum wage coverage:** The Code extends minimum wage protection to workers in both the organised and unorganised sectors, improving legal coverage for low-paid and informal workers.⁷

Legal anchors:

- **Constitutional connection:** Article 39(d) (equal pay for equal work as a directive principle), Article 21 (the right to life and dignity, applied to decent wages) and Article 14 (equality before law).⁸

B. The Industrial Relations Code, 2020

The Industrial Relations Code, 2020 merges three major Acts, namely the Trade Unions Act, 1926, the Industrial Employment (Standing Orders) Act, 1946 and the Industrial Disputes Act, 1947, into a unified framework governing trade unions, conditions of service, dispute resolution, lay-off, retrenchment and strikes.

Notable changes:

- **Threshold for prior government approval:** The requirement of government permission for lay-off, retrenchment or closure now applies to establishments employing 300 or more workers (up from 100). This widens employers’ flexibility in workforce adjustment while raising concerns about reduced job security in medium-sized units.

⁴ The Code on Wages, *supra* note 1, § 9(1)–(2); see also *Bijay Cotton Mills Ltd. v. State of Ajmer*, AIR 1955 SC 33.

⁵ *U. Unichoyi v. State of Kerala*, AIR 1962 SC 12.

⁶ *Hydro (Engineers) Pvt. Ltd. v. Workmen*, AIR 1969 SC 182.

⁷ *People’s Union for Democratic Rights v. Union of India*, AIR 1982 SC 1473.

⁸ *Airfreight Ltd. v. State of Karnataka*, (1999) 6 SCC 567.

- **Regulation of strikes:** The Code imposes more stringent procedural requirements on strikes and industrial action, emphasising pre-strike conciliation and notice periods in order to limit sudden work stoppages and promote negotiation.
- **Union recognition and regulation:** The Code streamlines the provisions on registration and recognition of trade unions, which bears on collective bargaining structures.⁹

Legal anchors:

- **Constitutional connection:** Article 19(1)(c) (freedom to form associations or unions) and Article 23 (prohibition of forced labour).

C. The Code on Social Security, 2020

The Code on Social Security, 2020 consolidates nine enactments covering provident funds, employees' state insurance, maternity benefit, gratuity, employees' compensation and other welfare measures into a single framework intended to simplify and expand social protection.¹⁰

Principal features:

- **Coverage extended to gig and platform workers:** The Code expressly recognises gig and platform workers and provides for schemes and contribution mechanisms to extend social security to these non-traditional work arrangements.
- **Portable benefits for migrant workers:** Its provisions seek to address the portability of, and access to, social security for inter-state migrant workers, an issue highlighted during the COVID-19 pandemic.
- **Broader applicability:** The Code moves beyond the classic employer–employee model to allow social protection for various forms of informal and fragmented employment, subject to rule-making and funding arrangements.

Legal anchors:

- **Constitutional connection:** Article 41 (right to work and to public assistance in certain cases), Article 42 (just and humane conditions of work and maternity relief) and Article 21 (dignity) support the objectives of social security.

⁹ *Food Corporation of India Staff Union v. Food Corporation of India*, AIR 1995 SC 1344; *Bokaro Steel Workers Union v. State of Bihar*, (1995) 1 PLJR 400 (Patna HC Feb. 10, 1995).

¹⁰ *State of Punjab v. Labour Court, Jullundur*, (1980) 1 SCC 4.

D. The Occupational Safety, Health and Working Conditions Code, 2020

The OSH Code, 2020 amalgamates 13 Acts dealing with workplace safety, health and welfare into a single framework in order to create uniform standards across sectors.

Important elements:

- **Unified safety and health duties:** Employers have clearer, consolidated obligations for workplace safety, accident prevention, health surveillance and welfare facilities.^{11,12}
- **Welfare measures:** The Code prescribes employer duties such as the provision of drinking water, restrooms, first aid, canteens and annual health check-ups for certain categories of workers.
- **Employment of women and night shifts:** The Code sets out the conditions on which women may be employed on night shifts, balancing workplace safety, welfare and non-discrimination.
- **From factories to all establishments:** The Code shifts the regulatory focus from traditional factory-centric rules to safety and health across varied workplaces, aligning occupational protection with preventive and welfare-oriented regulation.

Legal anchors:

- **Constitutional connection:** Article 21 (the right to life, including a safe working environment), Article 24 (protection of children against employment in hazardous work) and the Directive Principles in Articles 39 and 42, which inform labour welfare and safety policy.

III. ANATOMY OF DELAYS: STRUCTURAL, ADMINISTRATIVE AND POLITICAL BOTTLENECKS

A. The federal conundrum (Concurrent List dynamics)

The constitutional architecture of India places labour in the Concurrent List (List III, Entries 22 to 24) of the Seventh Schedule to the Constitution of India.¹³ This allocation empowers both Parliament and the State legislatures to enact laws on labour welfare, industrial disputes, social security and occupational safety. This shared jurisdiction, however, introduces complex

¹¹ *M.C. Mehta v. Union of India*, AIR 1987 SC 1086 (oleum gas leak).

¹² *J.K. Industries Ltd. v. Chief Inspector of Factories & Boilers*, (1996) 6 SCC 665.

¹³ INDIA CONST. sched. VII, list III, entries 22 (“Trade unions; industrial and labour disputes”), 23 (“Social security and social insurance; employment and unemployment”) and 24 (“Welfare of labour including conditions of work, provident funds, employers’ liability, workmen’s compensation, invalidity and old age pensions and maternity benefits”).

regulatory dependencies when sweeping structural reforms such as the four Labour Codes are enacted at the central level.

Although Parliament passed 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), the operation of these statutes depends critically on subordinate legislation. Both the Central Government and the State Governments must frame and notify their respective rules, establish administrative authorities and set procedural frameworks.

This dual-rule requirement has produced a serious federal conundrum:

- **Practical dormancy:** Although each Code is brought into force by a central notification, its operation in the many matters for which the State Government is the “appropriate Government” depends in practice on State rules, schemes and authorities, and the corresponding provisions cannot be worked until these are notified. Legislation enacted in 2019 and 2020 therefore met an immediate barrier in execution.
- **Intergovernmental friction:** Intergovernmental friction has manifested along partisan and administrative lines. States with divergent political alignments have raised concerns about federal autonomy, arguing that centrally formulated labour standards curtail regional economic flexibility.
- **Regulatory vacuum:** Furthermore, the absence of any binding, time-bound statutory mandate requiring States to notify their rules within a specified period after central enactment created an open-ended compliance vacuum.

B. Administrative unpreparedness and digital infrastructure deficits

Beyond legislative and federal friction, the transition from 29 legacy central statutes to four streamlined Codes exposed deep administrative unpreparedness in both central and state labour departments. The Codes envisage a shift from a command-and-control inspection regime to a transparent, technology-driven facilitation model characterised by single-window compliance, randomised web-based inspections and universal digital registries.

Executing this vision requires substantial institutional capacity building that many state labour departments lack:

- **Digital infrastructure gaps:** Unified portals for employer registration, return filing and grievance redressal demand robust, secure and interoperable back-end IT infrastructure. Many state units rely on legacy databases that cannot readily interface

with the proposed national databases, particularly for tracking inter-state migrant workers and unorganised sector workers.

- **The inspector-to-facilitator transformation:** The Codes replace traditional “Inspectors” with “Inspector-cum-Facilitators”, who are tasked with advising enterprises on statutory compliance alongside enforcement. Retraining thousands of officers to adopt a developmental, consultative approach requires specialised, multi-phase training programmes, which have faced budgetary and logistical constraints.
- **Judicial and quasi-judicial backlogs:** The consolidation of industrial tribunals and labour courts under the new Codes requires structural reorganisation and fresh appointments. Chronic vacancies and infrastructure deficits in tribunals have undermined the State’s capacity to adjudicate emerging industrial disputes expeditiously.

Administrative domain	Legacy regime status	Code mandate requirements	Current bottleneck or deficit
Compliance portal	Fragmented multi-portal filing for each Act	Single-window digital compliance	Interoperability failures and state delays
Inspection mechanism	Discretionary, punitive inspections	Randomised web-based inspection system	Lack of hardware, software and training
Human resources	Separate inspectorates for each statute	Unified Inspector-cum-Facilitator cadre	Severe staffing shortages and resistance to re-skilling
Adjudication	Overburdened legacy labour courts	Streamlined Industrial Tribunals	High vacancy rates and prolonged delays in appointment

Table 1: Administrative readiness for the Labour Codes

C. Stakeholder friction and political pushback

The delay in implementation cannot be understood through an administrative lens alone; it is rooted in intense socio-political contestation. A joint platform of ten central trade unions, including INTUC, AITUC, HMS and CITU, has sustained nationwide opposition to specific provisions of the Codes, arguing that the reforms favour capital flexibility over labour security, while the Bharatiya Mazdoor Sangh has supported their implementation.¹⁴

The key areas of stakeholder friction include:

¹⁴ *Indian Trade Unions Oppose New Labour Codes, Call for Demonstrations*, AL JAZEERA (Nov. 22, 2025), <https://www.aljazeera.com/news/2025/11/22/indian-trade-unions-oppose-new-labour-codes-call-for-demonstrations> (reporting the opposition of ten central trade unions and the Bharatiya Mazdoor Sangh’s call on the States to implement the Codes).

1. **Dilution of collective bargaining and the right to strike:** The Industrial Relations Code, 2020 introduced stringent procedural prerequisites for lawful strikes, including notice within sixty days before a strike and a bar on striking within fourteen days of the notice, now applicable to all industrial establishments rather than to public utility services alone.¹⁵ Trade unions contend that these restrictions severely compromise their principal instrument of collective bargaining and make lawful strikes nearly impossible.
2. **Threshold exemptions for lay-off and retrenchment:** Under the Industrial Disputes Act, 1947, industrial establishments (factories, mines and plantations) employing 100 or more workers required prior government permission for lay-off, retrenchment and closure. The 2020 Code raised this threshold to 300 workers.¹⁶ Industry bodies championed the change as a catalyst for manufacturing scale and flexibility, while labour organisations opposed it vehemently, asserting that it exposes large numbers of workers to arbitrary termination without adequate statutory safeguards.
3. **Regularisation of fixed-term employment:** Statutory recognition of fixed-term employment permits employers to hire workers on fixed-term contracts, with hours of work, wages, allowances and other benefits not less than those of permanent workers doing the same or similar work, statutory benefits in proportion to the period of service, and gratuity after one year of service.¹⁷ Unions nevertheless fear that fixed-term employment will normalise precarious, contract-based work in core manufacturing sectors and displace permanent, unionised jobs.

Political differences between the Union and several State Governments also played a part. States differed markedly in the pace at which they framed and notified rules, and some State Governments voiced opposition to aspects of the Codes, reflecting the concerns of regional labour constituencies about central legislative overreach.

D. Pandemic disruptions and competing economic priorities

The enactment of the Codes in 2019 and 2020 coincided with the global onset of the COVID-19 pandemic, whose macroeconomic shocks derailed the timelines for executive implementation.

During 2020 and 2021, state and central administrations had to redirect much of their operational capacity towards crisis management, public health emergency response,

¹⁵ The Industrial Relations Code, *supra* note 1, § 62(1); The Industrial Disputes Act, No. 14 of 1947, INDIA CODE (1947), § 22(1) (repealed).

¹⁶ The Industrial Disputes Act, *supra* note 15, § 25K (repealed); The Industrial Relations Code, *supra* note 1, § 77(1).

¹⁷ The Industrial Relations Code, *supra* note 1, § 2(o); The Code on Social Security, *supra* note 1, § 53(1)(d).

humanitarian relief for migrant workers and the delivery of economic stimulus. Labour department officials who would otherwise have drafted subordinate rules, conducted tripartite consultations and built institutional infrastructure were redeployed to frontline disaster management duties.

The sharp contraction in the fiscal revenues of both the Union and the States during the pandemic also restricted the budgetary allocations needed for large-scale digital transformation, portal development and administrative capacity building. Long-term structural labour reforms were consequently relegated to the background as governments grappled with immediate economic survival and post-pandemic recovery.

IV. JURISDICTIONAL DIVERGENCE AND INTERSTATE INCONSISTENCIES

A. Cooperative and competitive federalism in labour law

Under Entries 22 to 24 of the Concurrent List (List III, Seventh Schedule, Constitution of India), both Parliament and the State legislatures have legislative authority over labour matters. Although Parliament consolidated 29 central statutes into four uniform Labour Codes to streamline governance, the power to make subordinate rules remains distributed among the “appropriate Governments”.

This constitutional structure creates friction between cooperative and competitive federalism. Cooperative federalism calls for Union–State coordination to ensure baseline labour protection across the country. Competitive federalism, by contrast, encourages industrialised States to notify flexible rules quickly in order to attract capital, while other States delay implementation because of political and trade union opposition. As a result, subordinate rule-making has fractured national labour administration into divergent regional frameworks.

B. Mapping inter-state disparities

Implementation across the States reveals structural variation along four core statutory dimensions:

Regulatory dimension	Legacy framework baseline	Central Labour Code provision	State-level rule divergence
Retrenchment and lay-off approval	Government permission mandatory for establishments with 100 or more workers. ¹⁸	Threshold raised to 300 or more workers. ¹⁹	Industrial States adopt 300 workers; others retain 100 or delay draft notifications.

¹⁸ The Industrial Disputes Act, *supra* note 15, ch. V-B, § 25K (repealed).

¹⁹ The Industrial Relations Code, *supra* note 1, ch. X, § 77(1).

Regulatory dimension	Legacy framework baseline	Central Labour Code provision	State-level rule divergence
Certified standing orders	Mandatory for establishments with 100 or more workers. ²⁰	Threshold raised to 300 or more workers. ²¹	Draft state rules introduce varying criteria for model standing orders.
Shift limits and daily working hours	Capped at 9 hours a day and 48 hours a week under the Factories Act, 1948. ²²	Eight hours a day under the OSH Code; the Central Rules cap the working week at 48 hours. ²³	Karnataka allowed 12-hour working days by its 2023 amendment to the Factories Act; Tamil Nadu withdrew a similar 2023 amendment; ²⁴ other States retain 8 to 9 hours.
Compounding of offences	Fragmented penalties; reliance on criminal prosecution.	Decriminalised monetary compounding by a Gazetted officer notified by the appropriate Government. ²⁵	Divergent fee structures, rectification windows and appellate authorities.

Table 2: Inter-state divergence in rules under the Labour Codes

Grievance resolution machinery also varies across the States. While the Industrial Relations Code requires Grievance Redressal Committees in establishments employing 20 or more workers,²⁶ state draft rules differ on the representation of women and on the binding nature of committee decisions.

C. Legal ambiguity and regulatory uncertainty for businesses

For multi-state enterprises, uneven notification of state rules creates compliance conflicts:

- **Overhaul of the wage definition:** Under the new Codes, basic pay, dearness allowance and retaining allowance must constitute at least 50 per cent of total remuneration; where the excluded allowances exceed one-half, the excess is added back to wages.²⁷ This raises statutory contributions for the Employees' Provident Fund

²⁰ The Industrial Employment (Standing Orders) Act, No. 20 of 1946, INDIA CODE (1946), § 1(3) (repealed).

²¹ The Industrial Relations Code, *supra* note 1, ch. IV, § 28(1).

²² The Factories Act, No. 63 of 1948, INDIA CODE (1948), §§ 51, 54 (repealed) (forty-eight hours in a week; nine hours in a day).

²³ The Occupational Safety, Health and Working Conditions Code, *supra* note 1, ch. VII, § 25(1) (eight hours in a day, with the period of work, intervals and spread-overs as notified by the appropriate Government); the weekly limit of forty-eight hours is set by r. 64(1) of the Occupational Safety, Health and Working Conditions (Central) Rules, 2026, *see supra* note 3.

²⁴ The Wire Staff, *Tamil Nadu CM MK Stalin Puts 12-Hour Working Day Bill for Factories 'on Hold'*, THE WIRE (Apr. 26, 2023), <https://m.thewire.in/article/government/tamil-nadu-stalin-12-hour-working-day-bill-factories-act> (noting that Karnataka passed a similar amendment in February 2023); Swarajya Staff, *Tamil Nadu: 'Will Withdraw Bill That Amended Factories Act To Allow 12 Hours Work' Says Chief Minister MK Stalin On May Day*, SWARAJYA (May 1, 2023), <https://swarajyamag.com/news-brief/tamil-nadu-will-withdraw-bill-that-amended-factories-act-to-allow-12-hours-work-says-chief-minister-mk-stalin-on-may-day>.

²⁵ The Code on Wages, *supra* note 1, ch. VIII, § 56(1); The Industrial Relations Code, *supra* note 1, ch. XIII, § 89(1) (offences compoundable by a Gazetted officer specified by the appropriate Government).

²⁶ The Industrial Relations Code, *supra* note 1, ch. II, § 4(1).

²⁷ The Code on Wages, *supra* note 1, ch. I, § 2(y), first proviso.

(EPF), the Employees' State Insurance Corporation (ESIC), gratuity and overtime. Where state rules remain unnotified, employers face uncertainty, because rules and notifications made under the repealed statutes, such as the Payment of Wages Act, 1936, continue only so far as they are consistent with the Codes.

- **Dual regulatory frameworks:** Certain States have exempted establishments from duplicate registration under the Occupational Safety, Health and Working Conditions Code while keeping local obligations alive under their Shops and Commercial Establishments Acts. Multi-state organisations are therefore forced to run parallel administrative systems, which raises compliance overheads.

D. Impact on transitional litigation

The repeal of the legacy laws created procedural confusion about pending disputes and the authority of tribunals:

- **Jurisdictional vacuum:** Section 51 of the Industrial Relations Code transfers cases pending before Labour Courts and Tribunals under the Industrial Disputes Act, 1947 to the Tribunals having corresponding jurisdiction under the Code.²⁸ The delay in constituting these Tribunals prompted employers to challenge the jurisdiction of the legacy Labour Courts.
- **Legislative and judicial resolution:** The Central Government first issued the Industrial Relations Code (Removal of Difficulties) Order, 2025, which declared that the existing forums would continue to adjudicate; the High Court of Karnataka later held that an order under section 103 could not achieve this, since it would be inconsistent with section 51.²⁹ Parliament then enacted the Industrial Relations Code (Amendment) Act, 2026, which substituted section 104(1) with effect from 21 November 2025 and, in the new sub-section (1A), preserves the authority of the Tribunals and statutory authorities under the repealed Acts until the new forums become functional.³⁰ The High Court of Karnataka affirmed this continuity in *Glastronix LLP v. President/General Secretary* (2026), holding that section 104(1A)

²⁸ The Industrial Relations Code, *supra* note 1, ch. VII, § 51.

²⁹ The Industrial Relations Code (Removal of Difficulties) Order, 2025, MINISTRY OF LABOUR & EMPLOYMENT Notification S.O. 5683(E) (Dec. 8, 2025), issued under The Industrial Relations Code, *supra* note 1, § 103.

³⁰ The Industrial Relations Code (Amendment) Act, No. 1 of 2026, INDIA CODE (2026) (assented to Feb. 16, 2026, with effect from Nov. 21, 2025) (substituting sub-section (1) of section 104 of the Industrial Relations Code, 2020, with sub-section (1A) providing that the Tribunals and statutory authorities functioning under the repealed Acts continue to function until their counterparts under the Code become functional).

of the Code and section 6 of the General Clauses Act, 1897 saved a reference order made before the retrospective repeal from invalidity.³¹

V. SOCIO-ECONOMIC AND LEGAL IMPLICATIONS

The recent labour and wage reforms reshape the relationship among worker protection, business flexibility and constitutional accountability. The principal issues concern:

- (a) protection gaps for gig and platform workers;
- (b) the effects of fixed-term employment and relaxed retrenchment rules on job security;
- (c) the compliance impact on industry; and
- (d) judicial oversight where delegated rule-making affects fundamental rights.

A. Impact on the workforce

Gig and platform workers remain largely outside rules built for long-term employment. Although they have now been given legal recognition,³² actual benefits are often delayed by slow scheme roll-outs, late administrative notifications and weak inter-agency coordination. Delay in the delivery of statutory social security worsens income volatility and reinforces disadvantages in bargaining power. Statutory rights without prompt enforcement mechanisms therefore offer limited real-world protection.

At the same time, the expansion of fixed-term contracts may increase hiring flexibility,³³ but it risks displacing regular positions and progressively eroding long-term tenure. Relaxed retrenchment provisions increase employers' operational flexibility, yet they heighten workers' vulnerability during economic downturns. Weak collective bargaining mechanisms and scarce alternative employment opportunities further amplify this insecurity. The overall result is a more flexible labour market that is not necessarily a more secure one.

B. Impact on industry and “ease of doing business”

The consolidation of multiple labour laws into unified Codes aims to reduce the compliance burden, streamline reporting and eliminate fragmented administrative procedures, advantages commonly cited under the banner of “ease of doing business”. Regulatory simplification nevertheless entails significant transition costs.

³¹ *Glastronix LLP v. President/General Secretary, Glastronix Karmika Sangha*, W.P. No. 3784 of 2026, 2026:KHC:7984 (Kar. HC Feb. 18, 2026), <https://indiankanoon.org/doc/126664033/>.

³² The Code on Social Security, *supra* note 1, §§ 2(35), 2(60), 2(61), 114.

³³ The Industrial Relations Code, *supra* note 1, § 2(o).

Revisions to the statutory definition of wages, in particular the rule that allowances above 50 per cent of total remuneration are counted as wages,³⁴ force employers to redesign existing salary structures, update payroll systems and manage potential reclassification disputes. These changes create short-term operational uncertainty and may increase overall payroll liabilities, particularly in thin-margin, labour-intensive or outsourced sectors. While regulatory consolidation can improve long-term efficiency, its benefits depend heavily on gradual implementation, transparent guidance and transitional safeguards that soften abrupt cost and administrative shocks.

C. Judicial scrutiny and constitutional validity

Courts may be expected to examine whether delegated rules stay within statutory limits,³⁵ whether delays in administrative rule-making frustrate legislative intent, and whether enforcement frameworks respect constitutional guarantees. Delay in framing necessary subordinate legislation risks rendering statutory rights illusory and invites judicial intervention where administrative inaction undermines the basic entitlements of vulnerable workers.

Judicial review is also likely where regulatory measures restrict the rights of association, collective bargaining or lawful protest, whether by design or in effect, since such constraints directly implicate fundamental freedoms. A resilient constitutional framework therefore requires timely rule-making, clear accountability for implementation and a legally sustainable balance between market flexibility and worker autonomy. Judicial scrutiny should be seen not merely as an obstacle but as an essential corrective that prevents regulatory overreach and ensures that statutory promises translate into substantive protection.

VI. CONCLUSION AND RECOMMENDATIONS

A. Summary of findings

The full operationalisation of India's Labour Codes was held up by four structural factors:

- **Federal coordination deficits:** Non-uniform rule-making under the Concurrent List delayed nationwide implementation.
- **Social dialogue deficits:** Trade unions strongly opposed the higher retrenchment threshold (300 workers) and the expanded fixed-term employment rules.

³⁴ The Code on Wages, *supra* note 1, § 2(y), first proviso.

³⁵ *Indian Express Newspapers (Bombay) (P) Ltd. v. Union of India*, (1985) 1 SCC 641.

- **Administrative capacity gaps:** Delays in upgrading web-based inspection systems and in retraining inspectors as Inspector-cum-Facilitators created compliance bottlenecks.
- **Adjudicatory ambiguities:** Jurisdictional gaps between the transfer of legacy disputes and the constitution of new Tribunals under the Code led to transitional litigation.

B. Policy recommendations

To reduce regulatory friction and establish a unified labour market, the following measures are recommended:

1. **Mandatory time-bound finalisation of rules:** The Central Government should establish a binding 90-day window for States to finalise their rules, supported by central model State rules that apply provisionally in States that have not complied.
2. **A Centralised Labour Reform Coordination Committee:** A statutory inter-state body co-chaired by the Union and State Labour Ministers should harmonise compliance thresholds and integrate state portals with the central Shram Suvidha portal.
3. **Reactivation of tripartite dialogue:** In line with ILO standards, the Ministry of Labour and Employment should resume formal consultations through the Indian Labour Conference to address union concerns about fixed-term employment and to refine the working of the Worker Re-skilling Fund.
4. **Infrastructure and capacity building:** States should establish functioning two-member Industrial Tribunals under section 44 of the Industrial Relations Code and complete the retraining of facilitators so that enforcement moves towards transparent, web-based inspection.

C. Concluding remarks

The consolidation of 29 legacy statutes into four Labour Codes represents a fundamental modernisation of Indian employment regulation. Bridging the gap between legislative intent and operational reality requires sustained federal coordination, upgraded administrative technology and inclusive tripartite dialogue. By resolving interstate divergence, India can build a stable, future-ready labour ecosystem that balances worker security with business agility.
