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Comparative Study of Old Labour Laws and New Labour Laws

PAVITHRA¹

ABSTRACT

India's labour law framework has historically been governed by a complex network of fragmented and sector-specific legislations enacted over different periods. This multiplicity of laws often resulted in interpretational inconsistencies, compliance burdens, and limited coverage of the unorganized workforce. In response to the evolving economic landscape and the need for regulatory simplification, the Government of India enacted four comprehensive Labour Codes namely, 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 by consolidating 29 central labour laws.

This paper undertakes a comparative analysis of the old labour law regime and the new Labour Codes, focusing on structural, substantive, and procedural transformations. It evaluates key changes such as the introduction of a uniform definition of wages, expansion of social security to gig and platform workers, digitization of compliance mechanisms, and increased flexibility in industrial relations. The study further critically examines the implications of these reforms on labour rights, employer obligations, and the balance between economic efficiency and social justice. It concludes that while the Labour Codes mark a significant step towards modernization and ease of doing business, their success depends on effective implementation and safeguarding worker protections.

Keywords: Labour Law Reform, Labour Codes, Industrial Relations, Social Security, Wage Regulation, Gig Economy, Labour Welfare, India

I. INTRODUCTION

The need for comprehensive labour law reform gained prominence in the context of globalization, liberalization, and the expansion of the informal sector. The Second National Commission on Labour (2002) recommended consolidation and simplification of existing labour laws to enhance efficiency and ensure broader coverage. Acting upon these recommendations, the Government of India introduced four Labour Codes between 2019 and 2020, aiming to rationalize the legal framework and align it with modern economic realities.

The new Labour Codes represent a paradigm shift from a fragmented and rigid system to a

¹ Author is a Student at The Tamil Nadu Dr. Ambedkar Law University, India.

unified and flexible regulatory structure. They seek to balance the objectives of labour welfare and economic growth by introducing reforms such as a standardized definition of wages, expansion of social security to unorganized and gig workers, digitization of compliance procedures, and greater flexibility in hiring and retrenchment practices.

However, these reforms have also generated significant debate among scholars, policymakers, and trade unions. Critics argue that certain provisions, particularly those relating to industrial relations and retrenchment thresholds, may dilute worker protections and weaken collective bargaining mechanisms. On the other hand, proponents emphasize the potential of these reforms to improve ease of doing business, attract investment, and promote formalization of the workforce.

In this context, a comparative study of the old labour laws and the new Labour Codes becomes essential to understand the extent and implications of these changes. This paper aims to analyze the key differences between the two regimes, assess their impact on various stakeholders, and evaluate whether the new framework successfully achieves a balance between economic efficiency and social justice.

II. OVERVIEW OF OLD LABOUR LAW FRAMEWORK

The pre-reform labour law regime in India consisted of 29 central legislations, including the Minimum Wages Act, 1948, Payment of Wages Act, 1936, Industrial Disputes Act, 1947, and Factories Act, 1948. These laws were enacted at different times with specific objectives, resulting in a fragmented regulatory structure.

One of the key features of the old framework was its complexity. Employers were required to comply with multiple registrations, licenses, and inspections. Enforcement mechanisms were largely inspector-centric, often leading to inefficiencies and allegations of corruption. Additionally, the scope of these laws was largely confined to the organized sector, leaving a significant portion of the workforce, particularly those in the informal sector, without adequate protection.

Judicial interpretation played a crucial role in shaping labour law. Landmark cases such as *Bangalore Water Supply v. A. Rajappa* expanded the definition of “industry,” while *Workmen of Dimakuchi Tea Estate v. Management* clarified the scope of “workman.” These decisions significantly influenced the application of labour laws.

- **Key legislations**

Minimum Wages Act, 1948

The Minimum Wages Act, 1948 was enacted to ensure that workers receive a minimum standard of wages sufficient for their basic livelihood. The Act empowers both the Central and State Governments to fix and periodically revise minimum wage rates for different employments, particularly in scheduled industries. It aims to prevent exploitation of labour by employers who might otherwise pay extremely low wages. The Act also provides for components such as basic wages, cost of living allowance, and overtime payments. By establishing a wage floor, it plays a crucial role in promoting social justice and reducing income inequality among workers.

Payment of Wages Act, 1936

The Payment of Wages Act, 1936 was introduced to regulate the timely payment of wages to employees and to prevent unauthorized deductions. The Act ensures that wages are paid within a prescribed time limit and in a proper manner without unjustified delays. It also specifies permissible deductions, such as those for fines, absence from duty, or damage to goods, thereby protecting workers from arbitrary salary cuts. The legislation primarily applies to employees earning below a specified wage threshold and aims to promote financial security and fairness in employer-employee relationships.

Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 provides for the payment of bonuses to employees based on the profits or productivity of an establishment. It applies to establishments employing a specified minimum number of workers and mandates the payment of a minimum bonus even if the employer does not earn profits, subject to certain conditions. The Act establishes a system of profit-sharing between employers and employees, thereby incentivizing productivity and fostering a sense of participation in organizational success. It also sets limits on the minimum and maximum bonus payable.

Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947 is a key legislation governing the resolution of industrial disputes between employers and workers. It provides mechanisms such as conciliation, arbitration, and adjudication through Labour Courts and Industrial Tribunals. The Act also regulates strikes, lockouts, layoffs, and retrenchment, ensuring that such actions are carried out in accordance with legal procedures. It aims to maintain industrial peace and harmony by

balancing the interests of both employers and employees while safeguarding workers' rights against unfair labour practices.

Factories Act, 1948

The Factories Act, 1948 was enacted to regulate working conditions in factories and to ensure the health, safety, and welfare of workers. It lays down provisions relating to working hours, rest intervals, cleanliness, ventilation, lighting, and safety measures such as machinery guarding. The Act also includes special provisions for women and young workers, restricting hazardous employment and ensuring safe working environments. By setting minimum standards for workplace conditions, the Act seeks to protect workers from occupational hazards and promote humane working conditions.

Employees' Provident Funds and Miscellaneous Provisions Act, 1952

The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 establishes a system of compulsory savings for employees to provide financial security after retirement. Under this Act, both employers and employees contribute a portion of wages to a provident fund account. The Act also includes provisions for pension schemes and insurance benefits. It is administered by the Employees' Provident Fund Organisation (EPFO) and applies to establishments employing a specified number of workers. The primary objective is to ensure long-term financial stability and social security for employees.

Employees' State Insurance Act, 1948

The Employees' State Insurance Act, 1948 provides for a comprehensive social security scheme offering medical and cash benefits to employees in case of sickness, maternity, disability, or employment-related injury. The scheme is funded through contributions from both employers and employees and is administered by the Employees' State Insurance Corporation (ESIC). It covers workers earning below a specified wage limit and ensures access to healthcare services and income support during periods of incapacity. The Act plays a vital role in promoting worker welfare and social protection.

Courts played a significant role in interpreting labour laws:

Bangalore Water Supply v. A. Rajappa

Expanded the definition of "industry" under the Industrial Disputes Act.

Workmen of Dimakuchi Tea Estate v. Management

Defined the scope of "workman."

III. OVERVIEW OF NEW LABOUR CODES

Code on Wages, 2019

The Code on Wages, 2019 consolidates four earlier wage-related laws into a single framework to simplify and standardize wage regulation in India. It introduces a uniform definition of wages, reducing confusion and legal disputes that existed under multiple laws. The Code also empowers the government to fix a national floor wage, ensuring that workers receive a minimum level of income across all sectors.

Further, the Code extends minimum wage protection to all employees, including those in the unorganized sector, and ensures timely payment of wages. It also promotes gender equality by mandating equal remuneration for men and women. Overall, the Code aims to create a fair, transparent, and efficient wage system while improving compliance and ease of doing business

Industrial Relations Code, 2020

The Industrial Relations Code, 2020 consolidates and amends laws relating to trade unions, industrial disputes, and employment conditions, replacing key legislations such as the Industrial Disputes Act, 1947. Its main objective is to promote industrial harmony while providing greater flexibility to employers.

The Code introduces fixed-term employment, allowing employers to hire workers for a specific period with benefits equal to permanent employees. It also increases the threshold for prior government approval for retrenchment, layoffs, and closure from 100 to 300 workers, thereby enhancing operational flexibility. Additionally, it recognizes the concept of a negotiating union or council to streamline collective bargaining. Overall, the Code seeks to balance workers' rights with the need for ease of doing business.

Code on Social Security, 2020

The Code on Social Security, 2020 consolidates various laws relating to social security, including provisions for provident fund, insurance, maternity benefits, and gratuity. Its primary objective is to extend social security protection to a wider section of the workforce.

A key feature of the Code is that it includes unorganized workers, gig workers, and platform workers within its scope, which were largely excluded under earlier laws. It provides for the creation of various welfare schemes funded by contributions from employers, employees, and aggregators. The Code also aims to simplify compliance and improve access to benefits through registration and digital systems. Overall, it represents a move towards a more inclusive and comprehensive social security system in India.

Occupational Safety, Health and Working Conditions Code, 2020

The Occupational Safety, Health and Working Conditions Code, 2020 consolidates and simplifies laws relating to workplace safety, health, and working conditions by merging several existing legislations such as the Factories Act, 1948. Its main objective is to ensure safe and humane working environments across different sectors.

The Code provides for uniform safety standards, regulates working hours, and mandates basic welfare facilities such as cleanliness, ventilation, and medical care for workers. It also introduces provisions like appointment letters, annual health check-ups, and better protection for inter-state migrant workers. Additionally, it allows women to work in all establishments, including night shifts, subject to safety conditions

IV. COMPARATIVE ANALYSIS

The Indian labour law regime has transitioned from a fragmented, sector-specific framework to a consolidated codified structure with the enactment of four Labour Codes between 2019 and 2020. The earlier regime, consisting of 29 central legislations, was marked by multiplicity, definitional inconsistencies, and complex compliance requirements. In contrast, the new Labour Codes aim to rationalize, simplify, and modernize labour regulation while expanding coverage to previously excluded categories of workers.

This comparative study examines the transformation across structural, substantive, procedural, and institutional dimensions, focusing on measurable statutory changes and their legal implications.

- **Structural Transformation: Fragmentation to Codification**

Old Labour Law Framework

The pre-reform regime comprised 29 central labour laws, each dealing with specific aspects such as wages, industrial disputes, social security, and working conditions. These laws operated independently, often leading to overlapping provisions and administrative inefficiencies.

New Labour Code Framework

The new framework consolidates these laws into four comprehensive codes:

Code on Wages, 2019

Industrial Relations Code, 2020

Code on Social Security, 2020

Occupational Safety, Health and Working Conditions Code, 2020

Old Regime

Different statutes provided varying definitions of “wages”, leading to ambiguity and litigation. For instance, the inclusion and exclusion of allowances differed across the Minimum Wages Act, Payment of Wages Act, and Bonus Act.

New Regime

The Code on Wages, 2019 (Section 2(y)) introduces a uniform definition of wages, with a statutory rule that exclusions must not exceed 50% of total remuneration.

- **Expansion of Coverage: Formal to Universal Approach**

Old Regime: Labour laws primarily applied to the organized sector, leaving a large portion of the workforce especially informal and gig workers outside the ambit of legal protection.

New Regime

The Code on Social Security, 2020 expands coverage to:

Unorganized workers

Gig workers

Platform workers

- **Industrial Relations: Rigidity vs Flexibility**

Old Regime (Industrial Disputes Act, 1947)

- Retrenchment threshold: 100 workers
- Strong job security provisions
- No statutory recognition of fixed-term employment

New Regime (Industrial Relations Code, 2020)

- Retrenchment threshold increased to 300 workers
- Introduction of fixed-term employment
- Recognition of negotiating union

- **Social Security: Limited Protection to Universalization**

Old Regime

Social security was confined to formal employment through statutes like:

- EPF Act, 1952

- ESI Act, 1948

New Regime

The Code on Social Security, 2020:

- Extends benefits to gig and platform workers
- Introduces schemes for unorganized sector
- Provides for aggregator contributions
- **Occupational Safety and Working Conditions**

Old Regime

Governed by 13 separate statutes, including:

- Factories Act, 1948
- Mines Act, 1952
- Contract Labour Act, 1970

New Regime

The OSH Code, 2020 consolidates these laws into a single framework with:

- Uniform safety standards
- Mandatory appointment letters
- Health check-up provisions
- **Compliance Mechanism: Bureaucratic to Digital**

Old Regime

- Multiple registrations and licenses
- Paper-based compliance
- Inspector-centric enforcement (“Inspector Raj”)

New Regime

- Single registration and licensing system
- Unified electronic returns
- Inspector-cum-Facilitator with web-based inspections
- **Dispute Resolution Mechanism**

Old Regime

- Multiple forums (Labour Courts, Industrial Tribunals)
- Procedural delays

New Regime

- Consolidated tribunal system
- Emphasis on faster dispute resolution

- **Gender and Labour Regulation**

Old Regime: Restrictions on women working at night in factories

New Regime: Women permitted to work at night subject to safety conditions

Enforcement Philosophy: Punitive to Facilitative

V. INTEGRATED COMPARATIVE TABLE: OLD LABOUR LAWS VS NEW LABOUR CODES IN INDIA

S. No.	Parameter	Old labour laws	New labour laws	Nature of change
1	Legal Framework	29 Central Labour Acts	Acts 4 Consolidated Labour Codes	Structural consolidation
2	Regulatory Approach	Fragmented, sectors specific	Integrated, uniform framework	Simplification
3	Definition of wages	Multiple definitions across statutes	Uniform definitions (code on wages)	standardization
4	Coverage of works	Mainly organized workers	Includes unorganized, gig and platform workers	Expansion
5	Social security	Limited to formal sector	Universal approach including gig workers	Inclusive framework
6	Retrenchment threshold	100 workers (ID Act 1947)	300 workers (IR Codes)	Increased flexibility
7	Fixed term employment	Not statutory recognized	Explicitly recognized	Legal recognition
8	Occupational safety laws	13 separate laws	Single OSH code, 2020	consolidation

9	Working condition	Sector specific standards	Uniform standards across sectors	standardization
10	Gender provisions	Restrictions on night work for women	Allowed with safety conditions	Gender inclusion
11	Registration system	Multiple registration	Single registration	Administrative simplification
12	licensing	Multiple licensing	Common licensing	Simplification
13	Compliance system	Paper based	Digital compliance	Modernization
14	Dispute resolutions	Multiple forums	Consolidated industrial tribunal	Streamlining
15	penalties	Criminal prosecution	Compounding of offences allowed	Decriminalization
16	labour welfare approach	Welfare oriented	balanced	Policy shift
17	Digital governance	absent	introduced	Technological advancement
18	Economic orientation	Protective labour regime	Market oriented labour regime	Liberalization
19	Overall impact	Complex, rigid, limited coverage	Simplified, flexible	Transformational reform

VI. CONCLUSION

The comparative study of the old labour laws and the new Labour Codes in India reveals a fundamental transformation in the philosophy, structure, and operation of labour regulation. The earlier framework, comprising 29 fragmented statutes, was primarily welfare-oriented and protective in nature, focusing on safeguarding workers' rights through rigid regulatory mechanisms. However, it suffered from significant drawbacks, including multiplicity of laws, definitional inconsistencies, complex compliance procedures, and limited coverage of the vast unorganized sector.

The introduction of the four Labour Codes marks a paradigm shift toward consolidation, simplification, and modernization. By reducing 29 laws into four comprehensive codes, the legislature has attempted to create a uniform, transparent, and accessible legal framework. Key reforms such as the uniform definition of wages, digitization of compliance, single registration and licensing systems, and expansion of social security to gig and platform workers demonstrate

a clear effort to align labour law with contemporary economic realities.

At the same time, the new framework reflects a policy transition from a purely welfare centric model to a balanced approach integrating economic efficiency and labour welfare. Provisions such as the increase in the retrenchment threshold (from 100 to 300 workers) and the recognition of fixed-term employment indicate a shift toward labour market flexibility and ease of doing business.

However, this transformation is not without concerns. The potential dilution of job security, weakened collective bargaining mechanisms, and ambiguities in certain provisions raise important questions regarding the protection of labour rights. The success of the Labour Codes ultimately depends on effective implementation, administrative capacity, and judicial interpretation, ensuring that the constitutional mandate of social justice is not compromised.

Thus, while the Labour Codes represent a significant step forward in reforming India's labour law regime, their long-term impact will be determined by how effectively they balance the competing interests of economic growth and labour welfare.

Suggestions

- The government should ensure that increased flexibility does not lead to exploitation of workers.
- Safeguards must be introduced to prevent arbitrary retrenchment despite higher thresholds.
- Clear guidelines should be framed to protect fixed-term employees from discriminatory practices.
- Since labour is a subject in the Concurrent List, uniform implementation across states is crucial.
- The central and state governments must coordinate to ensure consistent rules and enforcement mechanisms.
- Adequate training should be provided to authorities responsible for implementing the codes.
- Although the Code on Social Security, 2020 expands coverage, its effectiveness depends on proper execution.
- Clear schemes and funding mechanisms should be developed for Gig workers, Platform workers and Unorganized sector.

- Awareness programs should be conducted to ensure workers can access their rights and benefits.
- The government should establish mechanisms for periodic review of Labour Codes.

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