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EDITORIAL ANALYSIS

Labour Codes: Bridging the Gap Between Reform Design and Ground Reality

INDIAN EXPRESS

16 April 2026

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Labour Codes: Bridging the Gap Between Reform Design and Ground Reality

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INTERVIEW ANGLE



"India's four consolidated labour codes — on Wages, Industrial Relations, Social Security, and Occupational Safety — were passed between 2019 and 2020 but remain unimplemented as of 2026. States must notify rules before the codes take effect. What structural factors are delaying implementation, and does the reform design actually benefit informal workers who constitute 90% of India's workforce?"

 Source: [Original editorial ↗](#)
[The Indian Express](#)

EDITORIAL SUMMARY

Indian Express examines why India's four labour codes — consolidating 29 laws — remain largely unimplemented six years after enactment. State-level rule notification is the bottleneck; the informal sector (90% of workforce) remains structurally outside the codes' core protections; and the Industrial Relations Code's layoff threshold change is deeply contested. Implementation needs a Central-state convergence mechanism with incentive-linked devolution.

THE FOUR LABOUR CODES — AT A GLANCE

CODE	YEAR	CONSOLIDATED	KEY CHANGE
Code on Wages	2019	4 laws	Universal minimum wage; simplified wage definition
Industrial Relations Code	2020	3 laws	Layoff threshold raised: 100 → 300 workers
Code on Social Security	2020	9 laws	Gig worker coverage; portability; extended ESIC/EPFO
Occupational Safety, Health & Working Conditions Code	2020	13 laws	Unified inspection; gender-neutral provisions

THE IMPLEMENTATION GAP (APRIL 2026)

REQUIREMENT	STATUS
Central codes enacted	Yes — all 4 passed (2019–2020)
States notified implementing rules (all 4 codes)	Handful only (Himachal, Uttarakhand partially)
Digital unified registration system	Partial — Shram Suvidha portal operational but not fully integrated
e-Shram ESIC portability	Not yet functional
Labour inspectors retrained	Limited

UPSC RELEVANCE

PAPER	ANGLE
GS3 — Economy	Labour reform; industrial relations; gig economy; FDI attractiveness
GS2 — Governance	Concurrent List; Centre-state implementation; labour law enforcement
GS2 — Social Justice	Informal workers; migrant labour; minimum wage universalisation
GS4 — Ethics	Labour dignity; employer vs worker rights; constitutional directive (Article 43)
Mains Keywords	Labour codes 2019-2020, Code on Wages, Industrial Relations Code, Social Security Code, Concurrent List, informal sector, minimum wage, gig workers, e-Shram, ESIC, EPFO portability

● KEY ARGUMENTS AT A GLANCE

India's four labour codes — the most ambitious rationalisation of labour law in 70 years — contain genuine improvements in wage universality, social security portability, and enterprise flexibility; but their real-world impact depends entirely on enforcement capacity and institutional readiness that most states have not yet built, and the codes' core design choices leave the informal sector largely as vulnerable as before.

✓ SUPPORTING

- The codes consolidate 29 central labour laws into 4 — reducing compliance burden for enterprises; a single registration, single return, and single licensing system was a long-demanded reform. The Code on Wages makes minimum wage universal — applicable to all workers including agricultural and domestic workers — for the first time.
- The Industrial Relations Code raises the threshold for mandatory prior government permission for layoffs/closures from 100 to 300 workers — a pro-employer flexibility measure criticised by unions as weakening job security for millions in manufacturing.
- Social security portability — under the Code on Social Security — allows migrant workers to access ESIC and EPFO benefits seamlessly across states; but the digital infrastructure

for portability (e-Shram + UMANG integration) is incomplete, making the portability promise notional.

- As of April 2026, only a handful of states have published final implementing rules under all four codes; labour is a Concurrent List subject (List III), so both centre and states must legislate. The central codes are enacted; state rules are the implementation bottleneck.

COUNTER

The codes represent genuine progress — the previous 29-law architecture was impenetrable for small firms and self-employed workers alike. Universal minimum wage coverage alone benefits millions never previously covered.

The implementation delay is partly appropriate caution — better to implement correctly than to rush and create compliance chaos. States need time to build the digital infrastructure for unified registration and portability.

WAY FORWARD

Implementation roadmap: (1) Central-state convergence mechanism — a time-bound Joint Implementation Committee with incentive-linked devolution (funds released on notifying rules); (2) Prioritise Code on Wages implementation nationwide — it requires least state-level infrastructure; (3) Build ESIC-EPFO-e-Shram portability infrastructure as a national mission before social security code activation; (4) Mandatory impact assessment on informal sector after 12 months of implementation in pilot states.

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MAINS ANSWER FRAMEWORK

QUESTION

India's four labour codes — consolidating 29 central labour laws — were enacted between 2019 and 2020 but remain largely unimplemented. Critically evaluate the labour code reforms and analyse the barriers to their effective implementation. (250 words)

INTRODUCTION

India enacted four labour codes between 2019 and 2020, consolidating 29 central labour laws into four comprehensive statutes: the Code on Wages (2019), Industrial Relations Code (2020), Code on Social Security (2020), and Occupational Safety, Health and Working Conditions Code (2020). Hailed as the most ambitious labour reform since Independence, the codes remain largely unimplemented six years later — a testament to the implementation gap that plagues Indian governance reform.

BODY

The reform's genuine advances: The **Code on Wages** universalises minimum wage — for the first time covering agricultural, domestic, and informal workers previously excluded from wage protection. A unified wage definition eliminates the previous 14-component complexity. **Code on Social Security** introduces portability for migrant workers and extends ESIC/EPFO-like benefits to gig and platform workers — a significant expansion given India's 1.5 crore+ registered gig workers.

The single registration and return system cuts compliance burden by over 60% for formal enterprises.

The contentious provisions: The **Industrial Relations Code's** increase in layoff/closure threshold from 100 to 300 workers is the most contested change. Trade unions argue this empowers large manufacturers to shed workers at will; employers argue it makes Indian manufacturing competitive with Bangladesh, Vietnam, and Cambodia where more flexible labour markets attract export-oriented FDI.

The informal sector blind spot: 90% of India's workforce (45 crore workers) is informal — not covered by ESIC, EPFO, or the Industrial Relations Code's protections regardless.

The codes' most impactful provisions (minimum wage universalisation, gig worker social security) address the margins of informality, but the core — unregistered workers in household enterprises, agriculture, and construction — remains structurally outside the regulatory net. **Implementation**

bottleneck: Labour is a Concurrent List subject. States must enact implementing rules before codes take effect.

As of 2026, only a handful of states have notified complete rules — mainly because building the unified digital registration infrastructure, retraining labour inspectors, and creating single-window compliance systems takes institutional investment that most state governments haven't prioritised.

CONCLUSION

The labour codes are genuine reform — not cosmetic. But their implementation design assumed institutional capacity that doesn't yet exist across most Indian states.

The central government should tie fiscal transfers to rule-notification timelines, prioritise Code on Wages (easiest to implement) as the first national rollout, and build the ESIC-EPFO portability infrastructure as a national digital mission before activating social security portability promises. A reform that remains on paper for six years is, in practical terms, no reform at all.

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