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EDITORIAL ANALYSIS

Four Labour Codes — Three Years On, Still Not Implemented

THE HINDU

13 March 2026

SUBJECTS COVERED**ECONOMY****SOCIAL ISSUES****GS PAPERS****GS2****GS3****CURATED & WRITTEN BY****Bharat Choudhary**

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GS2

GS3

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The Hindu

MAINS RELEVANCE:

GS Paper 2

GS Paper 3



INTERVIEW ANGLE

"The four labour codes were designed to simplify 44 archaic central laws into a modern framework — but three years after Parliamentary passage, most states have not framed implementing rules. Is this a federal design flaw, union resistance, or political calculation?"

WHY IN NEWS

The Hindu editorial of March 13, 2026 marks the third anniversary of the four Labour Codes being passed by Parliament, noting that as of early 2026, a majority of states have still not framed the subsidiary rules needed to bring them into force — leaving India's 500 million-person workforce in a legal limbo between the old Acts (technically repealed) and the new Codes (not yet operative).

THE EDITORIAL'S ARGUMENT

The Hindu makes a structural argument about the costs of this legal vacuum:

- 1. The repeal-without-replacement gap has left workers worse off.** The old 44 central labour laws have been repealed by the four Codes. But since the Codes require states to frame rules — and most states haven't — the workforce operates under a legal uncertainty where enforcement of the old laws is no longer possible and the new provisions are not yet applicable.
- 2. The Codes' most controversial provisions will disproportionately harm vulnerable workers.** The Industrial Relations Code raises the threshold for government permission to retrench workers from 100 to 300 — effectively removing job security protections for workers in firms employing up to 300 persons. Given that 99%+ of Indian enterprises employ fewer than 300 persons, this is not a marginal change.
- 3. The gig economy provisions — the Codes' most progressive innovation — cannot be operationalised without state rules.** The Social Security Code's recognition of platform workers (gig/app-based) as a category entitled to social security benefits is genuinely new. But this too is blocked

pending state rules, leaving Zomato, Swiggy, Uber, and Ola delivery workers without statutory protection.

THE FOUR LABOUR CODES — OVERVIEW

What Was Consolidated

Code	Year Passed	Laws Consolidated
Code on Wages	2019	Minimum Wages Act; Payment of Wages Act; Equal Remuneration Act; Payment of Bonus Act (4 laws)
Industrial Relations Code	2020	Industrial Disputes Act; Trade Unions Act; Industrial Employment (Standing Orders) Act (3 laws)
Code on Social Security	2020	EPF Act; ESI Act; Maternity Benefit Act; Payment of Gratuity Act + 9 others (13 laws)
Occupational Safety, Health and Working Conditions Code	2020	Factories Act; Mines Act + 11 others (13 laws)

Total: 44 central labour laws consolidated into 4 Codes

Why States Must Frame Rules

Labour is a **Concurrent List subject** (List III, Seventh Schedule). Both Parliament and state legislatures can legislate. The Codes set the framework; states must pass their own subordinate rules specifying implementation details (inspectors, enforcement mechanisms, thresholds, local conditions). Most states have framed rules for the Code on Wages only; the other three Codes remain dormant in most states.

KEY CONTROVERSIES

Industrial Relations Code — The “Hire and Fire” Debate

The most contentious change: the threshold for **mandatory government permission before retrenchment/closure** has been raised from **100 workers to 300 workers**.

Before: Firms with 100+ workers needed government approval before retrenching — protecting workers in medium-scale industry

After: Only firms with 300+ workers need approval — the vast majority of Indian enterprises are below this threshold

Proponents' argument: Reduces “inspector raj”; encourages formal employment; firms will hire more if they can also retrench

Critics' argument: 99%+ of Indian firms employ <300 workers; in practice, this removes job security for almost all formal workers

Fixed-Term Employment

The IR Code nationally recognises **fixed-term employment** across all sectors (earlier limited to specific sectors). Fixed-term workers get the same wages as permanent workers but can be hired for a fixed period without severance obligations.

Positive: Formalises temporary work; fixed-term workers entitled to same wages and social security

Concern: Creates a pathway for firms to avoid permanent employment relationships

Trade Union Recognition

Threshold for a **registered trade union to be a recognized negotiating union** raised — unions must represent a higher proportion of workers

Strike notice period increased to 60 days (from 14/21 days in existing law)

Multiple unions in an establishment now need to form a “negotiating council”

Social Security Code — Gig Workers

First statutory recognition of platform/gig workers in Indian law. The Code defines:

Gig worker: A person who works outside of traditional employer-employee relationship; earns from work arrangements through platforms (Zomato, Swiggy, Urban Company, Ola, Uber)

Platform worker: Subset of gig worker using app-based platforms

Entitlement: Social security benefits (life/disability insurance, health, maternity, old-age) — but operational only after states frame rules.

UPSC RELEVANCE

Four Labour Codes (Wages 2019; IR Code 2020; SS Code 2020; OSH Code 2020); 44 laws consolidated; retrenchment threshold change (100→300); Labour in Concurrent List; EPF, ESI; gig worker definition.

MAINS GS-2:

Centre-State relations — concurrent list legislation; implementation gap in federal system; constitutional basis.

MAINS GS-3:

Labour market reforms; gig economy; social security for informal workers; employment and unemployment.

ESSAY:

“Law on paper and law in practice are often two different countries.”

★ FACTS CORNER — KNOWLEDGEPEDIA

FOUR LABOUR CODES — CORE DATA:

Code on Wages, 2019: First passed; consolidates 4 laws; establishes floor wage concept

Industrial Relations Code, 2020: Consolidates 3 laws; IR disputes, trade unions, standing orders

Code on Social Security, 2020: Consolidates 13 laws; first recognition of gig workers

Occupational Safety, Health and Working Conditions Code, 2020: Consolidates 13 laws; Factories Act, Mines Act

Total laws consolidated: **44 central labour laws → 4 Codes**

KEY THRESHOLD CHANGES (IR CODE):

Retrenchment permission: **100 workers → 300 workers** (government approval threshold)

Fixed-term employment: Recognised in **all sectors** (previously only select sectors)

Strike notice: Extended to **60 days** (from 14/21 days)

Trade union recognition: Higher representational threshold

SOCIAL SECURITY — GIG ECONOMY:

First statutory definition of **gig worker** and **platform worker** in India

Estimated gig workers in India: **~7.7 million (NITI Aayog, 2022)**; projected 23.5 million by 2030

EPF (Employees' Provident Fund): 12% employer + 12% employee contribution; threshold 20+ workers

ESIC (Employees' State Insurance): Health insurance; threshold 10+ workers in notified areas

LABOUR IN CONSTITUTION:

Seventh Schedule, **List III (Concurrent List)** — both Centre and states can legislate

States must frame subordinate rules under each Code for implementation

As of 2026: Most states have framed rules only under **Code on Wages**

KEY LAWS SUBSUMED:

Factories Act, 1948 (under OSH Code)

Industrial Disputes Act, 1947 (under IR Code)

Minimum Wages Act, 1948 (under Code on Wages)

Maternity Benefit Act, 1961 (under SS Code)

Contract Labour (Regulation & Abolition) Act, 1970 (under OSH Code)

OTHER RELEVANT FACTS:

India's workforce: ~500 million; formal sector: ~10–12% (rest informal)

PLFS (Periodic Labour Force Survey): Annual employment data; latest 2023-24

Labour Bureau: Under Ministry of Labour & Employment; compiles wage/employment statistics

Second National Commission on Labour (2002): Recommended consolidation of labour laws — the 2019-20 Codes implement this 20-year-old recommendation

ILO Conventions: India has ratified some core conventions; Codes align with ILO standards in some areas

Source: The Hindu, Vajiram & Ravi

CURATED & WRITTEN BY

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