



Jus Corpus Law Journal

Open Access Law Journal – Copyright © 2024 – ISSN 2582-7820
Editor-in-Chief – Prof. (Dr.) Rhishikesh Dave; Publisher – Ayush Pandey

This is an Open Access article distributed under the terms of the Creative Commons Attribution-Non-Commercial-Share Alike 4.0 International (CC-BY-NC-SA 4.0) License, which permits unrestricted non-commercial use, distribution, and reproduction in any medium provided the original work is properly cited.

Implications of the New Labour Codes in India: A Comprehensive Analysis

Abhijit Anil More^a Sangram Jadhav^b

^aAssistant Professor of Law, Maharashtra National Law University Mumbai, India ^bAssistant Professor of Law, Maharashtra National Law University Mumbai, India

Received 19 December 2023; *Accepted* 11 January 2024; *Published* 15 January 2024

This research article aims to provide a comprehensive analysis of the new reforms proposed under the new labour codes & their implications in India. The Indian government has introduced four major labour codes to simplify compliances, avoid ambiguity and reduce bureaucratic hurdles to make it easy for businesses to understand and adhere to labour law. These codes are the Code on Wage, Code on Social Security, Code on Industrial Relationship and Occupational Safety, Health, and Working Conditions Code (OSH Code). The labour laws are being updated to help India evolve with changes in technology and the nature of work. The article explores the key provisions and changes introduced by the labour code and examines their potential impact on various stakeholders, including employees, employers, trade unions, and the overall labour market. It provides insights into the rationale behind the reforms and their potential impact on India's workforce, economy, and socio-economic development. However, these changes are difficult to incorporate as it is being challenged and face opposition from stakeholders for various reasons highlighted in the article.

Keywords: *labour codes, code on social security, trade unions, reforms, socio-economic development.*

INTRODUCTION

Labour refers to human effort or work that is performed in exchange for wages, salaries, or other forms of compensation. It encompasses the physical and mental activities individuals engage in to produce goods, provide services, or contribute to the overall functioning of an organization or economy. Labour laws play a crucial role in protecting the rights and interests of workers and creating a fair and equitable work environment. Clear, unambiguous, and simple labour laws are crucial for ensuring the effective protection of labour rights and fostering rapid economic growth. Clear and well-defined labour laws ensure the protection of worker rights, including fair wages, safe working conditions, reasonable working hours, and protection against discrimination and exploitation. In the case of India, one of the fastest-growing markets, reforms in legislation are essential to address the evolving needs of the workforce and create an enabling environment for businesses.¹

Labour laws in India have long been criticized for their complexity, rigidity, and inadequate protection of worker rights. However, the Indian government has recognized the need for reforms to address these issues and has taken significant steps towards modernizing the labour laws. This article delves into the various attempts made by the government to bring about reforms in the labour legislation, with a focus on their implications.²

ISSUES AND CHALLENGES WITH EXISTING LABOUR LEGISLATION IN INDIA

There were complexities arising from the existence of numerous laws at the Central and State levels, which often overlap and create challenges for employers, employees, and other stakeholders. By analyzing the implications of this ambiguity, the article seeks to shed light on the need for comprehensive reforms to simplify and streamline the labour legislation framework in India.

Complexity, Ambiguity, and Multiplicity of Laws: With more than 29 central labour laws and over 120 state legislations, the country's labour regulatory framework has become intricate and

¹ V V Giri National Labour Institute, *Role of Labour in India's Development* (2022)

² *Ibid*

convoluted. With multiple Central and State laws, discrepancies in definitions and various compliances create confusion and interpretational challenges for adjudicatory authorities and stakeholders. The terms like ‘appropriate government’, ‘worker’, ‘employee’, ‘establishment’, and ‘wages’ have been subject to varied interpretations in the context of Indian labour legislation, leading to ambiguity and confusion. This has been a challenge in the effective implementation and enforcement of labour laws.³

Failed to capture the need for the new form of employment (Gig worker, contract and Platform worker): Traditional labour laws were not designed to effectively address the challenges posed by new forms of employment, such as gig workers and platform workers. These emerging work arrangements often fall outside the purview of traditional employer-employee relationships and have unique characteristics that require specialized regulations.

Gig workers are individuals who engage in short-term or freelance work assignments, often facilitated through digital platforms. Platform workers, on the other hand, provide services or perform tasks through online platforms, which connect them with customers or clients. These workers may not have the same level of employment protection and benefits as traditional employees. Recognizing the need to address this regulatory gap and provide appropriate protection for gig and platform workers, the Indian government has introduced the Code on Social Security, 2020, as part of the recent labour law reforms.⁴

SECOND NATIONAL COMMISSION ON LABOUR (RECOMMENDATIONS): SIMPLIFYING LABOUR LAWS IN INDIA

The Second National Commission on Labour (SNCL) was constituted in 1998 to review and suggest reforms to the existing labour laws in India. Dr. Rajendra Verma, who served as the chairperson of the commission, along with other members, undertook an extensive examination of the labour regulatory framework. The SNCL submitted its recommendations and report to the then Prime Minister, Atal Bihari Vajpayee.

³ Dr. Sumanta Bhattacharya et al., ‘An analysis on the new labour codes and its significance in bringing about a new paradigm for the future generations’ (2021) 2(10) White Black Legal

⁴ *Ibid*

One of the key recommendations put forth by the SNCL was to consolidate and simplify the labour laws in India. The commission proposed the creation of 4-5 major codes that would focus on specific aspects of labour regulation. These major codes would address areas such as social security, working conditions, industrial dispute adjudication, and payment of wages. Based on the recommendations given, the legislation in India has been consolidated under the following four major codes:

Code on Wages 2019: The Code on Wages consolidates and simplifies the laws related to wages and bonus payments. It aims to ensure fair and timely payment of wages and provide a comprehensive framework for regulating wages and bonuses across various industries and sectors. This code incorporates the Payment of Wages Act of 1936, the Minimum Wage Act of 1948, the Payment of Bonus Act of 1965, and the Equal Remuneration Act of 1976.⁵

Mr. Santosh Gangwar, Minister of State for Labour and Employment (Independent Charge), first tabled the Code on Wages Bill in the Lok Sabha on August 10, 2017. It was subsequently referred to a Parliamentary Standing Committee, the report of which was released on December 18, 2018. The committee made 24 proposals, 17 of which were adopted into law. The bill, however, lapsed due to the dissolution of the 16th Lok Sabha ahead of the 2019 general elections. Nonetheless, the Code on Wages Bill was re-introduced in the House on 23 July 2019. Minister Santosh Gangwar indicated during the bill's introduction that the government had held consultations with trade unions, employers, and state governments. On March 10 and 13, 2015, tripartite consultations were held, and a draft of the law was made available on the Ministry of Labour and Employment's website to solicit public feedback.⁶

Mr. Gangwar emphasised that existing labour regulations only governed salary payment for 40% of the labour force. The goal of the Wage Code was to extend coverage to the whole labour force, regardless of sector or wage ceiling. The provisions related to the timely payment of wages were particularly intended to benefit workers in the unorganized sector, such as beedi workers,

⁵ Sheena Ogra et al., 'The Code On Wages: Addressing The Key Changes And Their Impact' (*Legal 500*, 8 February 2023) <<https://www.legal500.com/developments/thought-leadership/the-code-on-wages-addressing-the-key-changes-and-their-impact/>> accessed 17 November 2023

⁶ *Ibid*

plantation workers, fishermen, and leather workers. The bill successfully passed the Lok Sabha on 30 July 2019. After being passed by the Lok Sabha on 30 July 2019, the Code on Wages Bill was also passed by the Rajya Sabha on 2 August 2019. Following that, President Ram Nath Kovind gave his assent to the bill on August 8, 2019, and it was officially notified in The Gazette of India on the same day.

On July 7, 2020, the Union Ministry of Labour announced draft guidelines under Section 67 of the Act, which were published in the Gazette. These draft rules were made available for public feedback for 45 days and were scheduled to come into force in September 2020. Certain provisions of the Code on Wages Act have already come into effect on 18 December 2020. In total, the Code on Wages Act consists of 69 sections, which are categorized into nine chapters. The Act aims to streamline and simplify the wage-related provisions in various industries and sectors, ensuring timely payment of wages and promoting fairness in employment.⁷

Code on Social Security 2020: The Social Security Code unifies and rationalises regulations concerning worker social security benefits. Santosh Gangwar, the Labour Minister, established the Social Security Code. The Lok Sabha approved it on 22 September 2020 and the Rajya Sabha approved it on September 23, 2020. The bill was written in response to the Second National Commission on Labour's proposals.

The Code on Social Security consolidates several existing acts including the Employees' Compensation Act 1923⁸, Employees State Insurance Act 1948⁹, Employees Provident Funds and Miscellaneous Provisions Act 1952¹⁰, Employment Exchanges (Compulsory Notification of Vacancies) Act 1959¹¹, Maternity Benefit Act 1961¹², Gratuity Act 1972¹³, Cine Workers Welfare Fund Act of 1981, Building and Other Construction Workers Welfare Cess Act 1996¹⁴ and

⁷ *Ibid*

⁸ Employees Compensation Act 1923

⁹ Employees State Insurance Act 1948

¹⁰ Employees Provident Funds and Miscellaneous Provisions Act 1952

¹¹ Employment Exchanges (Compulsory Notification of Vacancies) Act 1959

¹² Maternity Benefit Act 1961

¹³ Gratuity Act 1972

¹⁴ Cine Workers Welfare Fund Act of 1981, Building and Other Construction Workers Welfare Cess Act 1996

Unorganised Workers Social Security Act 2008¹⁵. The bill received presidential assent on 28 September 2020. Section 142 of the Act, which is a part of the Code on Social Security, came into force on 3 May 2021. The Code on Social Security aims to provide comprehensive social security coverage and benefits to workers, including healthcare, maternity benefits, pension, disability benefits, and other social security schemes. By consolidating and simplifying existing laws, the Code on Social Security intends to streamline and improve the social security system in India.¹⁶

Industrial Relationship Code 2020:¹⁷ The Code on Industrial Relations consolidates the laws governing industrial relations, trade unions, and the resolution of industrial disputes. It aims to streamline the process of collective bargaining, facilitate the peaceful resolution of disputes, and provide a conducive environment for industrial growth and harmonious employer-employee relations. The Industrial Relations Code 2020 is one of the four major Labour Codes introduced by the Central Government as part of a significant reform initiative. It aims to streamline and consolidate laws related to industrial disputes, collective bargaining agreements, trade unions, and industrial employment standing orders. The Industrial Relations Code incorporates three key laws: the Industrial Disputes Act, 1947, the Trade Unions Act, 1926, and the Industrial Employment (Standing Orders) Act, 1946. While these laws were originally enacted for different purposes, their common focus is on matters related to industrial relations and labour disputes. The Lok Sabha on 22 September 2020 and the Rajya Sabha approved the bill on 23 September 2020. On 28 September 2020, it obtained presidential assent. However, the specific date for the Code to come into force has yet to be notified.¹⁸

The Industrial Relations Code, 2020 aims to streamline the industrial relations framework in India, provide clarity on the legal aspects of industrial disputes, promote collective bargaining

¹⁵ Unorganised Workers Social Security Act 2008

¹⁶ Shraddha Chigater, 'Labour Law Reforms and Women's Work in India: Assessing the New Labour Codes from a Gender Lens' (2021) Researchgate <https://www.researchgate.net/publication/348729385_Labour_Law_Reforms_and_Women's_Work_in_India_Assessing_the_New_Labour_Codes_from_a_Gender_Lens> accessed 17 November 2023

¹⁷ Industrial Relations Code 2020

¹⁸ Aishwarya Bhuta, 'Imbalancing Act: India's Industrial Relations Code, 2020' (2022) 65(3) Indian journal of labour economics <<https://doi.org/10.1007%2Fs41027-022-00389-3>> accessed 17 November 2023

between employers and workers, and establish guidelines for maintaining harmonious employer-employee relationships.¹⁹

Occupational Safety, Health, and Working Conditions Code (OSH Code): The OSH Code combines the provisions related to occupational safety, health, and working conditions from various existing laws. It aims to ensure safe and healthy working conditions for workers, promote occupational safety measures, and regulate working conditions across different sectors. In total fourteen legislation subsumed under the said code.²⁰ The Code unifies 13 Acts that govern health, safety, and working conditions. These regulations address assuring working conditions for factory workers, mine workers, dock workers, building and construction workers, plantation labour, contract labour, inter-state migrant workers, working journalists, motor transport workers, sales promotion staff, and movie theatre workers.

RECENT LABOUR REFORMS UNDERTAKEN IN NEW LABOUR CODES

Change in Layoff Provision:²¹ Under the existing legislation, which encompasses the layoff provisions, establishments employing 100 or more workers are required to obtain government permission for closure, layoffs, or retrenchments. This provision has garnered criticism due to its perceived impact on firms' ability to adjust their workforce according to production demands. Critics argue that it creates an exit barrier for businesses, limiting their flexibility in managing their workforce.²² The requirement for government permission for closures, layoffs, or retrenchments in larger establishments was implemented to safeguard the interests of workers and ensure job security. It aims to prevent arbitrary layoffs and provide workers with a level of protection against abrupt terminations. However, some argue that this provision may discourage businesses from making necessary adjustments in response to changes in market

¹⁹ *Ibid*

²⁰ Sheya Srivastava, 'The Occupational Safety, Health and Working Conditions Code, 2020: A Quick Overview' (DARWINBOX, 29 December 2022) <<https://blog.darwinbox.com/occupational-safety-health-working-conditions-code>> accessed 17 November 2023

²¹ Industrial Relationship Code 2020, s 25M

²² Chetan Thathoo, 'Firms with Over 100 Employees Can't Conduct Layoffs Without Govt Nod: Labour Minister' (Inc 42, 9 December 2022) <<https://inc42.com/buzz/firms-with-over-100-employees-cant-conduct-layoffs-without-govt-nod-labour-minister/>> accessed 17 November 2023

conditions, production demands, or economic factors. They contend that the requirement for government permission can lead to delays, administrative complexities, and increased operational costs for businesses, ultimately affecting their competitiveness. Debates surrounding this provision highlight the need to strike a balance between protecting workers' rights and ensuring the ease of doing business for employers. It is essential to assess the potential impact of such provisions on the overall business environment, employment dynamics, and economic growth, taking into account the perspectives of both employers and workers. Under the industrial relationship code, the threshold of 100 or more workers²³ to obtain government permission for closure, layoffs, or retrenchments has been increased to 300 workers to provide flexibility to adjust their workforce according to production demands. Trade unions and worker advocacy groups have raised concerns about this modification, arguing that it may lead to increased job insecurity and vulnerability for workers. They contend that the higher threshold for government permission could result in layoffs that are more frequent and retrenchments, potentially impacting workers' livelihoods and overall job stability.²⁴

New Definition of Fix Term Employment - 'Fixed-term employment' means the engagement of a worker based on a written contract of employment for a fixed period:

(a) his hours of work, wages, allowances and other benefits shall not be less than that of a permanent worker doing the same work or work of a similar nature;

(b) he shall be eligible for all statutory benefits available to a permanent worker proportionately according to the period of service rendered by him even if his period of employment does not extend to the qualifying period of employment required in the statute; and

(c) he shall be eligible for gratuity if he renders service under the contract for a period of one year.²⁵

Under the old legislation the term “contract labour” was not defined causing hardship to them. Contract labourers were often not provided with the same benefits and entitlements as

²³ Industrial Dispute Act 1947, s 2K

²⁴ *Ibid*

²⁵ Industrial Relationship Code 2020, s 2(o)

permanent employees. They were excluded from benefits such as provident fund, gratuity, health insurance, and other statutory benefits. This resulted in unequal treatment and limited social protection for contract labourers.²⁶

The Industrial Relations Code introduces the new term 'fixed-term employment' that specifies the benefits the contract workers are entitled to enjoy. One key feature of fixed-term employment is the provision of pro-rated statutory benefits. Pro-rated statutory benefits refer to the entitlement of employees to receive benefits such as provident fund, gratuity, social security, and other statutory benefits on a proportional basis, considering the duration of their fixed-term employment. This means that employees on fixed-term contracts are eligible to receive benefits in proportion to the duration of their employment. The introduction of pro-rated statutory benefits aims to ensure that workers on fixed-term contracts are not deprived of basic benefits and protections compared to their counterparts in permanent employment. It recognizes that although the employment period may be shorter, these workers still contribute to the organization and should receive appropriate benefits during their tenure.²⁷

DEFINITION OF APPROPRIATE GOVERNMENT

Appropriate Government as per Section 2(a) of the Industrial Dispute Act 1947 is the Central Government in the following scenarios:

- Industrial disputes related to industries carried out by or under the authority of the Central Government.
- Industrial disputes related to industries carried out by a Railway Company.
- Industrial disputes related to controlled industries specified by the Central Government.
- Industrial disputes related to the Unit Trust of India.
- Industrial disputes related to corporations governed by Central Statutes.
- Industrial disputes related to banking companies and insurance companies.

²⁶ *Ibid*

²⁷ Harshpreet Kaur, 'New Labour Codes of 2020: A Critical Study' (*Law Insider*, 20 October 2021)

<<https://www.lawinsider.in/columns/new-labour-codes-of-2020-a-critical-study>> accessed 17 November 2023

- Industrial disputes related to mines, oil fields, cantonment boards, major ports, and similar entities under the Central Government's jurisdiction.

For any other industrial dispute not falling under the purview of the Central Government, the Appropriate Government is the respective State Government. This means that the State Government has jurisdiction over industrial disputes concerning industries not specifically assigned to the Central Government.²⁸ Under the Industrial Relationship Code 2020, the central government will continue to be the appropriate government for a Central PSU even if the government's holding in that PSU becomes less than 50% after the commencement of the Code. In other words, even if the central government's ownership stake in a Central PSU falls below 50% due to divestment or other factors, the central government will still retain its role as the appropriate government for that PSU.²⁹

Inspector cum Facilitator: An Inspector-cum-Facilitator is authorized to enter workplaces and inspect establishments, including their machinery and equipment. This enables them to assess compliance with safety, health, and welfare provisions outlined in the OSHWC Code. They have the authority to inquire into any accidents or dangerous occurrences that may have taken place within the workplace. This allows them to investigate and identify the causes, contributing factors, and potential violations of safety regulations. The Inspector-cum-Facilitator can require the production of registers, records, or any other documents related to the workplace. This empowers them to review and verify compliance with the provisions of the OSHWC Code and its associated rules. They have the power to search or seize registers, records, or other documents if necessary. They may also take copies of relevant documents as evidence during their inspections or investigations. They have the responsibility to initiate and conduct legal proceedings, as well as defend any complaints or proceedings arising under the OSHWC Code and its associated rules. This includes representing the interests of the authorities in court proceedings related to safety, health and welfare violations.

²⁸ Industrial Disputes Act 1947, s 2(a)

²⁹ Industrial Relationship Code 2020, s 2 (b)

The initial name of this authority was ‘Inspector’ but now the designation has been changed to in some cases, the role of an Inspector-cum-Facilitator may involve facilitating compliance rather than directly imposing penalties. This signifies a shift towards a more proactive and collaborative approach to encourage compliance with labour laws and regulations. Instead of solely focusing on punitive measures, the Inspector-cum-Facilitator may prioritize assisting and guiding employers and employees in understanding and meeting compliance requirements. They may provide support, advice, and resources to promote a better understanding of labour laws and foster a culture of compliance within workplaces.

By taking on a facilitative role, the Inspector-cum-Facilitator can work closely with employers and employees, offering guidance on best practices, conducting training programs, and resolving compliance-related issues through dialogue and cooperation. This approach aims to create a positive and cooperative environment that emphasizes compliance, worker safety, and welfare. It is important to note that while the emphasis may be on facilitating compliance, there may still be cases where penalties or enforcement actions are necessary, particularly for severe violations or repeat offenders. The specific approach and discretion of the Inspector-cum-Facilitator would depend on the regulations and guidelines outlined in the relevant labour codes in your jurisdiction.

Ensuring Protection for Gig Workers and Platform Workers: The Indian gig economy is estimated to be worth \$1.5 billion and is expected to grow rapidly in the next years. The bulk of gig workers in India provide domestic, food, and transportation services. Swiggy, Zomato, Ola, and Uber are among the most popular platforms in India's gig economy. The labour arrangements between the platform and the workers do not conform to the traditional employer-employee relationship in India, where food delivery workers connected to digital platforms are not covered by labour legislation. The issues that the gig and platform workers were facing have been acknowledged by the Indian government. The Code envisages the setting up of a helpline, facilitation centre, etc. for gig workers and platform workers by the appropriate Government to assist them in obtaining registration, to facilitate their enrolment in the social

security schemes, etc. The respective State Government addresses concerns regarding their employment under labour legislation.³⁰

The Code on Social Security, 2020, calls for the development of appropriate social security plans for gig and platform workers in areas such as life and disability insurance, accident insurance, health and maternity benefits, old age protection, and so on. The Code also provides for the establishment of a Social Security Fund, with one of the sources of money being a payment from an aggregator of 1 to 2% of the aggregator's yearly sales, subject to a maximum of 5% of the amount paid or payable by an aggregator to such workers.³¹

Less Onerous Contract Labour Hiring: The OSH code aims to make it easier to engage and manage the contract workforce by raising the applicability level to a minimum of 50 workers from the current 20. The goal of raising the code's application level is to assist small firms by freeing them of onerous compliances if they employ less than 50 contract workers.³²

Compoundable Offences (Section 56 of Code on Wages): Offences under this code that are compoundable with imprisonment may allow the alleged offender to settle with the victim, usually involving the payment of a fine or compensation, instead of facing imprisonment. The sum of 50% of the maximum fine can be compounded for offences with a fine. For offences with imprisonment of one year, 75% of the maximum fine can be compounded.³³

Extension of Coverage under Code on Wages: Under the Payment of Wages Act 1936 only employees making up to INR 24,000 (Indian Rupees Twenty-Four Thousand) a month are eligible to apply for benefits under the Wages Act. Furthermore, as specified by the statute, the Wages Act only applies to a specific type of employer, which includes factories and restricted institutions like railroads, mines, ports, etc.

³⁰ Ministry of Labour & Employment, *Social security for unorganized workers* (2023)

³¹ *Ibid*

³² Jivesh Chandrayan and Bhagwati Tiwari, 'Implications and challenges of proposed labour codes' (HSA, 19 May 2023) <<https://law.asia/proposed-labour-codes-challenges/>> accessed 17 November 2023

³³ Shreya Jaipuria, 'Compounding of Offences Under Labour Codes' (*Simpliance*, 26 May 2021) <<https://www.simpliance.in/blog/compounding-of-offences-under-labour-codes/>> accessed 17 November 2023

Current Framework: It is interesting to note that, except for the government of India and state government institutions, the Code requires the payment of salaries to all types of employers, including factories and establishments. Unlike the current Wages Act, the Code does not, however, set a wage cap for the employees.

Change in the Definition of Wages: Many of the allowances offered to employees should not exceed 50% of their overall compensation. Currently, the base wage ranges between 30-40% of the gross. The allowances cover the difference. However, the new regulation requires that the basic wage be at least 50% of the gross salary. If there is an excess, the excess amount will be paid to the employee as part of the wages.³⁴ This will increase the liability of employers to pay more for social security as many benefits under this law are paid on wages of employees.³⁵

ISSUES AND CHALLENGES WITH THE NEW LABOUR CODES

Minimum Wages and Floor Wages Proposed is not significantly higher: The wage rule stipulates a universal minimum payment of 178 per day, which is only two dollars more than the previous national minimum wage, which was established two years ago. This is less than half of the 375-a-day recommended by a high-powered labour ministry group, and it is also less than the 700 fair pay proposed by the 7th Central Pay Commission. Furthermore, a national floor wage could spark a race to the bottom among states competing to cut wage rates and attract more investment. The result of this competitive federalism based on labour cheapening across states would be low wages across the country.

Wide Jurisdiction of Government: The regulations state that Even if the central government's stake in a central PSU falls below 50%, the central government will continue to be the proper government for that PSU. It is unclear why the central government should retain authority over a corporation in which it does not hold a majority stake. (even if it has sold its whole stake).³⁶

³⁴ Sachin Disa, 'New India wage code 2022-2023: How will it impact payroll processing?' (*Top Source Worldwide*, 21 December 2023) <<https://topsourceworldwide.com/blog/new-wage-code-how-is-it-impacting-your-payroll-processing/#:~:text=However%2C%20the%20biggest%20change%20is,into%20the%20salary%20of%20employees>> accessed 17 November 2023

³⁵ *Ibid*

³⁶ *Ibid*

Wide Discretion in Providing Exemptions: If it is in the public interest, the Industrial Relations Code gives the government the authority to exempt any new industrial establishment or class of establishment from any or all of its restrictions. The Code on Occupational Safety also grants the appropriate authorities the authority to exempt any establishment for a certain length of time. As a result, the national and state governments have broad leeway in granting exemptions from these rules. Each factory would provide jobs and public interest might be construed widely. Exemptions could apply to a wide range of rules, including those relating to working hours, safety requirements, the retrenchment process, collective bargaining rights, and contract labour.³⁷

Concerns Surrounding Dispute Resolution: The Role of Gazette Officers under Section 45 of the Code on Wages: According to Section 45 of the statute, any disputes will be heard and decided by a Gazetted Officer. It's troubling that the officers will hear complicated legal issues without having any legal knowledge.

CONCLUSION

In conclusion, the overhaul of old labour legislation was a necessary step to address the ambiguity and confusion arising from divergent definitions and the concurrent jurisdiction of both the central and state governments in legislating on labour matters. The proliferation of multiple laws led to compliance challenges and intricate technicalities in the adjudication of labour disputes. Recognizing these issues, the government, based on the recommendations of the Second Royal Commission on Labor, introduced four new labour codes—Industrial Relations Code, Code on Wages, Occupational Safety, Health and Working Conditions Code, and Code on Social Security.

The new labour codes aim to streamline and consolidate various existing legislations, simplifying compliance and dispute resolution processes. Notable changes include the revision of layoff provisions, requiring employers to seek permission from the central government when laying off or closing businesses employing more than 300 workers, a significant increase from

³⁷ *Ibid*

the previous threshold of 100 workers. Additionally, the codes introduce provisions for gig workers and platform workers, extending social security benefits to cover maternity, sickness leave, injury compensation, and more. However, the implementation of the new codes is not without challenges. The layoff provision, though providing flexibility for industries in managing their workforce during financial difficulties, has faced opposition for its potential impact on job security. Critics argue that the codes fall short of imposing adequate obligations on employers, with trade unions expressing dissatisfaction over the perceived lack of improvements in workers' conditions. The tension between industry flexibility and worker protection remains a central point of contention.

In essence, while the new labour codes represent a significant step towards modernization and consolidation, ongoing dialogues and revisions may be necessary to strike a balance between the interests of employers and the expectations of workers and trade unions. Achieving a harmonious and equitable labour framework requires continual scrutiny, ensuring that the codes evolve in tandem with the dynamic socio-economic landscape of the country.

SUGGESTIONS

- The Indian Government should consider revising the threshold for permitted Layoffs to minimize the unemployment issue or think of alternatives such as providing incentives for employers to retain workers due to economic challenges or providing compensation to lay off workers apart from compensation granted by employers under the Industrial Dispute Act.
- The Government should expand social security protection by increasing the liability on employers to ensure adequate coverage for workers, especially in times of economic growth. This may include provisions for healthcare, provident funds, pension plans, and other welfare benefits.
- The Code on wages is only implemented out of all new codes. The implementation of other remaining labour codes will provide clarity for businesses and investors. The government must streamline the implementation process to avoid prolonged periods of uncertainty.

- Several factors while calculating the minimum wage are to be taken into consideration to increase the minimum wage, which will be sufficient to cover necessities such as housing, food, transportation, and healthcare and improve quality of life.