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LABOUR LAWS IN INDIA: AN OVERVIEW

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ABSTRACT

Labour laws in India are a complex yet indispensable framework designed to balance economic growth with social justice. From colonial legacy to constitutional morality, these laws aim to ensure worker welfare, regulate industrial relationships, and establish procedural clarity. This paper explores the evolution of Indian labour legislation, constitutional underpinnings, classification of key statutes, the 2019–2020 labour codes, federal challenges, jurisprudential insights, emerging dimensions including gig work and AI, and comparison between other countries. It advocates for nuanced reforms anchored in constitutional values and institutional accountability.

INTRODUCTION

Labour laws govern the relationships between employers, employees, trade unions, and government institutions. In the Indian scenario, they reflect evolving socioeconomic priorities and legal interpretations over decades. While originally rooted in colonial administrative control, post-Independence labour legislation shifted toward human rights and participatory governance. These laws serve multiple functions protecting vulnerable workers, regulating employment conditions, resolving disputes, and supporting economic policy. Recent reforms including consolidation into four labour codes indicate a shift toward streamlined compliance, but their full potential hinges on effective implementation and balanced stakeholder engagement.

HISTORICAL EVOLUTION OF LABOUR LEGISLATION

1. Colonial Era Foundations

- **Factories Act of 1881:** Marked the beginning of statutory intervention; aimed primarily at regulating working hours for children.
- **Plantation Labour Act, Mines Act:** Addressed specific labour conditions in British-managed sectors but lacked worker-centric intent.
- The **Trade Unions Act of 1926** recognized collective bargaining, laying the foundation for organized industrial movement.

2. Post-Independence Legislative Milestones

Post-1947 legislation reflected a rights-based and welfare-oriented approach:

- **Industrial Disputes Act, 1947:** Established mechanisms for conflict resolution including conciliation, adjudication, and arbitration.
- **Minimum Wages Act, 1948:** A landmark in ensuring wage justice, particularly for informal workers.
- **Employees' Provident Funds and Miscellaneous Provisions Act, 1952:** Focused on long-term financial security of workers.

India's ratification of ILO conventions and incorporation of welfare laws marked a significant transition to social justice-based governance.

CONSTITUTIONAL FOUNDATIONS OF LABOUR LAW

1. Fundamental Rights

India's Constitution enshrines several guarantees that directly shape labour jurisprudence:

- **Article 14:** Equality before law—applies to employer practices and recruitment policies.
- **Article 16:** Equal opportunity in public employment—underpins affirmative action in recruitment.
- **Article 19(1)(c):** Freedom to form associations—basis for recognizing trade unions.
- **Article 21:** Right to life and personal liberty—interpreted to include right to livelihood, decent work, and dignified employment.

- **Article 23:** Prohibits forced labour—interpreted extensively in *Bandhua Mukti Morcha* for informal sectors.

2. Directive Principles of State Policy

While not enforceable in courts, DPSPs guide legislative policy:

- **Article 38:** Promotes welfare and equitable socio-economic order.
- **Article 39:** Advocates for equal pay and protection against exploitation.
- **Article 42:** Mandates humane working conditions and maternity relief.
- **Article 43 & 43A:** Urges living wages and worker participation in industrial management.

Together, they establish a constitutional mandate for proactive labour reform.

CLASSIFICATION OF LABOUR LEGISLATION

Labour laws are traditionally categorized by thematic domains:

1. Industrial Relations

- **Industrial Disputes Act, 1947:** Covers retrenchment, closure, strikes, and conciliation boards.
- **Trade Unions Act, 1926:** Provides registration, rights, and liabilities of trade unions.

2. Wages and Compensation

- **Minimum Wages Act, 1948:** Enables state-wise notifications based on skill, sector, and location.
- **Payment of Wages Act, 1936:** Prevents unauthorized deductions and ensures timely payments.
- **Payment of Bonus Act, 1965:** Mandates annual bonuses based on profits and productivity.

3. Conditions of Employment

- **Factories Act, 1948:** Governs health, safety, working hours, and welfare provisions.

- **Shops and Establishments Act (State-Specific):** Applicable to service sector workplaces.
- **Maternity Benefit Act, 1961:** Protects women's rights with paid leave and medical facilities.

4. Social Security Laws

- **Employees' State Insurance Act, 1948:** Offers healthcare, sickness benefit, and maternity coverage.
- **EPF Act, 1952:** Provides retirement savings schemes.
- **Gratuity Act, 1972:** Ensures lump sum benefit for employees after five years of service.

5. Protection Laws

- **Child Labour (Prohibition and Regulation) Act, 1986:** The Act was enacted to prohibit the employment of children below 14 years in certain occupations and processes, and to regulate working conditions where child labour is not explicitly banned.
- **Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:** This Act was enacted to provide a safe and dignified working environment for women by addressing sexual harassment through preventive, prohibitive, and redressal mechanisms. It draws constitutional strength from Articles 14, 15, 19(1) (g), and 21, and was shaped by the landmark Vishaka v. State of Rajasthan judgment.
- **Contract Labour (Regulation and Abolition) Act, 1970:** Enacted to regulate the employment of contract labour and abolish it in certain circumstances, this Act aims to prevent exploitation and ensure fair working conditions for contract workers. It came into force on 10th February 1971.

FEDERAL STRUCTURE AND LEGISLATIVE JURISDICTION

Labour is a **Concurrent List** subject, empowering both the Centre and States to legislate under Entry 22 of List III (Seventh Schedule). This dual structure leads to:

- **Multiplicity of Laws:** Over 100 fragmented legislations at both levels.

- **Compliance Complexity:** Employers navigate differing registration, inspection, and enforcement procedures.
- **Inconsistent Implementation:** State notifications and model rules differ significantly, affecting procedural clarity.

Judicial decisions often focus on harmonizing legislative intent between Centre and State interpretations.

LABOUR LAW REFORMS: CONSOLIDATED LABOUR CODES (2019- 2020)

The government's labour reforms resulted in four landmark codes aimed at unifying existing laws.

1. Code on Wages, 2019

- Consolidates four laws: Minimum Wages, Payment of Wages, Bonus, and Equal Remuneration.
- Introduces a **floor-level wage** for nationwide coherence.
- Provides for **gender-neutral remuneration** and digitized wage records.

2. Industrial Relations Code, 2020

- Merges Industrial Disputes Act, Trade Unions Act, and Standing Orders Act.
- Establishes **conciliation officers** and **Industrial Tribunals**.
- Sets thresholds: establishments with ≥ 300 workers require government permission for layoffs and closures.

3. Code on Social Security, 2020

- Subsumes laws related to provident fund, gratuity, maternity benefit, and ESI.
- Expands coverage to **gig and platform workers**, marking India's first legislative recognition of the digital workforce.
- Introduces **centralized welfare boards** and **digital registration**.

4. Occupational Safety, Health and Working Conditions Code, 2020

- Replaces 13 laws including Factories Act and Contract Labour Act.

- Stipulates **workplace safety standards, migrant worker registration, and restroom provisions for female workers.**
- Emphasizes annual safety audits and compliance reporting.

5. Implementation Status

Despite Parliamentary assent, full enforcement remains pending due to:

- Delayed **notification of rules.**
- Lack of **State-level harmonization.**
- **Digital infrastructure gaps** in registration, inspection, and benefit delivery.

CRITIQUE AND CONTEMPORARY CHALLENGES

1. Strengths of the Codes

- **Simplification:** Reduces redundant paperwork and enables single-window registration.
- **Digitalization:** Enables real-time data management, online grievance redressal, and recordkeeping.
- **Inclusivity:** Recognizes gig workers and provides maternity rights for surrogate/adoptive mothers.

2. Concerns Raised

- **Trade Union Autonomy:** Threshold-based registration may restrict grassroots unions.
- **Inspector-cum-Facilitator Model:** May weaken enforcement due to reduced field inspections.
- **Exemptions for Small Enterprises:** Could exclude large sections of informal workers from regulatory purview.
- **Substantive Complexity Remains:** Many provisions retain intricate language, thresholds, and definitions carried over from legacy statutes.
- **Lack of Uniformity across States:** As labour is a Concurrent List subject, States retain legislative discretion—resulting in variable implementation and dilution of uniform standards.

- **Over-centralization Risk:** The attempt to streamline compliance centrally may reduce scope for localized grievance redressal, especially in informal and rural sectors.

Policy dialogues stress the need for clarity in definitions and consistent procedural safeguards.

COMPARISON WITH OTHER COUNTRIES

Germany

- **AI Transparency in Hiring:** Germany's labour law integrates EU's General Data Protection Regulation (GDPR) principles, requiring employers to disclose when automated systems like AI are used in hiring or monitoring.
- **Works Councils:** These employee-representative bodies must be consulted before deploying digital surveillance or algorithmic management tools.
- **Right to Explanation:** Employees can demand explanation for decisions made by AI tools that affect employment outcomes.

France

- **CNIL Oversight:** The Commission Nationale de l'Informatique et des Libertés (CNIL) ensures that workplace AI complies with data ethics.
- **Algorithmic Accountability in Gig Platforms:** Companies like Uber and Deliveroo in France are legally required to explain algorithmic pricing and scheduling to workers.
- **Digital Burnout Protections:** Laws like the "Right to Disconnect" mandate that workers should not be penalized for not responding to work communications outside duty hours.

INDIA: CURRENT GAPS AND CHALLENGES

- While India's Code on Social Security, 2020 recognizes gig and platform workers, several digital protections remain underdeveloped:
- **No AI Disclosure Obligations:** Employers aren't required to reveal algorithmic decision-making processes in hiring or performance evaluation.

- **Limited Data Protection Safeguards:** The Digital Personal Data Protection Act, 2023 offers a general framework but lacks sector-specific employment guidelines.
- **No Procedural Safeguards for AI Errors:** There's no recourse for workers affected by algorithmic bias or false performance analytics.

LABOUR JURISPRUDENCE AND CASE LAW

Indian courts have played a transformative role:

- **Bandhua Mukti Morcha v. Union of India (1984):** Expanded interpretation of forced labour under Article 23; held State accountable.
- **M.C. Mehta v. State of Tamil Nadu (1990):** Prohibited child labour in match and fireworks industries; emphasized rehabilitation.
- **Air India v. Nargesh Meerza (1981):** Invalidated gender-based employment termination clauses.
- **Surat Electricity Co. Ltd. v. Industrial Tribunal (2005):** Clarified retrenchment standards under Industrial Disputes Act.

These cases reinforce constitutional morality and procedural integrity as cornerstones of labour adjudication.

LABOUR REGULATION IN THE DIGITAL ECONOMY

1. Gig and Platform Work

- **Gig work** refers to short-term, task-based assignments performed by individuals often independent contractors via digital platforms. **Platform work**, a subset of gig work, involves the matching of service providers and consumers through algorithm-driven platforms like Ola, Zomato, Urban Company, or freelance marketplaces.
- Traditionally excluded from formal employment structures, gig workers face unique regulatory challenges: they lack employee benefits, collective bargaining rights, and procedural safeguards for termination or algorithmic bias.
- New-age jobs on platforms like Ola, Zomato, and Urban Company challenge conventional definitions.

2. Remote Employees: Digitally supervised workers employed via virtual contracts.

RECOMMENDATIONS FOR REFORM

1. **Codify digital labour rights and privacy safeguards:** With the increasing reliance on digital platforms for wage disbursement, attendance tracking, gig assignments, and compliance filings, labour relations are now deeply intertwined with data governance.
 - **Statutory Recognition:** Introduce clear legal definitions of “digital labour”, “platform work”, and “data rights” within the labour codes.
 - **Privacy Protection:** Mandate strict protocols for worker data collection, storage, and sharing—especially biometric and location data.
 - **Consent-Based Systems:** Require informed consent from workers for algorithmic monitoring, digital tracking, and productivity analysis.
 - **Adjudicatory Redressal:** Establish appellate forums for digital labour disputes, ensuring access to justice for platform workers and gig economy participants.

2. **Create judicial monitoring of implementation mechanisms:** The success of labour law reform depends not only on legislative clarity but on the uniform and fair implementation of its provisions across states and sectors. Empower High Courts to periodically assess compliance through Public Interest Litigation (PIL) mechanisms.
 - **Constitutional Oversight:** Empower High Courts to periodically assess compliance through Public Interest Litigation (PIL) mechanisms.
 - **Judicial Audits:** Institutionalize district-level labour audits overseen by retired judicial officers or committees appointed by the judiciary.
 - **Reporting Mandates:** Require periodic status reports from implementing agencies, submitted to judicial panels for review and transparency.
 - **Case Law Development:** Encourage reasoned judgments that interpret ambiguities in the Codes, setting precedents for administrative fairness.

3. **Empower State Labour Departments with Digital Infrastructure:** Enforcement gaps are often caused by under-resourced state departments lacking technological capacity and inter-agency integration.
 - **Integrated Digital Portals:** Develop unified compliance dashboards that integrate worker databases, inspection logs, and grievance redress mechanisms.

- **Capacity Building:** Train officers in digital evidence gathering, algorithmic accountability, and tech-enabled inspections.
- **Real-Time Data Exchange:** Establish interoperable platforms for cross-state information sharing to track migrant labour and contract violations.
- **Budgetary Support:** Allocate ring-fenced funds under Labour Ministry and State budgets for digital infrastructure modernization.

4. Enhance Participation of Trade Unions in Policymaking: Labour codes have been critiqued for limited deliberation with affected stakeholders, especially smaller and informal unions.

- **Tripartite Forums:** Institutionalize regular consultative bodies at state and national levels involving unions, employers, and government.
- **Pre-legislative Dialogues:** Prioritize union-led feedback during drafting stages to ensure balanced representation of worker interests.
- **Public Accountability:** Publish white papers and consultation reports to foster transparency in policy evolution.
- **Union Training Grants:** Provide resources to enhance union capacity in understanding and responding to digital labour governance.

CONCLUSION

Indian labour law has undergone a paradigm shift from fragmented colonial enactments to progressive codes recognizing diversity in the modern workforce. While the consolidation into four labour codes promises procedural clarity and improved worker protections, successful implementation requires federal cooperation, stakeholder engagement, and judicial oversight. Labour rights must continue to evolve alongside technological and societal changes to uphold constitutional morality and inclusive development.