

---

# **EMPLOYER FLEXIBILITY VERSUS WORKER PROTECTION: A CRITICAL ANALYSIS OF THE INDUSTRIAL RELATIONS CODE, 2020**

---

Atul Kumar Kharwar, Research Scholar, Department of Law, Central University of  
Punjab, Bathinda, Punjab

Dr. Ravinder Kaur, Assistant Professor, Department of Law, Central University of Punjab,  
Bathinda, Punjab

## **ABSTRACT**

In India, the labour reform has been done by consolidating 29 laws into four new labour Codes. The purpose of these reforms is to simplify regulations, promote businesses, and create more jobs and also to provide protection of employment to workers. However, a debate has been stated whether this reform does balance between the needs of employers and the rights of workers. This research paper places these reforms in the context of the historical development of Indian labour jurisprudence, which has traditionally made balances between workers' rights and regulatory body. Previous labour laws system was complex and of without proper enforcement but it provided significant institutional safeguards for workers.

The research paper does a critical analysis of the changes introduced by the Industrial Relations Code 2020. In the research paper, an attempt is made find whether the Code recalibrates the balance between employer flexibility and workers' job security, and whether it affects collective bargaining and trade union autonomy. The paper also does a comparative doctrinal analysis of reform under the Code and previous laws such as the Industrial Disputes Act, 1947 and the Trade Unions Act, 1926.

**Keywords:** Labour Law Reforms, Industrial Relations Code 2020, Workers' Rights, Trade Union, Collective Bargaining, Employment Protection.

## Introduction

Indian labour law is a complex and historically rooted system, drawing on a long tradition of statutory provisions and common-law principles that regulate employment, collective bargaining, and industrial relations. It is anchored in constitutional guarantees and a broad pattern of statutes that address wages, working conditions, safety, social security, and the rights of trade unions. In 2019–2020, India has reformed its labour laws by combining 29 existing laws into four new labour codes i.e. the Code on Wages, the Code on Industrial Relations, the Code on Social Security, and the Code on Occupational Safety, Health and Working Conditions. However, these codes have been made effective from 21st November 2025.<sup>1</sup> The codification was undertaken to address long-standing challenges and make the system more efficient and contemporary. Its aim is to enhance ease of doing business, promote employment generation, ensure safety, health, social & wage security for every worker.<sup>2</sup>

Labour reform in India directly shapes employment creation, job quality, and productivity in a country with a large informal sector and a dual labour market.<sup>3</sup> The post-1991 liberalisation era coincided with persistent informal employment, rising contract labour, and a sizable unregulated segment that absorbs a large fraction of the workforce. Labour market rigidity can dampen formal employment growth and hinder productivity improvements, while reforms aimed at increasing flexibility can bolster employment and efficiency when complemented by social protection and skills development.<sup>4</sup> When rules are too rigid, firms hesitate to hire, which can slow job creation and keep people stuck in low-quality work.<sup>5</sup> Flexible rules, paired with social protection and skills training, can raise employment and productivity while reducing informality over time.<sup>6</sup> However, before the introduction of the new labour codes, India's labour law regime was characterised by multiplicity, complexity, limited coverage, and weak

---

<sup>1</sup> Government of India, 'Four Labour Codes Herald Transformational Change: Better Wages, Safety, Social Security & Enhanced Welfare for India's Workforce' (Press Information Bureau, 21 November 2025) <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2192463> accessed 27 April 2026.

<sup>2</sup> Press Information Bureau, Government of India, 'Implementation of Four Labour Codes to Consolidate 29 Labour Laws and Improve Ease of Doing Business' (21 November 2025) <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2192524> accessed 27 April 2026.

<sup>3</sup> Press Information Bureau, Government of India, 'Government Makes the Four Labour Codes Effective to Simplify and Streamline Labour Laws' (21 November 2025) <https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2192463> accessed 27 April 2026.

<sup>4</sup> R Kapoor, 'Creating Jobs in India's Organised Manufacturing Sector' (2015) 58(3) *Indian Journal of Labour Economics* 349 <https://doi.org/10.1007/s41027-016-0032-5> accessed 28 April 2026.

<sup>5</sup> K Basu and A Maertens, 'The Pattern and Causes of Economic Growth in India' (2007) 23(2) *Oxford Review of Economic Policy* 143 <https://doi.org/10.1093/oxrep/grm012> accessed 28 April 2026.

<sup>6</sup> P Khera, 'Macroeconomic Impacts of Gender Inequality and Informality in India' (IMF Working Paper No 16/16, International Monetary Fund 2016) <https://doi.org/10.5089/9781475590784.001> accessed 28 April 2026.

enforcement, despite significant judicial intervention. These challenges ultimately led to demands for simplification and consolidation of labour laws.

The reform initiative draws significantly from the recommendations of the Second National Commission on Labour (2002), which emphasised the need to simplify labour laws into a limited number of comprehensive codes.<sup>7</sup> The Commission observed that the multiplicity of laws led to inconsistencies in definitions, overlapping jurisdictions, and administrative inefficiencies. Accordingly, the four labour codes were conceptualised to provide a unified legal framework, improve ease of doing business, and extend social protection to a broader segment of the workforce.

### **Background of Labour Laws in India**

Before the introduction of the new labour codes (2019–2020), India's labour law framework was governed by numerous central and state legislations. There were more than 40 central laws and several state laws regulating wages, industrial relations, social security, and working conditions.<sup>8</sup> This framework developed gradually from the colonial period to the post-independence welfare state model.

During the colonial period, labour laws were primarily enacted to protect industrial interests rather than workers' rights. Early laws such as the Factories Act, 1881 provided only limited safeguards.<sup>9</sup> These legislations focused more on regulating production than ensuring worker welfare.

After independence, India adopted a welfare-oriented approach influenced by the Directive Principles of State Policy under the Constitution.<sup>10</sup> The State sought to ensure social and economic justice for workers. Consequently, several key laws were enacted, including the Industrial Disputes Act, 1947 (Hereby referred to as IDA,1947), Minimum Wages Act, 1948, Employees' State Insurance Act, 1948 and Employees' Provident Funds Act, 1952.<sup>11</sup>

The judiciary also played a significant role in shaping labour jurisprudence. In *Bangalore*

---

<sup>7</sup> Government of India, *Report of the Second National Commission on Labour* (2002) Vol I.

<sup>8</sup> *Ibid.*

<sup>9</sup> S C Srivastava, *Industrial Relations and Labour Laws* (6th edn. Vikas Publishing 2012).

<sup>10</sup> Constitution of India 1950, Part IV.

<sup>11</sup> P L Malik, *Handbook of Labour and Industrial Law* (15th edn, Eastern Book Company 2019).

*Water Supply and Sewerage Board v A Rajappa*<sup>12</sup>, the Supreme Court gave a broad interpretation to the term “industry,” thereby extending the applicability of labour laws to a wide range of activities. Similarly, in *Maneka Gandhi v Union of India*<sup>13</sup>, although not strictly a labour case, the Court expanded the scope of Article 21, which later influenced labour rights relating to livelihood and dignity.

In *Olga Tellis v Bombay Municipal Corporation*<sup>14</sup>, the Supreme Court explicitly recognised the right to livelihood as part of the right to life under Article 21, which has direct implications for labour protections. Furthermore, in *D S Nakara v Union of India*<sup>15</sup>, the Court emphasised the importance of social security as a component of a welfare state.

Despite these developments, the labour law system became highly fragmented and complex over time. Different laws applied to different sectors and categories of workers, often based on the size of establishments. These created challenges for compliance and enforcement. Another major issue was the dual structure of the labour market. A small proportion of workers in the formal sector benefited from legal protections, while the majority in the unorganised sector remained outside the effective scope of labour laws.<sup>16</sup> In *People’s Union for Democratic Rights v Union of India*<sup>17</sup>, the Supreme Court highlighted the exploitation of workers and reinforced the importance of enforcing labour rights, particularly for vulnerable groups.

Employers often criticised the system as rigid and compliance-heavy, especially provisions under the IDA, 1947 relating to layoffs and retrenchment.<sup>18</sup> On the other hand, labour unions viewed these protections as essential safeguards. The Supreme Court in *Workmen of Meenakshi Mills Ltd v Meenakshi Mills Ltd*<sup>19</sup> upheld the constitutional validity of restrictions on layoffs, recognising the need to balance employer interests with worker protection.

Before the new labour codes, India’s labour law system was fragmented, complex, limited in coverage, and weakly enforced, leading to demands for simplification and consolidation. While the new labour codes especially Industrial Relations Code, 2020 improves structure and clarity,

---

<sup>12</sup> *Bangalore Water Supply and Sewerage Board v A Rajappa* (1978) 2 SCC 213.

<sup>13</sup> *Maneka Gandhi v Union of India* (1978) 1 SCC 248.

<sup>14</sup> *Olga Tellis v Bombay Municipal Corporation* (1985) 3 SCC 545.

<sup>15</sup> *D S Nakara v Union of India* (1983) 1 SCC 305.

<sup>16</sup> D Bhattacharjee, ‘Labour Market Regulation and Industrial Performance in India’ (2006) *Indian Journal of Labour Economics*.

<sup>17</sup> *People’s Union for Democratic Rights v Union of India* (1982) 3 SCC 235.

<sup>18</sup> Industrial Disputes Act 1947, ss 25K–25N.

<sup>19</sup> *Workmen of Meenakshi Mills Ltd v Meenakshi Mills Ltd* (1992) 3 SCC 336.

but it seems that it enhances employers' flexibility and reduces workers' rights. Thus, the study mainly focuses on these following research questions:

### Research Questions

1. To what extent, Industrial Relations Code, 2020, recalibrate the balance between employer flexibility and workers' job security?
2. Does the Industrial Relations Code, 2020 dilute collective bargaining rights and trade union autonomy in India?

### The Industrial Relations Code, 2020 and its Impact on Employers, Workers and Trade Unions

The Industrial Relations Code, 2020 (Hereby referred to as IRC, 2020) consolidates three key laws the Trade Unions Act, 1926 (Hereby referred to as TUA, 1926), the Industrial Employment (Standing Orders) Act, 1946 and the Industrial Disputes Act, 1947 (IDA, 1947).<sup>20</sup> This Code governs the relationship between employers, workers, and trade unions, and seeks to create a balanced framework for industrial peace and economic growth.

A notable feature of the Code is the recognition of fixed-term employment, which allows employers to hire workers for a specific duration while ensuring that such workers receive benefits equivalent to permanent employees.<sup>21</sup> The Code also revises thresholds for layoffs, retrenchment, and closure, requiring prior government approval only for establishments employing 300 or more workers, as opposed to the earlier threshold of 100 workers.<sup>22</sup> This change has been viewed as enhancing employer flexibility, though it has also raised concerns regarding job security.

Further, the Code introduces mechanisms for dispute resolution, including the establishment of Industrial Tribunals and provisions for voluntary arbitration. It also provides for the recognition of negotiating unions or councils, thereby streamlining collective bargaining processes.

---

<sup>20</sup> Industrial Relations Code, 2020.

<sup>21</sup> Industrial Relations Code, 2020 s. 2(o).

<sup>22</sup> *Ibid.* ss. 77–79.

This section shall examine the changes introduced in the IRC, 2020 and analyse whether these changes addressed the limitations of the previous laws.

## 1. Employer Flexibility vs Worker Security

The IRC, 2020 brings important changes to India's labour law system. One of its main objectives is to make it easier for employers to manage their workforce, while still providing some level of protection to workers. However, in practice, the Code shifts the balance more towards employer flexibility than worker job security. This can be clearly seen in two key provisions: (i) the increase in the threshold for layoffs, retrenchment and closures and (ii) the introduction of fixed-term employment.

### 1.1. Layoff, Retrenchment and Closures Threshold

Under the IDA, 1947, establishments employing 100 or more workers were required to obtain prior government permission before effecting layoffs, retrenchment, or closure. This mechanism served as a critical safeguard against arbitrary termination and ensured a degree of state oversight in protecting workers' livelihoods.<sup>23</sup>

In contrast, the IRC, 2020 raises this threshold to 300 workers.<sup>24</sup> As a result, a significantly larger number of establishments are now exempted from the requirement of prior approval. This change marks a decisive shift towards employer flexibility by reducing administrative constraints and enabling quicker workforce adjustments.

However, from the standpoint of workers' job security, the dilution is evident. Workers in establishments employing between 100 and 300 persons, who were previously protected under the IDA, are now exposed to termination without prior scrutiny. This raises concerns regarding arbitrariness, especially when viewed in light of the constitutional right to livelihood recognised in *Olga Tellis v. Bombay Municipal Corporation*.<sup>25</sup> The earlier regime, though often criticised for rigidity, arguably provided a stronger institutional safeguard against unjustified dismissals.

---

<sup>23</sup> Industrial Disputes Act, 1947, ss. 25M, 25N, 25O.

<sup>24</sup> Industrial Relations Code, 2020, ss. 77–78.

<sup>25</sup> *Olga Tellis v. Bombay Municipal Corporation*, AIR 1986 SC 180.

## 1.2. Fixed-Term Employment

The IDA did not explicitly recognise ‘Fixed-Term Employment’ as a distinct statutory category, although it was permitted through contractual arrangements and executive notifications in certain sectors.<sup>26</sup> The absence of clear statutory backing often led to ambiguity regarding the rights and entitlements of such workers.

The IRC, 2020 addresses this gap by expressly defining and legitimising fixed-term employment.<sup>27</sup> According to section 2(o) of the Code, “‘Fixed term employment’ means the engagement of a worker on the basis of a written contract of employment for a fixed period.” It mandates parity in wages and benefits between fixed-term and permanent workers, which represents a progressive step towards formal equality. Nevertheless, the comparative perspective reveals a structural shift. Under the IDA, 1947 regime, permanent employment was the norm, and temporary arrangements were exceptions. However, the IDA, 1947, did not expressly define permanent employment. The concept of a “permanent workman” was recognised under Clause 2(b) of the Model Standing Orders framed under the Industrial Employment (Standing Orders) Act, 1946. According to the Clause, “A permanent workman is a workman who has been engaged on a permanent basis and includes any person who has satisfactorily completed a probationary period of three months in the same or another occupation in the industrial establishment including breaks due to sickness, accident, leave, lockout, strike (not being an illegal strike) or involuntary closure of the establishment.”<sup>28</sup>

The IRC, 2020, by contrast, institutionalises ‘Fixed-Term Employment’ as a standard practice, thereby enabling employers to avoid long-term obligations associated with permanent labour. While this enhances flexibility, it may also lead to the casualisation of the workforce, weakening long-term job security.

## 2. Collective Bargaining and Trade Union Autonomy

Collective bargaining and trade union autonomy are central to a fair system of labour relations. They allow workers to negotiate with employers collectively and ensure that Trade Unions

---

<sup>26</sup> Sethuram Sundaram, ‘Fixed Term Employment in India: An Analysis of Industrial Employment (Standing Orders) Central (Amendment) Rules, 2018’ (2018) <https://www.researchgate.net/publication/330280418> accessed 3 May 2026.

<sup>27</sup> Industrial Relations Code, 2020, s. 2(o).

<sup>28</sup> Industrial Employment (Standing Orders) Central Rules 1946, sch I-B, cl 2(b).

function independently. In India, these principles have developed through legislation and judicial interpretation rather than as absolute rights. The enactment of the IRC, 2020 introduces a more structured framework for industrial relations. While this aims to improve efficiency and reduce disputes, it also raises concerns about whether such changes weaken the practical strength of collective bargaining and the independence of trade unions.

Before the new labour code, collective bargaining was governed mainly by:

- Trade Unions Act, 1926
- Industrial Disputes Act, 1947

These laws provided legal recognition to Trade Unions and allowed collective settlements. However, the system had certain weaknesses that there was no clear legal provision for recognising a single bargaining agent, leading to multiple unions in one workplace. Collective bargaining was often replaced by government-led adjudication.<sup>29</sup> Bargaining was mostly limited to the enterprise level, with little development at industry level. But Trade Unions were legally independent.

As discussed previously, the Code increases the threshold for layoffs and closures (from 100 to 300 workers). This gives employers more power and reduces the bargaining strength of workers.

The IRC, 2020 introduces important changes that affect both collective bargaining and trade union autonomy.

### **2.1. Recognition of Negotiating Union (Section 14)**

Section 14 of the IRC, 2020 marks a decisive shift in India's labour law framework by introducing a statutory mechanism for the recognition of negotiating unions. It provides that a trade union securing at least 51 per cent of workers' membership shall be recognised as the 'Sole Negotiating Union'. Where no union meets this threshold, a 'Negotiating Council' is to be constituted with proportional representation of unions having the prescribed minimum membership.<sup>30</sup> The TUA, 1926 primarily provided for the registration, rights, liabilities, and

---

<sup>29</sup> K.D. Srivastava, *Industrial Relations and Labour Laws* (Vikas Publishing 2012).

<sup>30</sup> Industrial Relations Code, 2020, s 14.

immunities of trade unions in India. A Trade Union could be registered if at least seven members applied for registration. But it was mandatory that at least 10% of the workers or 100 workers (whichever is less) working in that establishment or industry be members of the union at the time of applying for registration.<sup>31</sup> When the registrar was satisfied that the Trade Union had complied with all the requirements of registration, he registered the Trade Union.<sup>32</sup> Once registered, the union became a legal entity with perpetual succession, common seal, and the capacity to sue and be sued.<sup>33</sup> However, an important point is that the Act does not expressly provide a statutory mechanism for compulsory recognition of trade unions by employers.

In the absence of a binding legal framework, recognition was often guided by the non-statutory *Code of Discipline in Industry, 1958*, which recommended that a union with majority support should be recognised. However, this code lacked enforceability and was unevenly implemented across sectors.<sup>34</sup> The provision of Section 14 of the IRC 2020 brings not only clarity but also reduces the role of smaller unions. Section 14(3) of the IRC, 2020 lowers the threshold for recognition of a ‘Sole Negotiating Union’ from 75% to 51% of workers on the muster roll of an establishment, thereby making it relatively easier for a trade union to attain exclusive bargaining status. Further, under Section 14(4), where multiple registered trade unions operate within an establishment and none secures the support of at least 51% of the workforce, the employer is required to constitute a negotiating council to undertake collective negotiations on prescribed matters. However, the Code simultaneously increases the eligibility threshold for inclusion in such a council from 10% to 20% worker support, which may have the effect of restricting the participation of smaller trade unions and limiting broader representation.<sup>35</sup>

## 2.2. Deregistration of Trade Union

A major criticism of the IRC, 2020 is that it broadens the grounds on which a trade union’s registration may be cancelled, thereby increasing regulatory control over trade unions. This marks a significant shift from the earlier framework under the TUA, 1926, which provided a more limited and structured basis for deregistration.

---

<sup>31</sup> Trade Unions Act, 1926., s 4.

<sup>32</sup> *Ibid*, s 8.

<sup>33</sup> *Ibid*, s 13.

<sup>34</sup> Government of India, *Code of Discipline in Industry* (1958).

<sup>35</sup> Adwitiya Mishra and Aasheerwad Dwivedi, ‘Labour Laws in India: History, Evolution and Critical Analysis’ (2023) *Labor History* <https://doi.org/10.1080/0023656X.2023.2280051> accessed 30 April 2026.

Under Section 10 of the TUA, 1926, the registration of a trade union could be withdrawn or cancelled by the Registrar on the application of the Trade Union or on the specific grounds mentioned therein. Section 10 (b) of the Act stated the registration of a trade union could be withdrawn or cancelled if: the registrar was satisfied that the certificate of registration had been obtained mistakenly or through fraudulent methods; the trade union had ceased to exist; it had contravened any provision of the Act wilfully despite a notice from the registrar. or allowed any rule to continue in force which is inconsistent with any such provision, or has rescinded any rule providing for any matter provision for which is required by section 6.<sup>36</sup> Further, such an action can be taken by the Registrar if the Registrar is satisfied that a registered Trade Union of workmen ceases to have the requisite number of members.<sup>37</sup> A registered trade union must always have at least 10% of the workers, or 100 workers (whichever number is lower), as its members, however, the union must have at least 7 members working in the establishment or industry connected with it.<sup>38</sup> Importantly, the Act incorporated procedural safeguards by requiring that the Registrar provide prior notice of at least two months in writing specifying the grounds for withdrawal or cancellation, thereby ensuring adherence to principles of natural justice.

As far as the IRC, 2020 is concerned, Section 9 contains provisions relating to the registration of the Trade Union and cancellation. Section 9(5) of the Code states that the certificate of registration of a Trade Union may be withdrawn or cancelled by the Registrar either on the application of the Trade Union or on the information received by him. The certificate of registration of a Trade Union may be withdrawn or cancelled by the Registrar on the information received by him regarding the contravention by the Trade Union of the provisions of this Code or the rules made thereunder or its constitution or rules.<sup>39</sup> Furthermore, the registration may also be cancelled if the Registrar is satisfied that the members in a Trade Union falls below ten per cent. of total workers or one hundred workers, whichever is less.<sup>40</sup>

Under the IRC 2020, the registration of a trade union may be cancelled or withdrawn merely on the information received by the Registrar that the union has violated the provisions of the Code or the rules made under it. The Code also allows deregistration for violating unspecified

---

<sup>36</sup> Trade Unions Act, 1926, s.10(b).

<sup>37</sup> *Ibid*, s.10(c).

<sup>38</sup> *Ibid*, s.9A.

<sup>39</sup> Industrial Relations Code, 2020, s. 9(5)(ii).

<sup>40</sup> *Ibid*, s. 9(5)(iii).

provisions, as it broadly states that failure to comply with “this Code” can result in such action, without clearly defining the exact grounds<sup>41</sup>. The withdrawal or cancellation of registration has serious consequences. Once deregistered, a Trade Union loses its legal capacity to represent workers in dispute resolution mechanisms, thereby weakening its role in collective bargaining. Further, the office-bearers and members of the union lose important legal protections, including immunity from prosecution for criminal conspiracy in relation to collective decisions taken while the union was registered. Overall, these provisions create uncertainty due to their broad and unclear scope. This may discourage workers from forming or joining Trade Unions, as they may fear legal risks and the possibility of deregistration under vaguely defined conditions.<sup>42</sup>

Moreover, under the TUA, 1926 the cancellation or withdrawal of certificate of registration could be done by the Registrar on the contravention of the provisions of the Act by the Trade union despite of his notice. Hence, there was no straightway cancellation or withdrawal by the Registrar and a warning by the Registrar in the form of notice was given to the Trade Union to rectify its action. However, under the new Code no such notice is allowed to be given to the Union by the Registrar if there is any contravention of the provision of the Code As a result, the new Code contains stricter provisions against trade unions. as it does not give an opportunity to the Union to rectify its action that are not in accordance to the Code.

### 2.3. Regulation of Strikes

Another reason for criticising the IRC,2020 is that it imposes a blanket restriction on the right to strike and lockout in all industrial establishments by mandating the provision of prior notice. The right to strike under the IDA,1947 was subject to restrictions primarily in the context of ‘public utility services’, where prior notice of 14 days was required. In non-public utility sectors, strikes could be undertaken with relatively fewer procedural constraints, subject to general conditions of legality.<sup>43</sup>

The IRC, 2020 significantly expands this restriction by mandating a 14-day notice period for

---

<sup>41</sup> G Mody, ‘A Recipe to Tear Down Trade Unions’ The Hindu (16 November 2020) The Hindu. [tear-down-trade-unions/article33104097.ece](https://www.thehindu.com/news/national/tear-down-trade-unions/article33104097.ece)

<sup>42</sup> Adwitiya Mishra and Aasheerwad Dwivedi, ‘Labour Laws in India: History, Evolution and Critical Analysis’ (2023) *Labor History* <https://doi.org/10.1080/0023656X.2023.2280051> accessed 30 April 2026.

<sup>43</sup> Industrial Disputes Act, 1947, s. 22.

strikes in all industrial establishments.<sup>44</sup> This represents a substantial departure from the earlier framework. The Code reduces the ability of workers and trade unions to take immediate industrial action, thereby weakening the advantage they earlier had during disputes.

From a comparative standpoint, this change strengthens the bargaining position of employers while constraining collective labour action. The Supreme Court in *All India Bank Employees' Association v. National Industrial Tribunal*<sup>45</sup> clarified that while the right to form associations under Article 19(1)(c) is fundamental, the right to strike is not absolute. However, excessive procedural restrictions may indirectly impair effective collective bargaining, thereby weakening the substantive value of associational freedom. This makes strikes more difficult and reduces their effectiveness as a bargaining tool.<sup>46</sup> Thus, it can be said that the Code allows the State to regulate union activities, including bargaining processes and industrial action.

## Conclusion

The IRC, 2020 is a major change in Indian labour law. It focuses on market needs and efficiency rather than worker protection. By combining the old laws into one, it makes the regulations simpler and easier to comply with, and its aim is to modernise labour laws for today's economy.

However, this study shows that the changes made by the Code are not just technical adjustments, but they significantly shift the balance of power and benefits within labour relations. The enhancement of thresholds for layoffs, retrenchment, and closure from 100 to 300 workers significantly reduces the scope of state oversight and weakens a key procedural safeguard that previously protected workers from arbitrary termination. While this change enhances employer flexibility and may encourage investment and employment generation, it also exposes a larger segment of the workforce to insecurity, thereby raising concerns under the constitutional framework, particularly the right to livelihood recognised under Article 21.

Similarly, recognising 'Fixed-Term Employment', while giving workers equal benefits, also shows more temporary and less secure employment. By institutionalising non-permanent forms of employment, the Code enables employers to avoid long-term obligations, which can make

---

<sup>44</sup> Industrial Relations Code, 2020, s. 62.

<sup>45</sup> *All India Bank Employees' Association v. National Industrial Tribunal*, AIR 1962 SC 171.

<sup>46</sup> Industrial Relations Code, 2020, ss 62–64.

jobs less stable and reduce workers' job security. The impact on collective bargaining and trade union autonomy is equally significant. The introduction of a 'Sole Negotiating Union' under Section 14 enhances clarity and may reduce inter-union rivalry but it simultaneously marginalises smaller unions and limits plural representation. Moreover, the expansion of grounds for trade union deregistration and the imposition of uniform restrictions on strikes across all sectors indicate a tightening of regulatory control over labour organisations. These measures can dilute the substantive effectiveness of collective bargaining.

In conclusion, the IRC, 2020 shifts the balance more in favour of employers by giving importance to flexibility and economic efficiency over traditional worker protections. While this change may be needed for economic reforms, it can remain constitutionally valid only if the government also provides strong job security and ensures proper enforcement of the law. In the end, the success of these reforms will not be judged only by how easy it becomes to do business, but also by whether they protect fairness, dignity, and social justice for workers.