Securing The Unseen: How New Reforms are Empowering India's Labour Force

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ABSTRACT

This document explores the historical evolution and recent, historic overhaul of India's labour regulatory framework. Rooted in the constitutional promise of a welfare state, India's traditional labour system grew into a complex, paradoxical web of over 200 central and state laws that overprotected workers on paper while leaving the vast unorganized workforce vulnerable in reality. To rectify this, the government consolidated 29 major labour laws into four streamlined Labour Codes: The Code on Wages, 2019, The Industrial Relations Code, 2020, The Occupational Safety, Health & Working Conditions Code, 2020 and The Code on Social Security, 2020. These reforms aim to balance ease of doing work through reduced bureaucratic burdens and digitized compliance with an expanded definition of worker welfare. Crucially, the new framework, alongside digital interventions like the e-Shram portal and the One Nation, One Ration Card (ONORC) scheme, extends critical social safety nets, food security and workplace protections to historically "unseen" segments, including gig, platform, unorganized and migrant workers.

INTRODUCTION

Since Independence in 1947, India has consciously viewed labour law as a vital instrument of the welfare state. The foundational architecture of the nation's labour regulations was built upon a constitutional promise: to promote economic growth without sacrificing social justice. For decades, these laws have served as the bedrock of organizational governance, attempting to strike a delicate balance between the demands of productivity and efficiency on one hand and the fundamental right to workplace dignity and fair labour standards on the other (Saini, 2008). The Constitution of India guides all legislative actions, with its Preamble and Directive Principles of State Policy (Part IV) mandating the reconstruction of Indian society into a "modern welfare state" (Galanter, 1989). These constitutional directives require the state to minimize inequalities and secure basic needs, including just and humane conditions of work and maternity relief, a living wage, the participation of workers in management and the prohibition of forced and child labour.

However, under the Concurrent List of the Seventh Schedule, both Central and State Legislatures enacted a massive web of over 200 labour laws. This created a severe paradox where India is viewed as a society that overprotects labour through complex legislation (Debroy, 1996), yet violations remain incredibly common. The disparity is so vast that when one observes the actual working conditions of unorganized labourers, one might wonder whether any labour law exists at all for them (Saini, 1998, 1999; Patel and Desai, 1995).

The historic overhaul: The four new labour codes

To resolve this regulatory complexity, the government of India consolidated 29 old labour laws into four streamlined Labour Codes. This massive update drastically reduces the bureaucratic burden for employers by dropping total sections from 1,228 to 480 and minimizing compliance rules. Multiple physical registers were reduced from 84 to just 8 and 31 different compliance returns were replaced by a single online return. Furthermore, the new system shifts from a strictly punitive approach to a guiding one, allowing businesses to correct minor compliance mistakes through improvement notices or by compounding offences rather than immediately facing harsh legal penalties.

The first of these reforms, **The Code on Wages, 2019**, integrates four major laws, including the Payment of Wages Act and Minimum Wages Act, to ensure universal minimum wages and gender equality in pay. It mandates strict payment timelines based on the established wage period, requiring daily workers to be paid at the end of the day, weekly workers on the last working day and monthly workers before the seventh day of the following month. Resignations and terminations must be settled within two working days. The Code also limits authorized deductions to a maximum of 50% of wages, demands double the normal wage rate for overtime and enforces transparency through electronic or physical registers and mandatory wage slips. Additionally, employees working at least 30 days in a financial year are guaranteed an annual bonus ranging from 8.33% to 20% of their earned wages.

The Industrial Relations Code, 2020, consolidates laws regulating trade unions and disputes to strengthen workplace harmony through bipartite committees. Establishments with 100 or more workers must form Works Committees, while those with 20 or more must establish Grievance Redressal Committees featuring proportionate women's representation to resolve complaints within 30 days. To ensure clear worker representation, a sole negotiating union is recognized if it holds 51% support, or a negotiating council is formed from unions with at least 20% support. Large establishments with over 300 workers must certify formal Standing Orders. The Code also provides robust safety nets during transitions, mandating prior notices for retrenchment ranging from one month for smaller facilities to three months with government permission for larger ones alongside lay-off compensation, retrenchment pay of 15 days per year of service and contributions to a mandatory re-skilling fund.

The Occupational Safety, Health & Working Conditions (OSH&WC) Code, 2020, simplifies 13 distinct laws into a single framework focused on digitized compliance and worker welfare. Establishments with 10 or more workers must register electronically, issue formal appointment letters and provide free annual health check-ups. Employers are required to provide specific welfare facilities based on workforce size, such as restrooms and crèches for 50 or more workers, canteens for 100 or more workers and dedicated safety officers or ambulance rooms for larger or high-risk operations like mines and construction. The Code promotes inclusive employment by permitting women to work in all roles, including night shifts with proper consent and safety measures, while restricting pregnant women from hazardous operations. It also mandates a lump-sum journey allowance for inter-state migrant workers and enforces strict licensing and principal employer liabilities for establishments utilizing 50 or more contract workers.

Finally, **The Code on Social Security, 2020**, creates a unified protective framework replacing nine previous laws, notably expanding the safety net to include unorganized, gig and platform workers. It mandates Employees' Provident Fund (EPF) contributions of 10% for establishments with 20 or more employees, alongside Employees' State Insurance (ESI) coverage for facilities with 10 or more persons or even single-person hazardous operations. Gratuity is payable after five years of service, or just one year for fixed-term employees, at a rate of 15 days' wages per year. Maternity benefits are exceptionally robust, granting 26 weeks of leave for eligible women who have worked 80 days in the preceding year, coupled with a medical bonus, nursing breaks and protection against dismissal. Employee compensation rules also legally cover commuting accidents. Crucially, digital aggregators utilizing gig and platform workers must now contribute between 1% and 2% of their annual turnover to a dedicated social security fund, marking a historic inclusion of the modern gig economy into the state welfare apparatus.

Empowering the unorganized sector and food security

Beyond legislative restructuring, the Ministry of Labour and Employment has launched comprehensive digital interventions to empower the unorganized sector. The e-Shram portal, launched in 2021, successfully built a National Database of Unorganised Workers, registering over 31.48 crore workers and issuing them Universal Account Numbers. Functioning as a one-stop solution, the portal integrates 14 major social security and welfare schemes from various Central Ministries, including housing, healthcare, pensions and skill development, directly linking them to the beneficiaries. Registrations are promoted through self-registration on the e-Shram mobile app, assisted registrations via Common Service Centres and targeted outreach programs.

Complementing this financial and occupational security is the One Nation One Ration Card (ONORC) scheme, a pivotal reform ensuring food security for migrant workers. Historically, migrants lost access to subsidized food upon relocating, leading to supply chain inefficiencies and deprivation. Under the National Food Security Act, ONORC resolved this by enabling nationwide portability of ration cards through Aadhaar-seeded biometric authentication at any Electronic Point of Sale device. Without needing physical cards, migrants can lift their entitled food grains at their work destination using the Mera Ration App, while their families claim the remainder back home. Implemented rapidly across the nation, ONORC facilitated over 24.32 crore portability transactions during its initial rollout, successfully digitizing the supply chain and cementing a critical safety net for the mobile workforce.

CONCLUSIONS

In conclusion, India's transition to the four new Labour Codes marks a monumental shift from a fragmented, punitive legal maze to a unified, modern and guiding regulatory framework. By simplifying compliance, reducing paperwork and promoting digital registration, the reforms significantly ease the operational burden on employers, fostering a more conducive environment for economic growth. However, the true success of these reforms lies in their fulfilment of the constitutional mandate for socio-economic justice by finally securing the "unseen" workforce. By expanding social security benefits, formalizing grievance redressals and leveraging technology-driven initiatives like the e-Shram database and ONORC for seamless food security, the state has effectively bridged the gap between policy and reality. Ultimately, these comprehensive reforms strike a vital balance, ensuring that India's industrial progress does not come at the cost of workplace dignity and that the promise of a secure, equitable livelihood is extended to every segment of its evolving labour force.

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