

The Impact of the Four Labour Codes on Different Segments of Workers in India - A Study

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The Indian government has introduced four labour codes, consolidating and amending existing labour laws, aimed at improving worker welfare and regulating the gig economy. This abstract examines the potential impact of these codes on unorganised workers, a growing segment of the workforce. The codes cover areas such as wages, social security, industrial relations, and occupational safety. Key provisions likely to affect different workers, such as gig and platform workers, contractual workers, women workers, migrant workers and sector-specific provisions include expanded definitions of 'employee', portable social security benefits, and minimum wage requirements. While the codes aim to provide greater protections, challenges remain in implementation, coverage, and classification of gig workers.

The 4 Labour Codes in India are rules that help workers, especially those who work in the unorganised sectors. They give benefits like insurance, health care and pension to unorganised sector workers. They make sure workers get a fair wage, and benefits can be used anywhere in India. Companies must contribute to a fund for worker welfare. Workers are now officially recognised and have some protections. They can raise concerns if needed. Companies pay into a fund to help workers. This analysis highlights the opportunities and challenges for unorganised sector workers under the new labour codes, with a focus on implications for their rights, job security, and social security benefits.

Keywords: labour codes, unorganised workers, india, social security

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1. Introduction

The unorganised sector economy in India has witnessed rapid growth, with millions of workers engaged in platform-based work, often without the social security and job protections enjoyed by traditional employees. Against this backdrop, the Indian government's introduction of the 4 Labour Codes marks a significant shift in labour regulations, aiming to consolidate and strengthen worker rights. This analysis explores the potential impact of these codes on unorganised workers, examining both opportunities and challenges in ensuring fair treatment, job security, and social security benefits for this emerging workforce. Against this backdrop, the Indian Government replacing 29 fragmented old central labour laws into the 4 new central labour codes - the Code on Wages, 2019, the Code on Social Security, 2020, the Occupational Safety, Health and Working Conditions Code 2020 and the Industrial Relations Code, 2020 - marks a significant shift in labour regulations, aiming to consolidate and strengthen worker rights.

This analysis explores the potential impact of these codes on unorganised workers, examining both opportunities and challenges in ensuring fair treatment, job security, and social security benefits for this emerging workforce, particularly in the context of India's evolving labour landscape. The government has introduced 4 new codes that could change the game for unorganised workers. These laws might help unorganised workers (like delivery guys or ride-hailing drivers) get benefits like insurance, fair pay, and social security, etc. Earlier Indian labour laws were too complex and outdated; they increased the compliance burden and discouraged businesses from hiring. Thus, new labour codes are introduced to try to fix all of these.

2. Literature Review

Orly Lobel USFL Rev. 51, 51, (2017) ON-DEMAND EMPLOYMENT, also known as the Gig Economy, is growing at a rapid rate, along with the supply of gig-workers who provide their labour on a short-term basis via digital platform technologies. In the United States, Uber alone has nearly half a million drivers in its fleet. Uber's dazzling success further inspires gig-based business models. Venture capitalists report hearing dozens of pitches every week formulated as "Uber but for X."2.

In each instance, the digital platform web of companies which utilize web technology serves as the readily accessible meeting ground offering the performance of services by connecting workers to hirers to perform them. Fotis Bregiannis, WJ Bruurmijn, Evy Calon, Maria Adelaida Duran Ortega Tilburg University (2017). The general Labour Law that is applicable around the world in the domestic and international settings was established many years ago within an economic context completely different from the one we have nowadays. Labour markets are facing new situations for which the law has no response yet. Globalisation, innovation and technology transformed many employment relations. Diwakar Prakash Garg Jus Corpus LJ 3, 1084, (2022).

All codes are passed by Parliament and signed by the President and are ready for implementation, but are still not effective as the date of effectiveness has not been notified. They will replace 29 existing labour laws. A new explanation of machinery, workers, etc, has come into force. The Central Government can apply this Code to any establishment subject to the side threshold as may be notified. Alex De Ruyter, Martyn Brown, John Burgess Journal of International Affairs 72 (1), 37-50, (2018) In terms of work and workplaces, there are many distinguishing features of the predictions associated with the Fourth Industrial Revolution (4IR). The first is the change in the composition and skillsets of the workforce. There will not only be labour displacement, but there will also be a shift towards new and different jobs and toward new skillsets. Volodymyr Bielousov, Anatolii Mykolaiets, Hanna Platonova, Olesia Buhlak, Anastasiia Chernysh Revista de Derecho de la Seguridad Social, Laborum, (2023) English Nowadays, the gig economy is spreading rapidly around the world, and it has become an excellent alternative to standard labour relations. It combines the characteristics of labour and civil law, and gig contracts concluded between specialists and relevant customers contain features of both labour and civil law contracts. The purpose of this study is to identify the features, advantages and disadvantages of the gig economy; its impact on social security and social protection of employees; and to find ways to overcome the problems associated with the rapid growth of the gig economy in terms of social protection of employees.

3. Objectives of the Study

The objectives of the study are as follows:

- To discuss the key highlights of the four new labour codes implemented in India
- To identify the impact of four new labour codes on different segments of workers.
- To show the changes in pre-labour reforms and post-labour reforms.

4. Research Methodology

The present study is descriptive and exploratory in nature and is based on the secondary sources collected from related websites, case studies, working papers, and reputable journals etc.

5. Key Highlights of the Four New Labour Codes Implemented in India

1. Code on Wages (2019): It amalgamates four wages and payment-related laws. The key highlights are:

- A national floor wage will now be the baseline wage, to be followed by all states
- Overtime wage is fixed at least twice the normal wage for any work beyond normal working hours.
- Working hours will be between 8 and 12 hours/day, and no employee shall be required to work for more than 48 hours a week.
- There must be a time limit for payments of wages.
- Wage slip, electronic or physical have to be issued to the employee to ensure documentary proof to the workers.

2. Code on Social Security (2020): It merges nine existing social security laws to cover unorganised and organised workers

- Define gig and platform workers legally for the first time
- Social security schemes to be funded wholly or partly by the central and state governments or CSR

- Fixed-term employees (FTE) appointed for a shorter period, to be at par with permanent workers.
- ESIC cover is to be mandatory even if a single person is engaged in a hazardous occupation, as against the minimum 10-worker norm at present.
- Provision to add parents-in-law to the family definition of female employees.

3. Industrial Relations Code (2020): It merges three old industrial laws

- Workers cannot strike without giving notice within 60 days before striking or within 14 days of giving such notice.
- Threshold for seeking prior government approval for layoff, retrenchment and closure in factories, mines and plantations was hiked to 300 workers from 100.
- Flexibility in hiring, unions have said that these provisions ease and hiring and firing.
- It also introduces 'negotiating union or council'- a trade union with 51 per cent membership of workers will be the 'sole negotiating union'
- It defines "workers" as any person employed in any industry to do any manual, unskilled, skilled, technical, operational, clerical or supervisory work for hire or reward.

4. Occupational Safety, Health and Working Conditions Code 2020 (OSH): The new code merges thirteen central labour laws.

- Every factor employing 500 or more workers, employers employing 250 or more construction workers and employers employing 100 or more mine workers will need to constitute a safety committee consisting of employer's and worker's representatives.
- The definition of 'inter-state migrant worker' has been expanded to include those employed by an employer directly as opposed to through contractors only at present.
- Mandatory appointment letters to be issued by employers to every employee.
- Every employer is required to provide annual health examinations free cost to employees.
- The new code permits women to work night shifts before 6 am and beyond 7 pm subject to their consent and provision for safety.

6. Impact of Four New Labour Codes in Different Segments of Workers

- **GIG and Platform Workers:** Legally defined for the first time, and aggregators must contribute 1-2 % of turnover to a welfare fund; they also will be covered for commuting accidents as employment-related and must be Aadhaar linked UAN, enabling portability of benefits across states.
- **Contractual Workers:** Health and social security benefits are ensured by the principal employer, and free annual health check-ups.
- **Women Workers:** Parents -in-law included in the family definition, up to 26 weeks maternity leave, creche facilities, medical bonus, equal pay and prohibition of gender discrimination.
- **Migrant Workers:** Equal wages and welfare benefits, double wages for overtime, claims allowed for pending dues up to three years, and PDS portability.

Most of the labour unions and supporters of the working class view the codes as 'anti-worker', as some of the changes that are included in the new labour codes have far-reaching implications. For instance, the new Code on Industrial Relations, 2020 (IRC) prohibits strikes without 60 days' notice and within 14 days of giving such notice and during the pendency of conciliation, arbitration and proceedings before a Tribunal. It is viewed that such rigid processes to organise a strike would further weaken the trade unions' efforts towards mobilising the workers and their collective bargaining capabilities. Notwithstanding this apprehension of worker associations/unions, the new Code mandates every industrial establishment to have a negotiating council or a negotiating union, thereby statutorily acknowledging and recognising the existence of trade unions at the central level. The efficacy of such proposals and mandates will only be evident once these regulatory structures are implemented.

The Supreme Court judgement of *Syndicate Bank and Ors. vs K. Umesh Nayak* stated that the strike is a result of a long struggle between the employer and the employee, and the Industrial Disputes Act, 1947 (ID Act) seeks to regulate the concept of strike while not denying the workmen's right to strike.

The new IRC, 2020, almost dilutes the provisions for a legal strike. At the same time, the Industrial Dispute Act's focus is on employees' welfare, and in the new Code, the same has shifted towards ease of business. The current trend in the labour market, with increasing contractualization and casual employment in both formal and informal sectors, may be exacerbated because of this regulatory framework, which facilitates short-term employment. The evident increase of the share of workers in the sectors devoid of social security and benefits is visible from the analysis of Periodic Labour Force Survey (PLFS) dataset 2018-19 by Kapoor, which shows that out of 24% of regular wage salaried workers (RWS), there is a large proportion of workers (68.8%) who had no written job contract and did not qualify for social security benefits, which is showing an increasing trend, with the share being 57 per cent in 2004-056.

Therefore, recognising the fixed-term employment and mandating the statutory benefits to them, similar to those of permanent workers, would make the workers eligible to avail themselves of some form of benefits, while it may also reduce the incentives for the companies to hire permanent workers, thus affecting the job security of workers. With no written contracts, many workers, even within the formal sectors, become vulnerable and can be easily laid off. IRC 2020 does very little to address this issue. In fact, it has now increased the threshold for standing orders from 100 workers to 300 workers. In such a scenario, not only the social security but also the job security of a vast majority of the workforce in India is likely to be severely impacted.

The State government was previously responsible for creating social security schemes for unorganised workers. The Social Security Code, 2020 (SSC), now shares this responsibility with the Central government, but in an unclear way. The Central Government will create schemes for unorganised workers covering life insurance, health benefits, old age protection, education, and more. The State Government will handle schemes for provident fund, employment injury benefits, housing, education for kids, skill training, and other benefits. The SSC could have simplified social security for workers, but has instead created confusion with multiple boards at the central and state levels. The gig economy is mentioned in SSC 2020, but other codes ignore it, leaving issues like health insurance and paid leave unresolved for platform workers.

E-registration of workers raises concerns about government resources and infrastructure. Digitisation may count more workers but might miss some home-based workers. Linking Aadhar cards is also a problem due to mobile number issues.

7. Changes in Pre-Labour Reforms and Post-Labour Reforms

Basis of Distinction	Pre-Labour Reforms	Post-Labour Reforms
Formalisation of Employment	No Mandatory Appointment Letters.	Mandatory appointment letters to all workers to ensure transparency, job security, and formalisation.
Social Security Coverage	Limited social security coverage	Under the code on social security, gig and platform workers will also get social security coverage.
Minimum Wages	Only for scheduled industries; large sections of workers are not covered.	Provides workers with the statutory right to minimum wage payment.
Preventive Healthcare	No legal requirements for employers to provide free annual health checkups to workers.	Employers must provide all workers with a free annual health checkup.
Timely Wages	No compliance with the timely payment of wages	Mandatory for employers to provide timely wages
Women's workforce participation	Female employment in night shifts was restricted.	Women to be permitted to work at night shift, subject to their consent and required safety measures.
Compliance Burden	Multiple registrations and licences.	Single registration and single return.

8. Limitations of the Study

The limitations of the study are as follows:

1. The study focuses on different sectors of workers in India, so findings might not generalize to other countries or worker types.
2. The analysis is based on secondary sources and also relies on existing literature, websites, and reports, which may not capture all aspects of the Labour Codes' impact.

9. Conclusion

The 4 Labour Codes in India mark a significant shift in labour regulations, aiming to improve worker welfare and regulate the gig economy.

While the codes provide opportunities for gig workers, such as expanded definitions of 'employee', portable social security benefits and minimum wage requirements, challenges remain in implementation, coverage and classification. The codes' impact on gig workers' rights, job security and social security benefits is still uncertain. Effective implementation and addressing concerns around registration coverage and social security are crucial to ensuring fair treatment and protections for gig workers.

The success of these codes will depend on how well they're executed with clear guidelines and robust enforcement mechanisms. There's also a need for greater clarity on issues like gig worker classification and ensuring companies comply with the new regulations. If implemented effectively these codes could set a positive precedent for labour rights in India's evolving economy.

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