Labour Codes 2020 and Ease of Doing Business: Balancing Economic Growth and Workers' Rights

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Abstract

The consolidation of 29 central labour statutes into 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, marks a paradigmatic shift in India's labour regulation architecture, expressly framed as a lever for enhancing Ease of Doing Business while expanding social protection. This paper interrogates whether the codes, in design and likely operation, achieve a defensible balance between regulatory simplification and economic flexibility on the one hand, and workers' rights grounded in the Indian Constitution and International Labour Organization (ILO) standards on the other. Employing a doctrinal and policy-analytical methodology, it compares key provisions of the new codes with the pre-existing statutory regime, analyses their interaction with constitutional jurisprudence on the right to livelihood and dignified work, and situates them within the broader discourse on labour-market flexibility and investment promotion. The analysis highlights clear gains in terms of harmonised definitions, digitised single-window compliance and graded flexibility for enterprises, particularly MSMEs, but also identifies areas of concern: higher thresholds that exclude large segments of workers from job-security and safety protections, stringent constraints on the right to strike, and social-security promises that are heavily scheme-dependent and weakly justiciable. The paper concludes that the labour codes presently tilt the balance towards Ease of Doing Business, and recommends targeted legislative, administrative and judicial measures especially around thresholds, enforcement capacity, social-security design and collective-bargaining rights to realign the reforms with constitutional commitments to social justice and decent work.

Keywords: Labour code, Ease of doing business, International Labour Organization, Constitutional jurisprudence, Constitutional commitments to social justice.

1.0 Introduction

India's consolidation of 29 central labour statutes into 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 constitutes one of the most far-reaching legal reforms in its industrial relations regime since Independence. The Government has explicitly positioned these codes as instruments for improving the country's competitiveness and "Ease of Doing Business" by simplifying compliance, harmonising definitions, and providing greater operational flexibility to enterprises, especially micro, small and medium enterprises (MSMEs). At the same time, the codes purport to extend social security and labour protection to previously excluded categories such as gig workers, platform workers and large segments of the unorganised workforce.

Yet the reforms have generated intense controversy, with trade unions characterising the codes as "pro-employer" and a "deceptive fraud" that undermines workers' rights and the welfare-state orientation of the Indian Constitution. Internationally, the codes have drawn mixed academic appraisals regarding their compliance with International Labour Organization (ILO) standards on freedom of association, the right to strike, and social security. This paper situates the labour codes within the broader discourse on law, economic growth and social justice, interrogating whether the current reform design meaningfully balances efficiency and flexibility with the constitutional mandate to protect labour.[5][9]

1.1 Research Question

The central research question guiding this paper is:

To what extent do India's Labour Codes 2019–2020 promote Ease of Doing Business and economic growth while adequately safeguarding workers' rights under the Constitution and international labour standards?

1.2 Scope of the Study

This study is confined to analysis of the four central labour codes enacted between 2019 and 2020 and their notified provisions, with particular reference to their design and stated objectives. The focus is on the interaction between the codes and the Ease of Doing Business agenda, rather than a detailed doctrinal exegesis of every provision. The paper examines selected provisions that have direct implications for hiring and firing flexibility, compliance burdens, collective labour relations, and social security coverage.

Geographically, the study focuses on the central codes and all-India policy discourse, while noting that implementation ultimately depends on state rules and capacities, leading to uneven federal outcomes. Sectorally, emphasis is placed on formal manufacturing and services establishments covered by the codes, though the extension of social security to gig and platform workers is considered where relevant.

The temporal scope extends from the pre-reform period (when India's labour law framework was widely perceived as complex and rigid) to the post-reform era linked to improvements in India's ranking in the World

Bank's Ease of Doing Business Index. The paper does not empirically estimate employment elasticity or firm-level productivity effects, but instead offers a normative and institutional analysis grounded in constitutional principles, ILO standards and economic policy discourse.

1.3 Limitations of the Study

Several limitations qualify the analysis. First, while the codes have been enacted, their full implementation has been staggered, with many provisions contingent on detailed state rules and subordinate legislation. This creates uncertainty regarding actual on-ground effects and limits the availability of robust ex post empirical data.

Second, the World Bank discontinued the Doing Business project in 2021 following methodological controversies, complicating the direct use of post-2020 rankings as a measure of the reforms' success. The paper therefore focuses on conceptual links between regulatory simplification and the broader Ease of Doing Business agenda rather than relying on a single composite index.

Third, data constraints preclude a comprehensive quantitative assessment of how the codes have affected informal workers, women workers and marginalised communities, who are often under-represented in official datasets. The analysis of distributive impacts is therefore indicative rather than exhaustive.

Finally, the paper relies on secondary literature, official government documents and case law, which may themselves reflect ideological priors or institutional biases; these are acknowledged where apparent.

1.4 Research Methodology

The research adopts a doctrinal and policy-analytical methodology, supplemented by limited empirical and comparative insights. Primary legal sources include the texts of the four labour codes, parliamentary debates, and relevant Supreme Court and High Court decisions on labour rights, economic policy and constitutional interpretation. Secondary materials comprise governmental reports (including Economic Surveys and official Ease of Doing Business documents), ILO commentary, academic articles, law-review notes and policy briefs.

The analysis proceeds in three stages. First, it reconstructs the pre-code labour law landscape and the critique that India's multiplicity of statutes and rigid regulations impeded investment and employment growth. Second, it conducts a thematic analysis of key provisions of each code relevant to Ease of Doing Business and workers' rights, comparing them with pre-existing law and ILO standards. Third, it situates the codes within the constitutional framework, drawing on landmark decisions such as Olga Tellis v. Bombay Municipal Corporation and Bandhua Mukti Morcha v. Union of India on the right to livelihood and dignified work, as well as case law on labour market flexibility and economic policy deference.

The overall approach is normative and interpretive, seeking to assess whether the new legal architecture meaningfully balances economic and social objectives rather than merely cataloguing statutory changes.

2.0 Background: Labour Law and Ease of Doing Business in India

2.1 Pre-reform fragmentation and rigidity

Prior to the 2019–2020 consolidation exercise, India's labour regulatory framework was characterised by a proliferation of central and state statutes, often overlapping and inconsistently defined, leading to high compliance costs and legal uncertainty. Key statutes included the Industrial Disputes Act 1947, the Factories Act 1948, the Contract Labour (Regulation and Abolition) Act 1970 (CLRA), the Minimum Wages Act 1948, the Employees' Provident Fund and Miscellaneous Provisions Act 1952, and the Employees' State Insurance Act 1948, among others.[20][6]

Economists and industry bodies have long argued that stringent regulations on retrenchment, closure and the use of contract labour created "institutional rigidities" that inhibited employment expansion in the formal sector and pushed firms towards informality or capital-intensive technologies. The requirement of prior government permission for layoffs and closure in establishments employing 100 or more workers under Chapter V-B of the Industrial Disputes Act, for instance, was frequently cited as discouraging large-scale manufacturing.[24][18][^20]

At the same time, many of these laws were poorly enforced, producing a dual outcome of high formal-sector compliance burdens without commensurate protection for the vast informal workforce, which constituted over 80 per cent of India's labour force. This paradox rigidity for a small formal core and near-deregulation for the informal periphery provided a key backdrop for calls to rationalise and modernise labour regulation.[20][5]

2.2 Ease of Doing Business and regulatory reform

Since 2014, successive Union governments have framed labour and business-regulatory reforms as part of a broader Ease of Doing Business (EoDB) agenda aimed at boosting investment, entrepreneurship and job creation. India's rank in the World Bank Ease of Doing Business Index improved from 142 in 2014 to 63 by 2019, driven primarily by reforms in taxation (GST), insolvency (IBC), and construction permits, although labour market regulation also formed part of the narrative.[12][13]

Official documents emphasise that the consolidation of 29 labour laws into four codes simplifies compliance, introduces single electronic registration and returns, reduces approval timelines, and rationalises inspections, especially for MSMEs. The codes are said to have reduced over 1,400 compliances to around 400, enabled all-India licences valid for five years, institutionalised an "inspector-cum-facilitator" model, and provided for deemed approvals where authorities do not act within specified time frames.[8][4]

Simultaneously, the Government has stressed that the codes expand the coverage of social security and labour protections rather than curtail them, citing the inclusion of gig and platform workers in social security schemes, universalisation of minimum wages, and rationalisation of occupational safety norms. The reform narrative thus presents the codes as achieving both improved Ease of Doing Business and enhanced worker welfare a claim that demands careful scrutiny.[11][1][2][3]

3.0 Overview of the Four Labour Codes

3.1 Code on Wages 2019

The Code on Wages 2019 consolidates and replaces four central laws on wages and bonuses the Payment of Wages Act 1936, Minimum Wages Act 1948, Payment of Bonus Act 1965, and Equal Remuneration Act 1976 extending their core protections to all employees across organised and unorganised sectors. It seeks to universalise the provisions on minimum wages and timely payment of wages, addressing a major gap wherein previous laws covered only around 40 per cent of the labour force.[25][2]

Key features include a uniform definition of “wages”, central government power to fix national floor wages, prohibition of gender-based wage discrimination, and streamlined mechanisms for claims and inspections. The Code permits both central and state governments to fix minimum wages for different categories of employment, but the floor wage is designed to reduce inter-state disparities and provide a baseline protective standard.[2][25]

From an Ease of Doing Business perspective, the Code simplifies compliance by reducing multiplicity of definitions and returns, clarifying components included in “wages”, and enabling digital payments. However, it also potentially increases wage costs for enterprises in low-wage states if the national floor is set significantly above existing minimums, thereby raising concerns among some employers.[4][2]

3.2 Industrial Relations Code 2020

The Industrial Relations Code 2020 (IR Code) consolidates the Industrial Disputes Act 1947, the Trade Unions Act 1926, and the Industrial Employment (Standing Orders) Act 1946 into a unified framework governing trade union recognition, conditions of employment, and dispute-resolution mechanisms. It aims to reduce industrial conflict by clarifying procedures for strikes, lockouts and layoffs, while enhancing employer flexibility in workforce management.[10][18][^6]

Key pro-employer changes include increasing the threshold for requirement of government permission for layoff, retrenchment and closure from 100 to 300 workers for non-seasonal industrial establishments, and raising the applicability threshold for standing orders from 100 to 300 workers. The IR Code also introduces fixed-term employment across all sectors, enabling employers to hire workers for a specified period with parity of wages and benefits vis-à-vis permanent workers but without any obligation of retrenchment compensation upon expiry of contract.[26][18][^4]

On the industrial relations side, the Code mandates prior notice for strikes (including treating mass casual leave as a strike) and extends these conditions to all industrial establishments, which critics argue significantly restrict the right to strike. The replacement of multiple adjudicatory bodies with Industrial Tribunals comprising judicial and administrative members is intended to expedite dispute resolution but may also raise concerns regarding access and capacity.[27][18][^11]

3.3 Code on Social Security 2020

The Code on Social Security 2020 consolidates nine central statutes relating to provident fund, employee state insurance, gratuity, maternity benefit, employee compensation and other social security schemes into a single framework. It seeks to rationalise definitions, expand coverage, and create a legal basis for social security schemes for unorganised workers, gig workers and platform workers.[7][1][^6]

The Code empowers the central government to frame schemes for gig and platform workers, unorganised workers and other categories, funded through contributions by the government, aggregators and employers. It also reduces certain thresholds for instance, eligibility for gratuity to fixed-term employees proportionate to the period of service and provides for the creation of social security organisations with clearer governance structures.[1][3][^7]

From a business-environment standpoint, the Code harmonises contribution provisions, enables common registration numbers, and permits electronic maintenance of records and filings, potentially lowering transaction costs. At the same time, new contribution obligations for gig-economy aggregators and small establishments may increase the cost of flexible labour arrangements, prompting industry pushback.[6][4][^5]

3.4 Occupational Safety, Health and Working Conditions Code 2020

The Occupational Safety, Health and Working Conditions Code 2020 (OSH Code) consolidates 13 central laws relating to health, safety and working conditions in factories, mines, docks, building and construction and other establishments. It aims to improve workplace safety standards while simplifying registration and compliance.[19][14][^6]

The Code mandates registration of all establishments employing 10 or more workers, specifies duties of employers to ensure workplace health and safety (including periodic medical examinations), and codifies standards on cleanliness, ventilation, working hours and leave. It introduces the "inspector-cum-facilitator" model, which emphasises advisory and facilitative roles along with inspection, and permits web-based inspections and randomised selection.[14][19][^4]

However, by raising certain thresholds for applicability (for example, premises using power must employ at least 20 workers, and those without power at least 40 workers) and relaxing licensing requirements for contractors employing fewer than 50 workers, the Code arguably excludes a significant segment of small establishments from stringent regulation. Critics argue that this may dilute safety protections for workers in precisely those sectors where enforcement has historically been weakest.[19][14][1][4][^5]

4.0 Constitutional and International Normative Framework

4.1 Right to livelihood and dignified work under the Constitution

Indian constitutional jurisprudence has consistently interpreted the right to life under Article 21 to include the right to livelihood and to live with human dignity. In Olga Tellis v. Bombay Municipal Corporation, the Supreme Court held that evicting pavement dwellers from their dwellings without alternative arrangements would deprive them of their livelihood and thus violate Article 21 unless done through a fair, just and reasonable procedure. The Court categorically stated that the right to life is not merely the right to animal existence but encompasses the right to livelihood as an integral component.[15][22][^23]

In Bandhua Mukti Morcha v. Union of India, dealing with bonded labourers, the Supreme Court underscored that Article 21 guarantees the right to live with dignity, and that the State has a duty to enforce social-welfare and labour laws to prevent exploitation. The Court linked Articles 21, 23 and 24 with Directive Principles such as Articles 39(e) and (f) to emphasise that labour protections are not merely statutory concessions but emanate from constitutional obligations.[21][23]

Subsequent decisions have reaffirmed that arbitrary deprivation of livelihood, stigmatic termination or failure to provide basic workplace safety may infringe Article 21. High Courts have held that deprivation of livelihood on stigmatic grounds requires strict adherence to due process, recognising the close nexus between employment and the right to life. This constitutional backdrop constrains how far legislative reforms can go in prioritising employer flexibility over job security and basic labour standards.[^28]

4.2 Right to strike and collective bargaining

The Supreme Court has, however, declined to recognise a fundamental right to strike. In T.K. Rangarajan v. Government of Tamil Nadu, the Court held that government employees have no fundamental, legal or statutory right to strike and that strikes disrupting essential public services cannot be justified even if demands are legitimate. While this case concerned public servants, it reflects a broader judicial reluctance to treat strikes as constitutionally protected, even though ILO conventions regard the right to strike as an essential corollary of freedom of association.[29][27]

The IR Code's tightened conditions for lawful strikes extended to all industrial establishments and encompassing mass casual leave further restrict practical avenues for collective industrial action. Trade unions and labour scholars argue that these provisions, when read with Rangarajan, significantly chill the exercise of collective bargaining power, potentially tilting the normative balance in favour of management.[9][18][11][5]

4.3 Labour market flexibility and judicial deference in economic policy

In Steel Authority of India Ltd. v. National Union Waterfront Workers, the Supreme Court interpreted the Contract Labour (Regulation and Abolition) Act 1970 to hold that contract workers whose services are abolished have no automatic right to absorption by the principal employer, though they may be given preference in future employment. This decision is widely seen as having increased labour-market flexibility by clarifying that abolition of contract labour does not convert them into permanent employees, thereby allowing firms to continue using contract labour within the statutory framework.[16][30][^20]

In BALCO Employees Union v. Union of India, the Court upheld the Government's decision to disinvest its majority stake in a public sector undertaking, emphasising that judicial review over economic policy is limited and that decisions such as disinvestment are best left to the executive unless tainted by illegality, mala fides or irrationality. The Court signalled strong deference to economic policy choices, even when these have significant implications for employees' job security and conditions of service.[^17]

Taken together, these decisions illustrate a judicial trend towards upholding economic reforms and employer flexibility, subject to minimal procedural safeguards, while reserving robust rights-based scrutiny primarily for egregious exploitation, bonded labour or violation of basic human dignity.

4.4 ILO standards and international obligations

India has ratified several core ILO conventions, including those on forced labour and child labour, but has not ratified the conventions on freedom of association and collective bargaining. Nonetheless, ILO supervisory bodies treat the right to organise, bargain collectively and strike as fundamental principles, forming part of customary international labour standards.[^5]

Recent scholarship analysing India's labour codes in light of ILO standards notes that the codes make important advances, such as recognising gig workers and platform workers for social security purposes, strengthening maternity benefits, and updating occupational safety norms. At the same time, concerns have been raised regarding restrictions on the right to strike, weak enforcement architecture, high thresholds that exclude large numbers of workers, and the lack of uniform social security standards across states.[14][1][19][5]

The challenge, therefore, is to align domestic labour reforms undertaken in the name of Ease of Doing Business with India's international commitments to protect workers' rights and promote decent work.

5.0 The Labour Codes and Ease of Doing Business

5.1 Simplification, digitisation and single-window mechanisms

Official narratives emphasise that the labour codes significantly improve the business environment by simplifying and digitising compliance processes. Key reforms include single electronic registration for multiple labour laws, a unified return in place of numerous separate filings, and the creation of all-India licences for certain categories of contractors valid for five years, with provisions for deemed approvals if authorities fail to respond within prescribed timelines.[11][8][^4]

The shift from an "inspector-raj" model to an "inspector-cum-facilitator" framework, including web-based inspection schemes and risk-based targeting rather than routine visits, is intended to reduce harassment and improve regulatory predictability. For MSMEs, reductions in the number of applicable compliances from more than 1,400 to roughly 400 according to some policy briefs are presented as a major relief, potentially freeing managerial resources and encouraging formalisation.[8][19][^4]

From a law-and-economics perspective, these changes can lower transaction costs associated with regulatory compliance and mitigate the uncertainty that deters investment, particularly in labour-intensive sectors. However, the extent to which these procedural improvements translate into higher employment and productivity depends on complementary factors such as infrastructure, contract enforcement, and access to finance, which remain areas of concern.[13][12]

5.2 Thresholds, exemptions and flexibility in workforce adjustment

The IR Code and OSH Code increase various thresholds for regulatory applicability, thereby exempting smaller establishments from certain obligations. For instance, non-seasonal industrial establishments with at least 300 workers now require prior government approval for layoff, retrenchment or closure, compared to the earlier threshold of 100 workers; similarly, the requirement to frame standing orders applies only to establishments employing 300 or more workers. The OSH Code exempts contractors employing fewer than 50 workers from licensing requirements and raises coverage thresholds for factories.[18][1][19][4]

From an employer's standpoint, these higher thresholds afford greater flexibility in hiring and firing decisions for small and medium establishments, reducing the perceived risk of being locked into large permanent workforces. For large enterprises, the possibility of state governments further raising thresholds through notification adds an additional layer of flexibility, albeit at the cost of inter-state disparities and potential regulatory competition.[18][4][^20]

Critics argue that raising thresholds effectively excludes a significant share of workers from job-security protections and participatory mechanisms such as standing orders, particularly in a context where firms may deliberately keep employment levels just below the threshold to avoid obligations. This may exacerbate precariousness and weaken collective labour relations, raising questions about the distributive equity of reforms pursued in the name of Ease of Doing Business.[9][14][^5]

5.3 Fixed-term employment and contract labour

The formal recognition of fixed-term employment under the IR Code allows employers to hire workers for specific periods without the uncertainty that has historically surrounded contract labour arrangements. While fixed-term employees are entitled to wages and benefits on par with permanent workers, they are not entitled to retrenchment compensation upon expiry of their contract, thereby giving employers greater temporal flexibility.[26][18]

Earlier case law had already lent flexibility to contract labour usage. In Steel Authority of India Ltd. v. National Union Waterfront Workers, the Supreme Court clarified that abolition of contract labour does not automatically entitle such workers to absorption by the principal employer, though they may be given preference in future hiring. This decision effectively allowed firms to continue engaging contract workers, often alongside permanent employees, provided statutory requirements were met.[30][16][^20]

The new codes build on this trend by providing clearer legal avenues for time-bound employment while attempting to prevent unfair labour practices through parity of benefits. However, without strong trade union presence and effective enforcement, fixed-term contracts may become a vehicle for continuous "permatemping", undermining long-term job security and workers' bargaining power.[26][5]

5.4 Social security for new forms of work

One of the most innovative aspects of the Social Security Code is the explicit recognition of gig workers and platform workers as beneficiaries of social security schemes, backed by contributions from aggregators and the government. This responds to global concerns about the precarity of platform-mediated work and the blurring of traditional employer–employee relationships.[3][7][^1]

Government statements highlight that the Code "does not reduce workers' benefits" but instead expands coverage to categories such as gig workers, fixed-term employees, construction workers and unorganised workers, thereby widening the protective net. Threshold reductions for gratuity eligibility for fixed-term employees similarly aim to adapt social security to more flexible employment contracts.[1][3][^11]

Nevertheless, scholars caution that the effectiveness of these provisions depends on the design and funding of specific schemes, inter-jurisdictional coordination, and the ability of gig workers to register and claim benefits in practice. Absent robust enforcement and worker participation, the mere statutory recognition of gig workers may risk being more symbolic than substantive.[^5]

6.0 The Labour Codes and Protection of Workers' Rights

6.1 Collective bargaining, strikes and union rights

The IR Code introduces stricter conditions for lawful strikes, requiring prior notice, extending the prohibition period, and treating mass casual leave as a form of strike in all industrial establishments. These provisions, combined with existing judicial reluctance to recognise a right to strike, significantly narrow the scope for spontaneous industrial action.[27][29][11][18]

Trade unions contend that the expanded definition of strike and procedural hurdles are intended to weaken collective bargaining and deter workers from protest, undermining the balance of power that is central to industrial democracy. ILO-oriented analyses similarly criticise the codes for restricting the right to strike beyond what is permissible under international labour standards, particularly when not confined to essential services.[9][5]

At the same time, the IR Code provides for recognition of negotiating unions or councils and rationalises dispute-resolution mechanisms through Industrial Tribunals, potentially promoting institutionalised bargaining and quicker settlement of disputes. The net effect on collective labour relations therefore depends on whether formal channels are accessible, representative and trusted by workers.[^18]

6.2 Job security, retrenchment and closure

By raising the threshold for prior permission for layoffs, retrenchment and closure to 300 workers, the IR Code reduces job security for workers in establishments employing between 100 and 299 workers, who previously enjoyed stronger statutory protection. The availability of fixed-term contracts, which end automatically without retrenchment compensation, further shifts risk from employers to workers.[4][26][^18]

From a constitutional perspective, mass retrenchment or closure decisions have rarely been struck down by courts on substantive grounds, especially after BALCO, where the Supreme Court signalled strong deference to governmental economic policy decisions even when they result in significant job losses. The combination of legislative dilution of job-security protections and limited judicial review of economic decisions may thus expose workers to heightened vulnerability, potentially at odds with the spirit of Article 21 as interpreted in Olga Tellis and Bandhua Mukti Morcha.[22][23][15][21][^17]

However, proponents argue that greater flexibility in adjusting workforce size encourages firms to expand and hire more workers in the first place, thereby generating overall employment gains that outweigh the costs of weaker job security for individual workers. Empirical evidence on this trade-off in the Indian context remains contested and incomplete, underscoring the need for cautious, evidence-based evaluation.[24][20][^18]

6.3 Occupational safety and health

The OSH Code updates and consolidates workplace safety and health standards across sectors, specifying employer duties, requiring periodic health checks, and ensuring minimum standards of cleanliness, ventilation, lighting and working conditions. These provisions reflect an attempt to modernise occupational safety law in line with contemporary risks and international norms.[19][14]

Yet by raising coverage thresholds and relaxing licensing requirements for smaller establishments and contractors, the Code risks excluding many workers in small factories, workshops and construction sites where accidents and occupational diseases are often concentrated. Combined with capacity constraints in labour inspectorates, the shift to an inspector-cum-facilitator model may inadvertently reduce deterrence for non-compliant employers, unless accompanied by strong risk-based inspection algorithms and transparency measures.[14][1][19][4][^5]

6.4 Social security and welfare

The Social Security Code rationalises multiple schemes and extends their potential reach, but questions remain regarding adequacy, coverage and enforceability. While formal-sector workers covered by EPF, ESI and gratuity schemes may benefit from streamlined administration, the vast majority of workers in the informal economy still rely on under-resourced welfare boards, basic pension schemes and targeted subsidies.[7][1][^5]

ILO-inspired critiques emphasise that the Code falls short of establishing a universal, rights-based social security system with clear entitlements and justiciable claims for all categories of workers. Instead, many benefits for unorganised, gig and platform workers are contingent on future schemes and budgetary allocations, creating uncertainty about long-term sustainability.[1][5]

7.0 Case Law Illustrating the Tension between Growth and Rights

7.1 Right to livelihood and state obligations

Olga Tellis and Bandhua Mukti Morcha underscore that the State bears a positive obligation to protect workers from arbitrary deprivation of livelihood and exploitative conditions, reading Articles 21, 23 and 24 together with Directive Principles. In Bandhua Mukti Morcha, the Court directed the State to implement bonded labour laws and other welfare legislation proactively, stressing that poverty and vulnerability do not justify exploitation.[23][15][21][22]

These decisions provide a constitutional yardstick against which labour-market reforms must be measured. While the labour codes seek to expand social security coverage, any implementation that results in widespread precariousness or undermines basic protections for vulnerable workers could be challenged as inconsistent with the constitutional vision of a socialist, welfare-oriented republic.

7.2 Strikes, protests and industrial democracy

T.K. Rangarajan, by denying a fundamental or even statutory right to strike for government employees and upholding mass dismissals, reflects judicial unease with strikes as a mode of industrial democracy. The IR Code's stringent strike provisions, coupled with this jurisprudence, may effectively marginalise strikes as a bargaining tool even in the private sector, leaving workers with limited leverage in negotiations.[29][27]

Trade-union reactions to the labour codes including nationwide protest calls by a joint platform of central trade unions describing the codes as "deceptive fraud" and "anti-worker, pro-employer" signal deep distrust of the reform process. If workers perceive that institutional channels are neither accessible nor responsive, legal restrictions on strikes may drive conflict outside formal frameworks rather than producing harmonious industrial relations.[^9]

7.3 Contract labour, disinvestment and flexibility

Steel Authority of India Ltd. v. National Union Waterfront Workers and BALCO Employees Union v. Union of India exemplify judicial accommodation of labour-market flexibility and economic restructuring. In SAIL, the Supreme Court rejected automatic absorption of contract labour, while in BALCO it upheld the Government's disinvestment decision despite employees' concerns about job security.[16][17][^30]

These decisions, when read alongside the labour codes' emphasis on fixed-term employment, higher thresholds for layoff permissions and simplified closure procedures, suggest a legal environment that prioritises managerial prerogative and economic policy discretion over strong job-security guarantees. The constitutional safety net for workers may thus need to be reinforced through proactive legislative design and effective enforcement rather than reliance on ex post judicial intervention.[20][4][^18]

8.0 Critical Assessment: Balancing Economic Growth and Workers' Rights

8.1 Gains for Ease of Doing Business

On the positive side, the labour codes clearly advance the goals of regulatory simplification, harmonisation and digitisation, which are central to the Ease of Doing Business agenda. Consolidation of 29 laws into four codes reduces statutory fragmentation; common definitions and single-window processes reduce interpretive disputes and compliance burdens; and all-India licences and deemed approvals provide greater certainty for businesses.[12][8][13][4]

For MSMEs, reductions in the number of returns and inspections, exemptions for very small establishments and contractors, and clearer frameworks for fixed-term employment can lower entry barriers and enable more responsive workforce planning. In theory, this could encourage formalisation of enterprises that currently operate informally to avoid complex regulations, thereby expanding the tax and social-security base.[8][4][^18]

8.2 Risks to workers' rights and industrial democracy

However, these gains for business are accompanied by significant risks to workers' rights. High thresholds for key protections, stringent strike regulations, and enhanced employer flexibility in retrenchment and fixed-term contracting may collectively weaken substantive labour rights and bargaining power, especially for workers in small and medium establishments.[14][18][5][9]

From a constitutional standpoint, diluting job-security and collective-action mechanisms without providing robust alternative forms of participation and social security may be difficult to reconcile with the right to livelihood and dignified work articulated in Olga Tellis and Bandhua Mukti Morcha. The risk is that Ease of Doing Business becomes synonymous with ease of using precarious labour, contrary to the Directive Principles' emphasis on securing a living wage and humane working conditions.[15][21][22][23]

8.3 Ambivalent advances in social security and safety

The Social Security Code and OSH Code contain both progressive and regressive elements. Recognition of gig workers and platform workers, parity of benefits for fixed-term employees, and updated safety standards are significant normative advances. Yet these gains are undermined by conditionality on future schemes, vague funding mechanisms, and thresholds that exclude large segments of workers from stringent oversight.[3][19][1][5][^14]

Without significant investment in implementation capacity, transparency and worker participation, there is a danger that the codes function more as instruments of formal compliance and reputational improvement than as vehicles for substantive transformation of working conditions.[13][5][^14]

8.4 Overall balance

Overall, the labour codes tilt the legal landscape towards greater flexibility and Ease of Doing Business, while offering selective and often contingent expansions in social protection. Whether this amounts to a fair balance between economic growth and workers' rights depends on future choices in rule-making, enforcement, judicial interpretation and social dialogue.[4][12][8][5]

In their current form, the codes cannot be uncritically celebrated as achieving a win–win outcome. Instead, they should be viewed as a contested compromise that requires vigilant oversight, continuous adjustment and robust participatory mechanisms to prevent a race to the bottom in labour standards.

9.0 Suggestions and Policy Recommendations

For the legislature and executive

1. **Revisit thresholds and coverage**: Parliament and state legislatures should reconsider high thresholds for key job-security and standing-order protections, exploring graduated obligations rather than binary cut-offs that incentivise firms to remain small.[18][4][^5]
2. **Strengthen social security entitlements**: The Social Security Code should be operationalised through schemes that create clear, justiciable entitlements for gig, platform and unorganised workers, with transparent funding mechanisms and tripartite governance structures.[3][1][^5]
3. **Enhance enforcement capacity and transparency**: Labour inspectorates need greater resources, training and technological tools to implement risk-based inspections under the inspector-cum-facilitator model, coupled with public disclosure of inspection data to deter non-compliance.[19][4][^14]
4. **Safeguard the right to collective bargaining**: Strike provisions should be calibrated to respect ILO principles, confining stringent restrictions to genuinely essential services and ensuring that procedural requirements do not render strikes practically impossible.[27][11][^5]
5. **Institutionalise social dialogue**: Tripartite boards at national and state levels should be empowered and adequately resourced to provide a forum for ongoing dialogue among government, employers and workers on implementation challenges and necessary amendments.[4][5]

For the judiciary

1. **Develop a proportionality-based review of labour reforms**: Courts should assess future challenges to the labour codes using a proportionality framework that balances economic objectives with rights to livelihood and dignity under Article 21, rather than deferring automatically to economic policy.[21][17][22][23][^15]
2. **Clarify the interface between codes and fundamental rights**: Judicial interpretation should make explicit how protections under the labour codes relate to constitutional guarantees, thereby preventing an overly formalistic reading that allows substantive violations to persist behind procedural compliance.
3. **Encourage rights-consistent reading of ambiguous provisions**: Where code provisions are capable of multiple interpretations, courts should favour constructions that enhance worker protection and align with ILO standards, consistent with India's international obligations.[^5]

For trade unions and civil society

1. **Engage proactively in rule-making**: Trade unions and worker organisations should participate actively in consultations on state rules and scheme design, ensuring that the voices of informal, women and gig workers are meaningfully represented.[9][5]

2. **Strategic litigation and public interest interventions**: Public-interest petitions can be used to challenge egregious abuses and to clarify rights under the codes, drawing on Olga Tellis, Bandhua Mukti Morcha and related precedents to foreground the constitutional dimensions of labour rights.[15][21]

3. **Worker education and organisation**: Given the complexity of the new framework, systematic efforts are needed to educate workers about their rights and to organise in sectors such as platforms and logistics, where traditional union structures are weak.[^5]

For employers and industry bodies

1. **Adopt a compliance-plus approach**: Employers should treat the labour codes as a baseline and adopt higher internal standards on safety, social security and participation to attract talent, reduce turnover and mitigate reputational risks.[6][8]

2. **Invest in dialogue mechanisms**: Internal grievance redressal, worker–management committees and collective bargaining arrangements can reduce industrial conflict and improve productivity, offsetting any perceived loss of control from stronger worker voice.

3. **Leverage digitisation for inclusive benefits**: Firms can use digital platforms to extend benefits and information to contract, gig and platform workers associated with their value chains, going beyond narrow statutory obligations.[8][1][^3]

10.0 Conclusion

India's labour codes represent a bold attempt to modernise a historically fragmented and often ineffective labour law regime, aligning it with a broader Ease of Doing Business narrative and the imperatives of a changing economy. They undoubtedly simplify compliance, provide greater operational flexibility for businesses, and symbolically acknowledge new forms of work through social security provisions for gig and platform workers.

However, the same features that facilitate business higher thresholds, fixed-term contracts, stringent strike regulations and inspector-cum-facilitator models also risk undermining job security, collective bargaining and effective enforcement of safety and welfare standards, especially for workers in small and medium establishments and in the informal economy. When measured against India's constitutional jurisprudence on the right to livelihood and dignified work, as well as ILO standards on decent work and freedom of association, the balance struck by the codes appears fragile and contingent.

Ultimately, whether the labour codes succeed in genuinely balancing economic growth and workers' rights will depend less on their abstract design than on how they are implemented, interpreted and revised in light of experience. Robust social dialogue, proactive judicial engagement, and sustained investment in enforcement and social security are essential to ensure that Ease of Doing Business does not come at the expense of Ease of Living for India's workers.

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