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The Labour Codes and the Test of Consultation

 **INDIAN EXPRESS**

24 July 2026

ECONOMY**GS2****GS3**

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GS2

GS3

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THE LIFT LINE

A code is only as good as the consultation that shapes its rules, and labour reform that skips the workers reforms nothing durable.

WHY THIS EDITORIAL MATTERS FOR YOUR EXAM

The [consolidation](#) of India's fragmented labour law into four codes is one of the largest legislative reforms of the decade, and the friction over its operationalisation is a live example of how a good idea on paper meets the hard test of implementation. A nationwide strike called by central trade unions has again put the codes on the front page, and the debate touches governance, federalism, social security and the constitutional right to organise all at once. This is exactly the kind of reform-versus-rights tension that examiners love, because it forces you to weigh efficiency against equity rather than pick a side.

GS Paper 2: the theme sits in governance and the machinery of consultation, the working of the [Concurrent List](#), and the rights of association and collective bargaining that flow from Article 19(1)(c). **GS Paper 3:** it is core economy and employment, covering the formalisation of the workforce, [ease of doing business](#), and social security for informal, gig and platform workers. For **Prelims**, hold the specifics: the **four labour codes** consolidate **29 central labour laws** into the **Code on Wages, 2019**, the **Industrial Relations Code, 2020**, the **Code on Social Security, 2020**, and the **Occupational Safety, Health and Working Conditions (OSHWC) Code, 2020**; key features include a **national floor wage**, a [statutory](#) definition of **gig and platform workers**, and a higher **threshold of 300 workers** for standing orders and prior permission before retrenchment or closure; **labour is on the Concurrent List**, so states must frame rules. For **Mains**, the sharpest framing is that formalisation and flexibility can coexist with security only when the rule-making stage is genuinely tripartite.

BACKGROUND AND CONTEXT

India's labour statute was a thicket. Dozens of central Acts, layered over state amendments, produced overlapping definitions, multiple registers, plural inspectorates and a compliance burden that discouraged formal hiring and pushed employment into the informal economy, where more than **90 per cent** of India's

workforce sits with little social protection. The Second National Commission on Labour had recommended consolidation two decades ago. Parliament passed the Code on Wages in 2019 and the other three codes in 2020. Since then the codes have been enacted but not fully operationalised, because bringing them into force requires the Centre and every state to notify the rules that put flesh on the skeletal statute.

That drafting-of-rules stage is where the current conflict lives. Central trade unions argue that the codes were passed with thin debate and that the draft rules dilute hard-won protections. The government argues that consolidation reduces compliance friction, widens the social-security net, and finally brings gig and platform workers into the legal fold. The strike is less about whether to reform than about who sits at the table when the details are written.

THE CORE ARGUMENT / ISSUE

What the codes actually change

The reform is genuine, not **cosmetic**. The Code on Wages universalises a **national floor wage** and extends minimum-wage and timely-payment guarantees to all workers, not just those in scheduled employments. The Social Security Code, for the first time in Indian law, defines **gig workers** and **platform workers** and empowers a social-security fund financed partly by aggregator contributions. The OSHWC Code consolidates safety and welfare provisions across factories, mines, docks and construction. Simplified registration, a single licence and web-based compliance are meant to nudge firms toward formal hiring.

Where the objection bites

The Industrial Relations Code raises the threshold for prior government permission before **retrenchment, layoff or closure** from establishments with 100 workers to those with **300 workers**, giving mid-sized firms hire-and-fire flexibility. It also tightens the conditions for a legal **strike**, requiring **14 days' notice**, barring strikes while conciliation is pending, and prohibiting them during and for up to 60 days after tribunal proceedings. Unions read this as a shift of bargaining power toward employers and a curb on the right to organise. Their fear is not the principle of formalisation but its price in job security and voice.

The federal knot

Because labour is Concurrent, the codes are only as uniform as the state rules beneath them. States compete to signal investor-friendliness, and divergent rules can hollow out the floor the codes are meant to set.

DIMENSION	THE REFORM PROMISE	THE WORKER'S CONCERN
Coverage	National floor wage; gig and platform workers included	Enforcement gap; floor wage set too low
Flexibility	300-worker threshold eases retrenchment rules	Weaker job security for mid-sized firms' workers
Right to strike	Notice and cooling-off bring order	Higher bar curbs collective bargaining
Social security	Aggregator-funded fund for gig workers	Contribution rates and delivery still unclear
Federalism	States tailor rules to local conditions	Race to the bottom dilutes the floor

HOW TO THINK ABOUT THIS (ANALYTICAL FRAME)

Read this as a sequencing problem, not a binary. The codes bundle two distinct moves: expanding protection to the informal and gig economy, which most stakeholders support, and increasing employer flexibility, which unions resist. The politics of the strike collapses the two, but the analyst should keep them apart. The real question is not “codes: yes or no” but whether the **rule-making** stage restores the tripartite bargain, government, employers and workers, that gives labour law its legitimacy. Flexibility bought without security is fragile, because it invites the very industrial unrest it was meant to prevent. Ask of any provision: does it formalise, and does it protect? A reform that does the first while neglecting the second trades long-term social peace for short-term ease of doing business.

THE DIAGRAM IN WORDS

29 fragmented labour laws -> consolidation into 4 codes -> Parliament enacts (2019-2020) -> Centre and states must notify rules -> tripartite consultation gap -> trade-union strike -> choice: dilute protections OR genuine consultation + safeguards -> durable, formalised, protected workforce

WAY FORWARD

- 1 Revive genuine tripartism:** convene the rule-making through the Indian Labour Conference and state-level tripartite bodies so employers and unions co-author the rules, restoring the legitimacy that thin parliamentary debate did not provide.
- 2 Set a credible floor wage and enforce it:** peg the national floor wage to a transparent, need-based formula and back it with adequate inspectors and web-based grievance redress, so coverage on paper becomes protection in practice.

- 3 **Operationalise gig-worker security first:** notify aggregator contribution rates and a portable, Aadhaar-linked benefits account quickly, converting the codes' most progressive promise into a working scheme.
- 4 **Guard the federal floor:** the Centre should model rules that states cannot dilute below a baseline, preventing a race to the bottom while allowing local flexibility above the floor.

PYQ LINKAGE AND PRACTICE

This connects to the 2023 GS2 question on the role of civil society and pressure groups, and to recurring GS3 questions on labour reforms, informal-sector employment and the formalisation of the economy. The 2015 Mains question on “labour-intensive versus capital-intensive” industry and the debate on inclusive growth also map here.

Practice question: The four labour codes seek to balance ease of doing business with worker welfare. Examine the concerns of trade unions over their operationalisation and suggest how genuine tripartite consultation can reconcile flexibility with security. (250 words, 15 marks)

Sources: The Indian Express, PIB Ministry of Labour and Employment, PRS Legislative Research

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