IMPACT OF NEW LABOUR CODE ON INDIA'S LABOUR FORCE

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ABSTRACT

India's new code marks a significant shift in labour governance, replacing a fragmented legal framework with a consolidated regime that emphasizes flexibility and efficiency. By compressing the laws into four codes,, such as the Code on Wages, the Industrial Relations Code, the Code on Social Security, and the Occupational Health, Safety, and Working Conditions Code. However, for the employees, especially those in the informal sector and gig workers, the transformation can be seen as a weaker bargaining leverage than a substantive right. To analyze the asymmetry, this paper focuses on the development of labour laws from the colonial rule to the current post-independence timeframe, while examining the persistent gap between formal Black letter labour protections and the de facto functioning of employee relations.

Introduction:

Indian labour law has emerged as a welfare-oriented legal framework for mitigating structural inequalities within Industrial employment. Originating from the colonial era and subsequently reinforced by post-independence enactments that were rooted in the directive principles of state policy, the labour law regime expanded incrementally, while reflecting constitutional inclinations to socio-economic justice led to a fragmented legislative structure characterized by overlapping statutes and uneven enforcement.

Codification of the 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 2020 marked a paradigmatic shift in labour governance, by consolidating twenty-nine labour laws into four codes, the state has rationalized compliance mechanisms, promoted formalization of employment. Emphasizing the doing business, labour market flexibility and universal competitiveness, these reforms are created within a broader policy discourse while assuming significance not as mere instruments of legislative consolidation but as the vehicles reshaping the base of labour protection in India. Substantive legal and policy concerns have been raised regarding the reduction of workers' protection with the enactment of the new codes. The emphasis on versatility along with state level discretion has raised concerns about the destruction of uniform labour standards and labour rights. Furthermore, decentralized implementation has led to an uneven application across the states, raising concerns about India's response to the International Labour Organization, whereas the central problem lies in the assessment of the new codes to attain a balance between economic efficiency and protection of labour justice.

Research Questions:

1. Will the new statutory framework bridge or widen the documented gap between formal "black-letter" protections and actual workplace practice?

1. To what extent do the New Labour Codes provide step-by-step guidance for gig workers to eliminate "algorithmic management," and can the new legal definitions go beyond the employee-contractor distinction to end arbitrary "digital termination"?

1. What is the impact of shifting toward "Transparent Inspection Policies" on the Labour

Department in monitoring violations, and does this move toward "Ease of fundamentally disempower employees in highly informalised sectors?

Objective of study:

The primary objective of the study is to analyze the legal positioning of gig and platform workers within the legal framework while further identifying the institutional bottlenecks in the resolution of labour disputes by focusing on the manner by which procedural rigidities undermine regulatory certainty for employers and thereby exploit the labour force with name-sake remedial outcomes.

Literature Review:

The debate of whether the new labour codes are effective to improve substantive worker protection or further the economic liberation agenda is at the Centre of the literature. Some doctrinal examinations state that although the consolidation of 29 archaic laws into four simplified codes demystifies the legal requirements, they may also lead to erosion of the protection of workers in the previous laws (Rawal & Shukla, 2025). The increasing thresholds of retrenchment approvals, the limitation of collective action mechanisms, and the possible undermining of trade union powers, according to this perspective, constitute the critical issues, which are the core of the ideas of labour rights under welfare constitutionalism. Researchers have stressed that structural rationalisation of the codes should be followed by effective implementation mechanisms to ensure that there are no symbolic reforms that yield no justice in the workplace.

This criticism is furthered by empirical research that looks at the local effects of labour reforms. As an example, field research on the Peenya Industrial Cluster, Bangalore, shows divergent views on the part of both employers and workers. Reduced compliance costs and flexibility are praised by the former, at the cost of job security and unequal spread of entitlements, especially in informal and contract labour sectors.

The other significant literature line is that which looks at new forms of employment relations, specifically gig and platform work. Though the article by the Indian Journal of Economic Sciences (IJES) titled From Apps to Courts: An Analysis of Gig Workers Rights, Labour Law Gaps, and Access to Justice in India: A Legal and Constitutional Perspective (the entire article

was inaccessible here), presents a similar title and focus to what is being currently critiqued by the wider social-legal community, namely the insufficiency of existing labour frameworks to make discursively permanent the issue of algorithmic management, digital termination practices, and socio-economic vulnerabilities of gig workers (inferred by context This is consistent with the wider criticisms that the language of the Code on Social Security on recognizing gig and platform workers is largely declaratory as opposed to being substantive and does not offer concrete actions to counter precarious work arrangements.

Other complementary studies cover certain aspects of labour control, such as wage justice within the Code on Wages to the two-sided effects of fixed-term employment on employment security. These articles demonstrate how the individual policy instruments under the umbrella codes can have different results on the welfare of the workers. Nevertheless, a critical study that combines these dimensions, with issues of the gig economy and uneven federal implementation, is not well studied yet- which is exactly where this paper will address.

1. Research Methodology:

The present study will follow a qualitative doctrinal research approach to the analysis of the consolidated labour framework in India. It mostly looks at the Code on Wages, industrial relation code, and code on Social Security and Occupational Safety, health and conditions of work, against the backdrop of the principles of constitutionality and judicial precedents. Enforcement structures are examined in terms of a comparative perspective referencing the developments made in Spain and the Consolidation of Labour Laws in Brazil. The analysis is supported by secondary sources such as journals, policy reports, and empirical studies. The study evaluates labour reforms using structural criteria of portability, algorithmic accountability and quantifiable enforcement procedures.

2. Historic evolution of labour laws in India:

Labour law in India occupies a crucial position in the socio-economic framework, balancing the employee-employer relationship. The evolution of labour law reflects a shift from colonial mechanisms to constitutional welfare-based legislation through codifications, with the 1st one being “The Factories Act” of 1881 under colonial rule, marking the beginning of state intervention in industrial activities. Pre-independent laws that include the Trade Unions Act, 1926, the Trade Disputes Act, 1929, and the Payment of Wages Act ,1936, were widely enacted

in response to growing labour movements and international pressure (particularly after the establishment of the ILO) and to manage industrial unrest rather than labour rights. The primary reason for the enactment of the labour laws in India was the demand for better wages, working conditions and subsistence living by the workers, along with fixed hours of work, with employers on the other side aiming to curtail labour rights by keeping costs on a lesser side(Initial attempt for establishment of labour laws not being driven by labour welfare motive). Although the legislation was meant to protect the interests of those working in the British domain, it was enacted to make labour more costlier withIndian Factories Act of 1883. The act, however, introduced concepts of eight hours of work, child labour abolition , abolition of women's restriction to work at night and introduction of overtime wages for extra work

The Trade dispute act of 1929 resolved the conflict between the labour and employees, but under which right, lockout strikes were abolished with no alternative mechanism for dispute resolutions. Laws enacted during the initial phase of industrialization remained less focused on the conditions and rights of labour, while the Breach of Contract Act of 1859, being the earliest legislation of labour law have focused on service contracts. Formation of all India trade union congress emerged as an outcome of the strong nationalist movement across the country with the introduction of communist Ideologies in India. Even after the emergence of several labour laws, such as the Factories act of 1922, Mines act 1922, Workmen compensation act 1923, during the post world-war one period, their protection of labour rights remained as mere paper claims. For instance, the case of Devidayal Ralyaram v. Secretary of State establishing the ‘Doctrine of Peril [1]under Workmen compensation act of 1923, ruled that employers aren’t liable for compensation when an employee performs a task outside their scope of duty that was harmful in nature. The establishment of Trade Union act of 1926 and its amendment in 1929 for the registration of the unions and protection from civil and criminal liability faced drawback for exclusion of un-registered trade unions from the list, with limitations on the right to conduct strikes.

Aftermath of the 2nd world war, was the enactment of the Bombay Industrial Disputes Act in response to economic barrier in India followed by the Industrial Disputes Act of 1947, with the central government holding the authority to regulate Industry related disputes. Post 1947 legislations (Industrial Disputes Act,1947, Minimum Wages Act,1948, Employees’ Provident Funds Act,1952, Payment of Bonus Act,1 965) evolved from the former to mirror the constitutional vision of social justice with a welfare-oriented approach, protecting workers

from arbitrary dismissal and providing social security benefits. Most of the labour legislations (Factories Act 1948, Minimum Wages act1948, Plantation Act 1951), after colonial rule, were inclined to the values incorporated in the Indian Constitution of 1950

3. International Labour Organisation: Overview

India has ratified six core conventions with Nos. 87 and 98 involving the granting of rights that are prohibited under the statutory rules for government employees, namely, to strike work, to openly criticize government policies, and to freely join foreign organizations. Urgent need to address gaps in labour protection was highlighted through a joint declaration during the 113th session of the International Labour Convention in Geneva, while employee misclassification barriers to unionising, management through unaccountable algorithmic systems are the issues faced by platform workers, adopting a non-binding recommendation that provides guidance on the conventions' obligations has become essential for the prevention of labour right exploitation.

“It’s a major win that the ILO is advancing binding standards for platform work,” said Lena Simet, senior economic justice researcher and advocate at Human Rights Watch. “Gig workers long have been denied their rights. Global minimum standards could be a game changer, but only if they cover all workers and adequately address key issues like low and unpredictable pay, widespread misclassification, and opaque algorithms that control workers without accountability.[2]

A joint statement by thirty-three organizations outlines crucial areas to be covered by the standards, which include the definition of what constitutes a ‘digital labour platform’ and who qualifies as a ‘platform worker’, as a narrow scope would exclude a significant worker population. Another emphasis was on the inclusion of platform workers in the negotiation process, which involves government of international labour organization’s member states, and employer representatives. Worker representative unions as a tripartite structure to jointly decide on the new standards, accomplishing its work through international labour conference, the governing body, and the International Labour Office for discussing key social and labour related questions. The role of international labour organizations during the 1st ever war [3]of the decade following Ukraine’s attempt to join the NATO forces was crucial in enabling the workforce of Ukraine to have access to basic standards of living to the extent possible. Basic pay for old people, Restoration of the principles of solidarity, updating the pension system and

transformation of special into professional pensions are certain important components of the Ministry on Social Policy of Ukraine's social policy collaboration with the organization

During the COVID-19 pandemic[4], at the initiative of the International Labour Organization, special attention was given to vulnerable populations like migrant workers, women, and workers with disabilities, for whom working from home was not an option and were forced to stay at home or were under temporary unemployment. Workers were provided an opportunity to develop new skills or become certified in the skills they already possessed with the advent of digital technology platforms and through the proliferation of free online courses offered in 'International Training Centre website, marking the shift to a modern format. The pandemic laid the starting point for the establishment of a new labour code in numerous countries across the world, starting from Spain in 2021, with its 'Rider law' following a landmark supreme court case ', The Glovo Case'.

Dependency on online platforms for day-to-day living highlighted the need for protection of an increasing number of workers employing themselves in the Gig economy due to a lack of job opportunities, particularly 'entry-level positions' [5], with the advent of AI adoption risks to job quality and security. Lower income countries are heavily emphasized to introduce new laws that ensures secured work environment for the Gig workers and also for the population of 2.1 billion workers employed in informal sectors as of 2026, with nearly 300 million living under extreme poverty, highlighting a massive gap in living standards.

4. Rationale behind implementation:

Enactment of the new law was to mark an end to ambiguities caused by the complexity of labour laws existent in India, with most of them being pre-independence or laws that emerged soon after independence. Pre-code laws in India, though described as protective in intent was problematic in practicality, creating confusion among the employers and enforcement authorities at times. This was with respect to the applicability of the appropriate act for the given type of industry or the offence or violation committed against the employees. Overlapping applicability and threshold across different labour laws, making some of the in-applicable to establishments with the same level. As a result, employers faced difficulty while indirectly benefitting from the exemptions of several laws after workforce fluctuations, with workers having uneven access to labour protections, making it crucial for the government's changes to the existing labour laws.

4.1 The Code on wages:

The concept of 'wages[6]' itself was a matter of concern with it varying substantially between the four laws related to wages (Payment of wages act, Employees provident funds act, Payment of Bonus Act). Employers were entitled to ensure compliance to any of the laws mentioned above while undermining obligations under other statutes, that lead to the consolidation of the four laws related to payment of wages into one code. Floor wage was introduced to mandate the union government in setting up a benchmark below which no state can decide their minimum wage, as a reform aiming at rectifying the inequalities under the old regime and to curb the payment of poverty wages, which shall not even suffice an employee's basic needs for living. Apart from the minimum wage fixation, all the employees, regardless of their salary, were entitled to timely payment under the code's 'Universal coverage for wage payment and protection from unauthorised deductions', which was previously restricted to those earning up-to Rs 24000/month. Structurally, section 2(y)[7]introduced a new definition of "wages" restricting allowances to more than fifty per cent of the total remuneration in order to increase the social security entitlements.

Section 51 [8]of the code replaced the traditional "Labour inspector" with an "Inspector cum facilitator" in order to ensure effective compliance with the above-mentioned changes through randomized inspections over physical verifications. Furthermore, provisions for "compounding of offences" where an employer can pay a fee to avoid prosecution mark the critical aspect of the code for it to potentially monetise illegal acts.

4.2 The Code on Industrial Relations:

Industrial relations code of 2020 was, enacted to address fragmentation across the three statues previously in existence where industrial relation was marked by multiple unions within a given entity resulting in frequent inter-union disputes due to the absence of a clear negotiation process The new code, introduces a formal mechanism for the recognition of an industrial negotiating council to reduce further deadlocks while legalizing fixed-term employment, under section 2(o)[9] of the code allowing employers to hire workers for any specific durations for any core or perennial duties, by mandating wage parity except in relation to notice of termination. At the same-time, the code in an aim to reduce the burden on small-scale and medium enterprises, raised the threshold for mandatory standing orders from 100 to 300 workers. Attempts have been made through the code in preventing future occurrences of employer-employee disputes

with its section 62[10] mandating 14 days' prior notice by the workers before a strike and prohibiting strikes during conciliation, effectively closing the legal window to a lawful expression of an employee's disagreement with the employer. However, this code still continues as the most disputed code amongst the other three codes.

4.3The Code on Social Security:[11]

Social security refers to the responsibility of the state in protecting the workforce from economical and social distress arising out of sickness, maternity, old age etc, ensuring that a person does not go below the poverty line when one becomes unable to earn further. Including benefits like Provident fund, Employee state insurance, pension schemes with a new framework recognizing "gig workers", "platform workers" and those from the unorganized sectors as a right-based mechanism to protect the dignity of the workers as specified under Article 21 of the Constitution. New code aims to improve the overall portability of such benefits by providing a common registration and database system, with section142 introducing Aadhaar-based identification as a mandatory requirement for registration of the beneficiaries to prevent duplication and ensure availability of such benefits for migrant workers in particular. However, the mandate is also not free from concerns, as Aadhaar authentication linkage may exclude vulnerable workers who lack access to the same, requiring safeguards to make sure that Aadhaar functions as a facilitative tool rather than a barrier.

4.4The Code on Occupational health and safety conditions:

The code deregulates strict provisions on the small manufacturing units, focusing on contractors employing 50 or more workers (from 20 workers). Section 2(w)[12]of the code redefines "Factory" by increasing the threshold limits from 10 to 20 for factories with power and from 20 to 40 for those without power. Concept of spread over time where a worker shall be required to work for 8 hours a day (9am-9pm) with long unpaid breaks in-between, thereby remaining confined to the workplace for 12 hours despite only 8 hours of work performed, with oppositions from the union as it reduces the gap between working and personal time. Additionally, section 128 [13]of the code grants the authority to exempt the entire code during times of a public emergency by the appropriate government, allowing the executive to act without parliamentary approval while being opposed for undermining the legislative supremacy of the state and for being arbitrary in nature, violating Article 14 of the constitution.

5. Critical Analysis of the New Labour Codes:

The transition from a piecemeal legislative framework to four new labour codes, though aims to moderate a system historically rooted in a 1947 factory-based model, is not free from concerns regarding divergence between statutory recognition and substantive protection. Concurrent nature of the labour subject allows states to draft their own rules, leading to divergent implementation. The code on wages, for instance, extends coverage to 33% of wage workers, removing "schedule employment, though a notable reform allows employers to suppress wages below statutory levels, which also shifts towards digital-payment modes lacking institutional support to address data mismatches in PF and ESI accounts. Further, 70 % of Indian workers as per ILO evidence 2022, were not paid appropriate minimum wages, going up-to 90% of them registered on the e-shram portal receiving Rs10k or less as monthly wages.[14] Statistics suggest the transformative potential being contingent upon political will and effective worker consultations. Employment patterns are largely being skewed with lack of effective implementation and strong Centre-state coordination, excluding the platform workers from substantial benefits.

5.1 Interpretative challenges:

The establishment of new code continues to emphasise divergent definitions across codes. The Industrial Relations Code, in particular, changes the existing equations vis-à-vis workers as well as the establishments they work in. For instance, the benchmark for an employer to seek the government permission has increased from 100 to 300 workers, reducing an employee's scope of protection against arbitrary retrenchment and closure, which made over 90% of employees defenceless.

Definitions such as "industry" have come under scrutiny of the Supreme Court repeatedly, as evident from the case of Bangalore water supply and sewage board v. Rajappa & Ors, with a new code excluding all institutions owned or managed by charitable or spiritual as well as sovereign functions of government. Furthermore, definitions of "employee", "employer" , "worker" and "contractor" in particular are contradictory across the code, which means "a person who supplies contract labour for any work of an establishment as mere human resource" while an employer is the one who employs or one having complete control of the affairs which may not be the same juristic person. A contractor under whom an employee works is held liable

for his/her actions to not only to the former but also to the employer, as the concept of employer is divorced from the master-servant relationship.

The term "Wage", with recent amendment excludes a significant proportion of emoulments paid to a worker, which previously consisted of house rent allowance, overtime allowance, commission payable, value of travel concession and much more.

Section 9A, an important right under Industrial Disputes act of 1947 originally requiring 21 days prior notice by employers has now been modified with orders of appropriate government as an exception, contradicting with the precedent Air India employees union v. Air India in which the Bombay High Court rejected the contention of 25% cut by Air India being imposed under Minitry's direction, make t clear that new code is heralding to laissez faire and has undone worker's rights won over half a century. Even though in the ratio of three code in favor of workers as opposed to one , the intended effect of the new code has been undermined.

5.2 Persistence of Bonded Labour Under the New Labour Regime:

With the Bonded Labour System Abolition Act marking its 50th year since its enactment, and despite all the efforts to abolish the inhuman practice, the system of modern slavery remains alive while undermining the act and pointing out the need for its stringent implementation. A rescued person under the Act is entitled to an initial compensation of Rs 30,000, a release certificate and provision of land, voter ID and Aadhaar card for rehabilitation, who will also be entitled to an additional compensation of Rs 1,00,000 to Rs 3,00,000 once their cases result in a conviction . The global slavery index estimates that nearly 49.6 million people all over the world live in modern slavery, including 11 million in India, with most of such instances being under-reported in each and every state of the nation. [15]The prevalence of bonded labourers, especially those people from the tribal areas are silently widespread, with them also being subjected to inhuman conditions of work, discrimination, and verbal abuse during work . In the modern day scenario Bonded labour is in existence due to debts incurred by the vulnerable sections of the society with no access or no awareness to obtain finance from formal sources, getting caught in the traps of private moneylenders and landlords, with increasing cases of inter-state migrants due to their inability to repay the loan and unreasonable rate of interests imposed and falsification of accounts.

The rehabilitative measures provided by the act remain as mere provisions due to a lack of a

mechanism for effective implementation, forcing the labourer to get back into bondage. Procedural delays with respect to time taken for completing a rescue, to file an FIR, are also to be effectively performed to ensure speedy trials and compensation. Most of the times, provisions of the other acts related to the case are not being documented while framing the chargesheets, with the judge postponing the trials to a future date. To make it simple, it is the lack of coordination among various departments to ensure the disbursal of the final settlement to the exploited workers[16]

According to a field study conducted in Bilaspur, laborers continued to work under inherited debt obligations amounting to bonded labor conditions. A significant portion of the vulnerable population from Bilaspur[17] were entitled to financial assistance only after two years of their rescue . In addition to the immediate cash, the scheme says they should be compensated with 1-3lakhs based on the level of exploitation, along with Bonded Labour Release Certificate (BLRC), to be issued by the District magistrate (DM) or Sub-divisional magistrate(SDM). Officials in the labour department often cite the conviction of the accused as the primary reason why rehabilitation of bonded labourers is held up. The Union government favored the rehabilitation schemes where the DM or SDM has arrived at a prima facie finding and proof of bondage, the allocation of cash assistance shall not be delayed further for want of conviction. The standard operating procedures for identification and rescue of bonded labour cases are generally expected to commence within 24 hours of the rescue and to be completed within 3months, even in the absence of an FIR, as the issuance of release certificates assumes the offence of bondage, while the burden of proof to prove otherwise falls on the accused employer.

According to the report by Centre for labour research and Action (CLRA)[18] on 1012 workers in Rajasthan and Gujarat, 71% of respondents were aware of the scheme, but only 50% of them were able to access the same, and among them, just 59% successfully accessed rations. This scenario prevails despite the government promising ration card portability to help the interstate migrant workers, in particular, to benefit from the cards at work destinations.

Demand driven nature of the rehabilitation scheme is one amongst the reasons as to the decline in the rate of bonded labour rescue than what is actually needed to achieve 18.4 million of them by 2030. Data for bonded labour as per different government sources such as labour ministry, Standing committee report of the parliament, National crime records as filed under Bonded labour abolition system (BLSA) contradict each other, with NCB reporting 1,155 BLSA cases

in 2019, 1231 in 2020 and 592 in 2021 while government responses to the parliament mentioned only 2650 people rescued between 2019-2023 timeframe, undermining policy evaluation

Impact on Informal Sector Workers:

The new labour code has been opposed by trade unions[19], as evident from workers' participation in the Bharat Bandh [20]strike affecting various sectors of national importance such as Baking, Coastal services, coal mining and state-run transport. This resistance arose from structural concerns and several provisions as perceived by Trade Unions diluting the labour protections, especially with constraints of strike rights in requiring 60 days prior notice and fixed –term contacts reducing permanent recruitment. Informal sector constituting 93% of India's 610 million labour force as of the 2024 scenario as per the National sample survey (NSS) and Periodic Labour Force Survey report, is facing extreme difficulties with limited financial-capabilities, low regulatory awareness. Problems arise when employees of these home-based units do not fall within the threshold for the applicability of the new code, leading to the de facto exclusion from key protections. Furthermore, self-certification by employers without regular inspection by labour and facilitator based regimes that merely advise employers on voluntary adherence to labour laws, reduces the legitimacy of such inspections with more scope for exploitation of the labour force in a legally permitted way.

Formality of employment is internationally recognized on the basis of an employee's access to social security (ESI, PF), with the majority of the new code having exceptions to the code on Minimum wages not being applicable to the informal workers, hardly making any difference with the new code. Trade unions' views were not considered during the formulation, while on the other hand Indian labour conference that convened every alternate year, has stopped its activity since 2015, following which enactment of the new code has taken place. As a result, a vast majority of the workforce continues to remain outside the scope of labour laws.

Comparative Analysis:

Comparative analysis of labour welfare systems in India and Brazil provides an understanding that there are structural similarities between the two labour welfare systems, but a marked difference in the capacity to enforce and also the level of coverage. Although the two nations are both large federal democracies with strong socio-economic inequalities and large informal

labour sectors, Brazil exhibits a relatively higher institutionalization and integration of social security. But India has got structural strengths which, when properly applied, can help it to be better than Brazil and even developed welfare nations like Sweden in labour governance.

In 2019-2020, the labour regulation of India was encompassed in a significant reform through the unification of 29 central labour laws into four Labour Codes. The goals of these Codes are to streamline compliance and increase the social security coverage, especially for the workers of gig and platform workers. Although this has been consolidated in the legislation, there is still uneven implementation. India has a large share of its workforce, estimated to be over 80 %, in the informal sector. Applicability of various provisions and thresholds leaves out the workers in small establishments, and enforcement mechanisms have begun moving towards digital self-certification models. Digitisation makes operations more efficient, but poses a threat to undermine on-ground inspection and compliance verification.

Conversely, Brazil has a stronger institutional enforcement through the establishment of a labour regime based on the Consolidation of Labour Laws (CLT) and supported by constitutional guarantees. Dispute resolution mechanisms are also relatively accessible because Brazil has specialized labour courts (Justiça do Trabalho). The system of worker registration under a program called Carteira de Trabalho allows employees to be connected directly to social insurance benefits on the basis of their employment status. In spite of the fact that Brazil also experiences the problem of informal employment and inequality, its enforcement institutions are more integrated in the manner of labour rights and welfare benefits.

The difference between India and Brazil is more of an institutional performance rather than a statutory design. Brazil has a more coherent approach in the enforcement of the judicial system, labour inspection and welfare entitlements, whilst India has a decentralized approach, in which administrative compliance with administrative decisions plays a significant role, as opposed to court-enforced compliance. This is deeper than in Sweden where collective bargaining is almost universal, the informality level is low and unions are powerful, coupled with institutionalized tripartite dialogue resulting in effective labour governance. In Sweden, labor protection is not only strengthened by laws, but also by collective agreements, high social spending on protection, effective labour courts and strong inspectorates, so that what is guaranteed in welfare is real security of workers. To begin with, labour protections have to be universalized. India needs to have a gradual removal of the establishment-size level that

disqualifies workers in micro and small establishments. Social security should be universal as opposed to being employment-dependent. Gig, migrant, and platform workers should be given mandatory coverage because this would close the welfare gaps significantly.

Second, the enforcement institutions are to be reinforced. India would come up with specialized labour benches or fast-track labour courts as in Brazil. Credibility would be improved by the time-bound adjudication and independent inspection authorities. Physical inspection in the high-risk industries should not be substituted by digital compliance systems but rather supplemented.

Third, digital governance infrastructure will provide another chance to leapfrog the old welfare states in India. The existing portals, such as Aadhaar-linked Direct Benefit Transfer systems and the e-shram portal, can be incorporated into a portable and universal labour identity system. This would make the social security portable across states, especially those migrant workers who are very susceptible to exploitation.

Finally, the population size and technological base that India possesses is advantageous, which neither Brazil nor Sweden has of equal scale. Although Sweden is one of the few welfare states that has used a mature welfare integration, and Brazil is one of the developing economies with greater judicial enforcement, India can create a hybrid model where universal digital identification, enforceable labour rights and institutionalized social dialogue are developed.

Findings and Discussions:

The new Labour Codes are a combination of 29 core laws into four, such as Wages, Industrial Relations, Social Security, and OSH, to provide flexibility and efficiency and to integrate the gig economy into these laws. However, they increase disparities between official safeguards and, in fact, with 90-93% informal/gig employees (NSS/PLFS data).

RQ1: Formal and Actual Protections.

Bargaining is hampered by stricter strike notice (14-60 days) and union requirements (100-300 workers), which are legacies of colonial laws such as the Trade Disputes Act, 1929, and paper claims. Differences in the state between concurrent lists erode purpose, although there is parity of terms.

RQ2: Gig Worker Safeguards

There is nominal recognition through 1-2% aggregator contributions and Aadhaar portability, but no guidelines go against algorithmic management or misclassification, in line with the ILO guidelines and the Rider Law in Spain.

RQ3: Inspection Impacts

Informal sector monitoring (70-94% below Rs10k wages) is undermined by those who are inspector-cum-facilitator and self-certification, which feeds bonded labour (11M cases) and exclusions in micro-units.

Such progressive components as gender inclusivity are also incompatible with interpretive weaknesses and require harmonized application.

Recommendations:

India's new labour law had raised fundamental questions as to whether codification can alone lead to labour justice.

The establishment of a National Labour Digital Identity, similar to that of the concept proposed by the Labour Ministry, which was expected to be a comprehensive portal for child labour, bonded labour and women labour, according to the December2024 standing committee of the parliament. This initiative would change labour regulation (currently based on compliance to the employer) to portability (based on workers). A universal labour identity that is compatible with the existing welfare databases would capture formal, informal and gig employment history, unlike fragmented registration systems. The system shall facilitate smooth portability of provident fund, insurance and wage information across states, particularly to migrant workers. The NLID model would make labour protection less invisible by focusing it on the person and not the establishment, avoid benefits redundancy, and seal loopholes in coverage that currently weaken the Code on Social Security.

A Labour Enforcement Index should also be introduced to increase accountability for India in the federal system. The Index would encourage competitive federalism in labour protection by ranking the states according to quantifiable factors such as frequency of inspections, adherence to required wages, timeframes for bonded labour rehabilitation, and the disposal rates of

disputes. Such an index would anticipate labour justice performance as a measure of governance rather than concentrating on the metrics of ease of doing business.

Conclusion:

The Labour Codes makes the labour system in India more modernized, which formalizes the gig economies and simplifies compliance, but the weaknesses in their enforcement, interpretation issues, and lack of coverage of the informal sectors undermine the welfare of a worker. The balance on business convenience against substantive rights needs to be managed with urgent harmonized application to last away the procedural rigidity of taking advantage of vulnerabilities such as bonded labour and algorithmic terminations. Finally, a hybrid approach based on the digital infrastructure of India can help it be ahead of similar countries such as Brazil or Sweden due to fair labour regulation.

ENDNOTES:

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