



Labour Reforms in India under Neo-Liberalism: A Critical Study of the Labour Codes

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Abstract:

The merging of the labour laws in India into four Labour Codes is a milestone in the labour governance system in the Indian country. The paper is a critical analysis of these reforms in terms of neoliberal political economy. It claims that the Labour Codes symbolize a structural change to labour market flexibility, deregulation, and capital-based government. Although the reforms can be explained by the need to enhance the ease of doing business, enhance formalization, and increase economic growth, they pose grave questions in terms of labour rights, job security, and social protection. Based on secondary sources, such as national and Odisha-specific labour statistics, the research paper unveils the inconsistencies between the efficiency of the economy and social justice. The results indicate that, in spite of the formal inclusion strategies, the Codes do not effectively overcome the structural weaknesses of the high proportion of the informal workforce in India. It is concluded in the paper that neoliberal labour restructuring, which is institutionalized into the Labour Codes, intensifies precarity and inequality and also urges the adoption of a more balanced labour welfare and flexibility.

Keywords: Neoliberalism, Labour Codes, Informal Sector, Labour Flexibility, India, Odisha, Precariat

1. Introduction

The labour law reforms in India are one of the most notable institutional changes in the regulatory environment of the country in the last several decades. The Government of India has introduced a new central labour law, the Code on Wages (2019), the Code on Industrial Relations (2020), the Code on Social Security (2020), and the Code on Occupational Safety, Health and Working Conditions (2020) as the first step in simplifying, rationalizing and modernizing the labour regulation process. The reforms are planned to promote transparency, compliance, and a more business-friendly environment that is conducive to investments and economic development through subsuming a complex web of laws to one set.ⁱ

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Nonetheless, it is impossible to fully comprehend these reforms without taking a larger scope of the trends in economic policy changes that started in 1991. The liberalization reforms then saw India transition into a neoliberal economic model that is explicitly deregulated, privatized and progressively dependent on market trends. In this context, the state has no longer been the provider of social protection and welfare, but a growth facilitator in a market lead manner. According to David Harvey (2005) neoliberalism involves a restructuring of institutional forms, which favours capital accumulation, usually at the cost of labour protection. Here labour is being progressively viewed as a commodity of considerable flexibility and regulatory protection is often re-packaged as an obstacle to efficiency and competitiveness.ⁱⁱ

The new Labour Codes have to be thus placed in this neoliberal policy paradigm. Although the official version also focuses on the objectives of enhancing the ease of doing business, enhancing formalisation, and increasing social security coverage, critics believe that the reforms at the same time undermine labour rights and erode mechanisms of collective bargaining. Hiring and firing provisions, limits in industrial disputes and limitations in trade union activity are indicative of a definite inclination towards flexibility in the labour market. Although this kind of measure may be advantageous in the short run to the employers who are interested in operational efficiency, it brings up crucial issues on job security, wage stability, and overall balance of power between the capital and labour.

These issues are more important within Indian context where labour market is predominantly informal. The estimates provided by the International Labour Organization (2018) state that in India, approximately 90 per cent of the workforce is involved in informal work, which does not provide any formal workers with contractual agreements, social security, and employment law. Having more than 500 million workers (Ministry of Statistics and Programme Implementation, 2024), any slight alteration in labour policy can affect millions of employees significantly. Although there have been multiple policy efforts to formalize workers, currently approximately 20-25 per cent of employees receive access to any type of social security (NITI Aayog, 2022). This informality is inherently a problem to the success of the reforms in labour law because legal measures do not penetrate the most vulnerable.^{iiiiv}

A state perspective on such forces of Odisha suggests a more instructive regional approach. The labour market in Odisha is characterised by high levels of informality and employment insecurity due to it being a largely agrarian and resource-based economy. Current statistics show that about 56.9 per cent of employees in the state are self-employed, with only about 16 per cent in regular salaried jobs (Government of Odisha, 2023).^{vi}



A large percentage of the workforce engages in casual labour, seasonal migration, and low productivity. These trends support the fact that there is weak infiltration of formal labour institutions and **illustrate** the institutional obstacles that exist to the spread of social protection and the rights of labour. Within that kind of setting, the commitment to reform labour in order to facilitate formalization and enhance conditions of work seems to be limited to ground realities. The proliferation of legal regimes in the absence of institutional capacity and enforcement systems is likely to be mostly a farce.

In addition, the focus on flexibility can also be a further institutionalization of precarious labour, especially in the states such as Odisha where people are already subject to several layers of vulnerability. It is in this context that this paper is going to state that the Labour Codes are a kind of neoliberal restructuring of labour in India. The reforms represent a wider move towards a market-friendly type of policy by focusing on flexibility, deregulation, and capital-friendly governance. Besides making labour efficiency and investment attractive, they also pose critical concerns regarding the future of labour welfare, social justice and inclusive development in India.

2. Research Objectives

The paper seeks to critically discuss the latest changes in the labour laws in India in the process of neoliberal restructuring of the economy. First, it aims at discussing the ideology of the Labour Codes especially its expression of such principles like deregulation, privatization, and market-oriented governance. It is concerned with examining how the role of the state as a provider of welfare is changing to a facilitator of capital accumulation.

Second, the paper is aimed at examining the provisions of the four Labour Codes in detail. It looks into the introduced structural changes in fields like wage regulation, industrial relations, social security and occupational safety that both shows the consistency and also shows abandons the previous legal framework.

Third, the study will evaluate how these reforms affect the labour rights. It assesses how the Labour Codes enhance or undermine job security, collective bargaining as well as access to social protection, particularly in the backdrop of growing labour market flexibility.

Lastly, the research aims at assessing the effects of these reforms to large segment of the Indian informal workforce. Since informal work prevails, the study focuses on exploring the relevance of the Labour Codes on the problem of vulnerability, precarity and exclusion.



3. Research Questions

1. Are the Labour Codes indicative of a process of neoliberal re-structuring of labour in India?
2. By what degree the labour codes will increase the labour market flexibility at the expense of workers protection?
3. How does the situation of informal labour in India change with these reforms and how is the security of informal labour affected?

4. Review of Literature

Indian literature on labour reforms may be further divided into two strands, namely reformist and critical perspectives. According to the reformist academics and policy-focused organisations, the previous system of labour laws in India was unnecessarily complicated, disjointed and inflexible thus deterring investment and industrial development. Reportedly, such a situation has burdened firms, especially small and medium enterprises, with multiple overlapping laws, according to the reports on the same by institutions like the World Bank (2020).^{vii}

Consolidation of 29 labour laws into four Labour Codes in this perspective can be regarded as a logical and needed procedure in easing the regulation, increasing transparency and ease of doing business. Their advocates believe that formalization can be encouraged through a simplified labour legislation, productivity can be improved, and domestic and foreign investment can be attracted because transaction costs are minimized, and regulatory uncertainty is eliminated. In this view, labour market flexibility is regarded as crucial towards economic dynamism. Strict employment and dismissal laws, expensive compliance costs and complexities in the procedures are considered as discouraging job creation in the formal sector. Reformist academics argue that with these restrictions being relaxed, the Labour Codes can encourage the growth of enterprises and increase in the number of employees. They also bring to attention such provisions as universalization of minimum wages in the Code on Wages and inclusion of gig and platform workers in the Code on Social Security as progressive steps to extend coverage and improve labour welfare. In that way, the interpretation of the Labour Codes in the framework of the reform will be viewed as the one that corresponds to the reconciliation of economic efficiency and social protection. Critical scholars however question this account by putting the labour reforms in the larger perspective of neoliberal restructuring.



Based on the writing of David Harvey (2005), neoliberalism is not necessarily viewed as a collection of economic policies but as a political project in the attempt to restore and consolidate the power of the classes. By this view, deregulation and labour market flexibility are not neutral efficiency-promoting policies, they are policies calculated to undermine labour standards and put the forces of capital in the ascendancy. Social protection laws such as labour laws are being redefined as a burden to growth and hence justifying their watering down. ^{viii}

This line of criticism is further enriched by Guy Standing (2011) idea of the precariat, who defines the new type of workers with the lack of social security, the inability to work in stable organizations, and deprivation of social protection. With the phenomenon of globalization and neoliberal reforms, the labour markets throughout the world have also seen the movement towards precarious and informal work instead of the steady and long-term employment. As Standing would claim, the uncertain income, identity and rights characterize the precariat, and make them especially ruthless to exploitation. This framework actually is particularly pertinent to emerging economies such as India where informal and insecure jobs have remained the rule and not the exception. ^{ix}

A large amount of critical literature has been produced in the Indian context that highlights the continuation and growth of informal labour in the decades of economic growth. According to Jan Breman (2013), informalization of labour is not a marginal event but a political economic characteristic of India. He argues that economic liberalization has not been able to create enough formal jobs and has resulted instead in the spread of casual, contractual and unprotected work. The work by Breman refuting the belief that formalization is an automatic process that comes with economic growth objects to the inequalities and institutional inadequacies behind informality that turn out to be deep-seated. Continuing this criticism, Santosh Mehrotra (2020) makes a more detailed examination of the Labour Codes and claims that it is a major shift in the previous labour protection. Mehrotra points out the provisions in the Code of Industrial Relations that increase the number of regulations that government must abide by during layoffs and retrenchment hence making it easier to reduce the number of employees. Another issue, which he states, is the limiting of trade union activity and undermining of the collective bargaining system. In this light, the Labour Codes can be considered as leaning the scale towards the employers to the detriment of the workers and their rights and bargaining power. ^x

The current empirical and policy-based research also makes the discussion problematic by addressing the issues of its implementation that creates the challenges related to the Labour Codes. Although the



broadening of the Code on Social Security to include gig and platform workers can be deemed as a progressive move, research by NITI Aayog (2022) shows that the specifics of how social security benefits shall be delivered is underdeveloped. Such problems include identification, registration, financing and enforcement, all of which are major hindrances towards successful implementation. Consequently, the official recognition of the new categories of workers does not always imply the real changes in their working conditions or welfare benefits. Studies like the Odisha based ones conducted at the regional level offer valuable information on the true state of affairs of labour markets. ^{xi}

Government of Odisha (2023) data suggest that informal employment remains the dominant type and a sizeable percentage of workers are self-employed, do casual work, and have low productivity. These trends echoed the overall structural limitations such as poor industrialization, bad infrastructure and low competency building. In this situation, local economic circumstances and institutional capabilities mediate the influence of reforms in labour laws, which frequently constrain their success. Furthermore, researchers have also indicated that the formalization focus in policy language could fail to recognize the variability of the informal sector. Informal workers are not a homogenous group; they comprise agricultural labourers, migrant workers, domestic workers, street vendors and gig workers, all of which have unique challenges and vulnerability. A universal solution to labour reform can therefore not support the needs of various groups of the workforce. This has given way to calls of more detailed and context-based policy interventions, which transcend legal reforms, in order to solve structural problems that lie underneath.

The other significant stream of literature is concerned with the political economy of labour reforms, and the importance of state-business relations in determining policy outcomes. According to the scholars, Indian labour reforms are being more shaped by global competitiveness needs and the attraction of investment. Here, the state tends to take the interests of capital over those of labour and this results in restructuring of relations between labour and capital. This school of thought reflects the importance of studying labour reforms as not only technical or administrative reforms but as a result of other more general political and economic processes. Although the current literature is rich, it still has enormous research gap on how the Labour Codes can be analysed using political economy framework comprehensively. Although reformist and critical studies are more inclined to efficiency and compliance and compliance, respectively, there is little literature that explicitly relates legal provisions of Codes with their socio-economic impacts.

The neoliberal ideology, labour law reform, and informal labour relations intersection needs to be delved further in detail, in particular. This paper will be filling this gap by offering a critical concern on the Labour



Codes in terms of neoliberal political economy with also basing the discussion in realities of empirical facts, which includes the regional differences such as those filled in the Odisha region. The idea behind the fusion of the legal, economic, and sociological views is to present a more comprehensive picture of the consequences of labour reforms in modern India.

5. Theoretical Framework

The paper will be based on the theoretical approach of neoliberal political economy, which will give a critical perspective to examine the current labour reforms in India. Neoliberalism as theorized by David Harvey (2005) is not simply an economic theory but a wider political agenda that is aimed at restructuring social and economic relationships towards the promotion of market-oriented governance. It focuses on deregulations, privatization, and less state interference with economic activities. Under this system, the labour markets will be characterised by a higher degree of flexibility as the employers will be able to react to the market by increasing or decreasing the number of employees, their pay, and the working conditions. As a result, labour safeguards, trade unions and regulation protection are usually viewed as as inflexibilities which limit efficiency and competitiveness. One of the most important consequences of neoliberalism is the commodification of labour where workers are seen as a unit of production as opposed to social beings who have rights and protections. This changes the role of the state as being a provider of welfare to facilitation of capital accumulation.

The labour laws that historically came up to ensure that workers are not exploited are reorganized to emphasize the ease of doing business and promotion of investment. This change is especially apparent in emerging economies such as India that have witnessed an upsurge in the pressure of globalisation and competition which has fuelled the drive towards labour market reforms. The theoretical conception of these changes is enhanced further by the notion of the precariat as explained by Guy Standing (2011). The precariat is understood as a rising group of employees who have a state of perennial employment, income, and social insurance insecurity. The precariat is contrasted with the traditional proletariat, which had stable and long-term employment in the industrial sector, characterized by temporary contracts, irregular employment, absence of benefits and fewer access to the services of institutions.

The precarity condition is not accidental but it is structurally created under the influence of neoliberal policies, which are more concerned with flexibility rather than with stability. The rise of the precariat is an indication of a main change in the character of work where uncertainty and vulnerability are now established characteristics of labour markets. Applying this theoretical framework in the Indian context, in



particular, to the study of major trends in the labour market, it is especially clear that the latter becomes relevant. Among the greatest changes or developments has been the emergence of contractual and casual labour.

Employers are more favourable to hire workers under the short-term or flexible contracts to save money, and not to be fixed by the social security, pensions, and job security obligations. This change enables companies to react very fast to market changes but also places employees in a state of increased insecurity and restricted protection of the law. The practice of contractualization has therefore become a characteristic of the Indian labour market particularly the manufacturing industry, construction, and services industry. The other trend is the deterioration of trade unions and collective bargaining power. In India, the unionization level has been comparatively low since less than a tenth of the labour force has been unionized. The disintegration of the workforce, that goes along with the growth of informal and contractual work, has undermined the capacity to mobilize workers on a group basis. This trend is frequently supported by neoliberal reforms that create new legal and institutional frameworks that complicate the formation of unions, and industrial action. Consequently, the labour and capital dynamic is skewed further towards corporations, and the workers cannot bargain over a higher wage and working conditions. The third issue of critical dimension of neoliberal labour restructuring in India is the rapid proliferation of the gig economy. Online spaces have also brought the emergence of novel occupations within the transportation, food delivery, and freelance domains. Although such opportunities provide flexibility and source of income, they also provide the features of precarious work as defined by Standing. The workers of Gig are generally considered independent contractors and not employees and therefore, do not receive the benefits of labour laws like minimum wages, social security and the right to legal redress.

The platform-based model therefore introduces new issues of regulation and protection of the workers thus blurring the line between formal and informal work. These interrelated forces of contractualization, decreasing unionization, and the emergence of the gig economy are just but a few examples of how neoliberalism is restructuring labour markets, by institutionalizing flexibility and insecurity. These processes are further complicated in India by the structural supremacy of informal employment which restricts the applicability and efficacy of the labour laws. In this regard, the Labour Codes can be regarded as legal mechanisms, which formalize and legitimize these changes that are underway. The Codes focus on flexibility, compliance being simplified and the redefinition of labour relations, which makes them close to the overall goals of neoliberal restructuring. Therefore, a combination of neoliberal theoretical framework and the notion of the precariat present together a complete prism of examination of the changing nature of



labour in India. They are used to elaborate not only about the logic of labour reforms, but also to elaborate about their more socio-economic effects, in particular, increased inequality, insecurity, and restructuring of labour-capital relations.

6. Methodology

The research paper takes a qualitative approach to research to critically analyse the nature and implication of the Labour Codes in India in a political economy context. The analysis relies mainly on secondary sources of data although it could be argued that the same provides a comprehensive and interpretive insight, about labour reforms on the wider socio economic and institutional context. Considering that the labour market dynamics in India are complex, the qualitative approach is especially appropriate to reflect the trends in the structure, policy orientations, and ideological changes.

The analysis relies heavily on the data provided by Periodic Labour Force Survey (PLFS) reports as it contains specific knowledge about the employment trends, labour force participation, industry distribution and the level of informal employment in India. These accounts form one of the most vital empirical sources of knowledge about the evolving Ness of work and the issue of the continued labour market vulnerability.

Also, official governmental reports, texts of legislation of the Labour Codes, and the publications of such institutions as the Ministry of Labour and Employment and NITI Aayog are applied to the analysis of the objectives, provisions, and desired outcomes of the reforms. Another significant part of the data sources is the academic literature. The Labour Codes are placed in the context of existing theoretical debates on the labour economics, political economy and development studies based on scholarly work. This covers both the reformist and the critical views, which facilitates a balanced and sensitive analysis of the topic.

The paper is informed by a political economy framework that focuses on the connection between the policies in the economy, institutions, and labour-capital relations of power. Instead of understanding labour reforms as mere technical or administrative adjustments, it is within the framework of this that it is possible to analyse the ways in which the reforms do indicate larger ideological transformations and material interests. It is interested in the influences of global economic imperatives, national concerns of politics and capital accumulation necessity on the state policies. Incorporating both empirical and the theoretical knowledge, the methodology aims at furnishing a comprehensive picture of the Labour Codes and their implications. Although the research is not based on primary data collection, its use of manifold and reliable secondary sources provides the data with depth and reliability of the analysis. Nevertheless, it also admits



constraints, connected with the data availability and the lack of formality in terms of capturing the dynamics of informal labour in the available statistics.

7. Overview of Labour Codes

The unification of the Indian labour laws into four Labour Codes is a significant rearrangement of the Indian regulatory framework in labour relations, wages, social security and working conditions. The purpose of these Codes is to substitute a disparate and complicated framework of 29 central labour laws with a more coherent and simplified legal framework. Although the mentioned aim is to streamline compliance and facilitate the ease of doing business, there are other major changes that are presented in the Codes that have far-reaching consequences on both the workers and the employers.

The Code on Wages (2019) aims at providing a common platform for wage regulation in every sector and grade of employment. It encompasses four previous laws pertaining to minimum wages, remittance of wages, bonus as well as equal remuneration. Among the most prominent is the introduction of a national floor wage that should establish a national minimum wage floor among states. The Code incorporates the principle of minimum wage of all employees, including those in the unorganized sector, and covers the former even more.

It also brings about the normalized definition of wages, which is likely to bring about less grey area and enforce compliance. Concerns have, however, been expressed on whether the actual determination of the floor wage and whether the states still have the autonomy to take the higher wage levels. Critics also point out that even though the Code in principle widens coverage, coverage is enforced through weak mechanisms especially regarding informal workers.

The Industrial Relations Code (2020) is aimed at the regulation of trade unions, terms of employment, and dispute resolution mechanisms. One of the major provisions of this Code is that the threshold of previous governmental approval of layoffs, retrenchments and closures has risen to 300 workers instead of 100. This move gives more flexibility to employers in managing their employees particularly in medium sized enterprises. The Code also brings about the features of fixed term employment in which the firms can employ workers on a specific term without having any long-term commitments. Although these are supposed to increase the flexibility of the labour market and promote formal employment, they have been condemned as having the potential of reducing job security and collective bargaining. Also, the Code sets



more stringent requirements on strikes such as the required notice, which can restrict the possibility of taking industrial action by workers.

The Code on Social Security (2020) seeks to bring social protection to more employees through uniting 9 current acts of laws concerning provident funds, insurance, maternity benefit, and other welfare provisions. One of the significant aspects of this Code is the official subordination of gig workers or platform workers to the framework of social security. This is an acknowledgement of the dynamism of work in the digital economy. The Code gives the establishment of welfare schemes to such groups of workers, which could be funded by aggregators and the government. Nevertheless, the practicality of these provisions is not clear because the Code does not expressly mention registration, contribution and provision of benefits. Consequently, it is still a debatable point how much the gig workers will gain out of these steps.

The Occupational Safety, Health and Working Conditions (OSHC) Code (2020) is a compilation of 13 laws concerning health standards, working conditions and safety in the workplace. It aims at giving a detailed guideline on the assurance of safe and humane working conditions in all kinds of industries such as factories, mines, plantations, and construction sites. The Code also brings in the working hours, leave, health check-ups as well as safety standards with provisions along with the use of technology in compliance and monitoring. Although the consolidation of laws is set to minimize duplication and enhance efficiency, there has been issues of concern over the watering down of some of the protection measures especially by incorporation of thresholds by which small establishments would be under the regulatory umbrella. This can restrict the scope of safety measures in the industries where small and informal businesses are the main concern. Collectively, the four Labour Codes amount to a major drift towards more centralized and standardized labour regulation structure. They seek to reconcile the goals of efficiency and worker well-being, yet their composition manifests the evident focus on the flexibility, simplification, and the decrease of compliance. Although the Codes increase official coverage on some of these issues, especially wages and social security, the question of how well it can solve the structural problem of informality, enforcement and labour rights persists. Their effect will therefore end up being determined by how and to what level they are applied in various fields and areas

8. Critical Analysis

The Labour Codes can be viewed as a significant change in the system of labour governance in India, yet their consequences have to be analysed most critically regarding the labour rights, employment security, informality, regional inequalities, gender aspect, and access to social security. Although the reforms have



been introduced as tools of modernization and efficiency, a more penetrating look at it will help in discovering a huge tension between economic flexibility and employee protection. One of the areas of concern is the effect on labour rights, especially undermining of trade unions and collective bargaining systems. The Industrial Relations Code sets harsher terms of union recognition and gives procedural requirements of strike, such as a mandatory period of notice. These are some of the provisions that make workers harder to organize and to participate in collective action. Such restrictions also reduce the bargaining power of labour in a setting where the labour unionization is already low. The change is indicative of a more general neoliberalism that values industrial peace and investor confidence above democratic participation of labour. Consequently, employees will be facing an even more challenging time in bargaining higher pay, work environment or employment status, thus shifting the balance of power towards employers. The closely related issue, which has been escalating in tandem with the growth of contractual and fixed-term jobs, is the problem of job insecurity. Statistics show that the percentage of contract labour in India has been on the rise- as compared to the years of early 2000s, when it was approximately 15 per cent, nowadays, it is almost 35 per cent.

This tendency is institutionalized by the Labour Codes, especially the parts that allow employees to have a fixed-term employment and soften the retrenchment standards. Although this flexibility enables firms to alter their labour force in line with the market situations, it also increases the volatility of employment among the employees. Contract workers are also denied benefits like pensions, health insurance, and paid leaves and can be fired without much notice. It is this increasing dependence on non-standard employment that leads to the formation of precarious workforce that is uncertain and vulnerable. The continued role of informalization and its further intensification makes the role of the Labour Codes even harder. The population of India is still almost 90 per cent in the informal sector yet India has had decades of economic growth and policy interventions. Such employees are usually not governed by any formal rules, contracts are not written, social security, and legal provisions. Though the Labour Codes are intended to be extended to give more formal coverage, its coverage is narrow in practice due to enforcement difficulties and structural limitations. There are numerous small businesses that are under regulatory limits, and the informal workers are usually not enlightened or connected to the registration systems. As a result, there is a danger that the Codes will strengthen a dual labour market, with a small part of the formal workers enjoying the legal safety nets and leaving out the majority. The example of Odisha offers a real-life example of such dynamics on the regional level. Based on the Government of Odisha (2023) statistics, it was shown that 56.9 per cent of employees in the state are self-employed, with only a small fraction of 16 per cent of employees taking regular salaried jobs. A huge percentage of labour force engages in casual labour, seasonal



labour and low productivity industries like agriculture and informal services. With this kind of context, the effects of labour law reforms are always restricted since the majority of workers are not part of the formal arrangements that the Codes aim to control. Also, the shift in focus towards labour market flexibility has the potential to worsen the vulnerability by promoting the development of informal and contractual employment relationships. The Odisha case therefore demonstrates that there is a mismatch between the law and the realities on the ground, and the policy needs to be further revised with specific contextual interventions. Another important field that should be taken into consideration is the gender aspect of labour reforms. The rate of female labour force participation in India is also still comparably low and ranges at 25-30 per cent as per the latest estimates (MoSPI, 2024). Women are overpopulated in informal, poorly paid, and unstable types of work, and they do not always have access to social protection and legal safeguards. Although the Labour Codes contain the clauses concerned with the issue of equal payment and maternity allowances, the potential effectiveness thereof is limited by the more comprehensive situation of gender inequality. The growth of the flexible and contractual employment could have both positive and negative effects on women: on the one hand, it can create access points to the labour market; on the other hand, it can undermine the perspectives of job security and income stability. Also, there is the absence of effective enforcement mechanisms and as such, women workers cannot assert their rights especially in informal environments. One of the biggest issues in the Indian labour market has been access to social security.

Although integration of the different welfare legislation under the Code on Social Security has been done, the coverage is minimal, with just 20-25 per cent of workers receiving any sort of social cover now (NITI Aayog, 2022). The fact that the gig and platform workers are included in the Code is an interesting aspect as it portrays the realization of transformed employment pattern. Still, since there are no explicit implementation procedures, e.g. funding, identification of beneficiaries, and delivery systems, whether these provisions are effective is doubtful. To the great majority of informal labourers, social security remains disjointed and unpredictable, exposing them to economic disturbances and illnesses. When put together these dimensions indicate a larger trend of neoliberal restructuring of labour that equates flexible and efficiency to equity and protection. The Labour Codes, despite streamlining the legal system and (possibly) enhancing employer compliance, do not sufficiently reflect the structural reality of the labour market in India. Rather, they run a risk of institutionalising the current disparities through strengthening the informalisation, undermining labour rights, and opening up more precarious types of jobs. To sum it up, the critical analysis indicates that the Labour Codes are a two-sided reform. On the one hand, they present prospects of simplification of the regulations, and economic development; on the other, they suggest genuine fears regarding the elimination of labour protection and the further exacerbation of socio-economic



differences. In the absence of effective enforcement mechanisms, policy design that is inclusive, and committed efforts towards the vulnerable groups, the potential benefits of such reforms will not be achieved to the fullest.

9. Discussion

The Labour Codes reveal a basic contradiction inherent in modern economic policymaking in India and that is the conflict between growth and social justice and efficiency and equality. On the one hand, the Codes will help to simplify regulatory policies, decrease the amount of compliance, and increase labour market flexibility. These actions should enhance investment and growth of industries and boost the economy. Policy-wise, these reforms are in line with the overall aim of making India a competitive destination in the global economy. Yet, this is the focus on efficiency at the expense of equity and labour welfare.

The flexibility, by its emphasis on more relaxed hiring and firing rules, on the growth of contract employment, and on the limitation of collective organization, threatens to jeopardize the security and rights of the worker. There is still much debate in the assumption that market-led growth will automatically lead to better employment terms or not, especially in a scenario where informal jobs are the order of the day. The fact that structural inequalities have been persistent indicates that economic growth will not be enough to promote inclusive development. This paradox is also enhanced by the small capacity of institutions to execute labour protections. In spite of the progressive provisions which are available in the papers, they are not well implemented and implemented ineffectively particularly to informal and marginalized workers.

Consequently, the Labour Codes can potentially endorse a dualistic labour market, in which a small group enjoys the formal protection and the majority is not covered at all. Therefore, the Labour Codes indicate wider dilemma in the development policy how to reconcile the needs of economic efficiency with the moral and constitutional obligation of having social justice. In order to resolve this tension, it is necessary to go beyond a narrow perspective on growth and introduce a more holistic intervention which emphasizes decent work, equity, and human dignity.

10. Conclusion

As the analysis in this paper has shown, the Labour Codes are a drastic change in the labour governance system in India, which strongly corresponds to the principles of neoliberal restructuring. The Codes are



expected to simplify the system of laws, thus making them more efficient in controlling compliance and ensuring a more business-friendly environment. Nonetheless, this change is coupled by a shift in the labour policies to be more flexible and have fewer restrictions on employers. This change has significant consequences to employees. Greater flexibility in the employment and dismissal, the growth of contract and gig-like jobs and the decline in the effectiveness of collective bargaining are factors in a new feeling of insecurity in the labour force. Although the Codes in principle offer some protections to a wider category of workers, not only minimum wages and social security, in reality, they do not have much effect due to structural informality and ineffective enforcement mechanisms. These developments can be interpreted through the prism of the concept of the precariat since an increasing percentage of the workforce is facing unstable work, uneven incomes, and restricted access to social protection. The Labour Codes in this case might be viewed as making precarious forms of work institutional instead of dealing with the underlying reasons of the problem. Finally, the conclusions indicate that the Labour Codes reflect neoliberal type of labour reform which focuses more on economic growth and accumulation of capital than the welfare of labour. Such a strategy can bring about short term efficiency and investment benefits, but it is likely to worsen the existing inequality levels, and compromise on the long-term objective of inclusive development. It is also necessary to have a more balanced approach that can help to make sure that economic development should not take the place of the rights of the workers and social justice.

11. Policy Recommendations

Considering the issues mentioned, a policy that balances flexibility of the labour market and strong social protection is urgently needed. To begin with, it is important to establish universal social security. This must cover all workers- formal, informal and gig- by accessible and portable benefits. Streamlined registration and online systems may assist in making sure that more people are included, but would require proper resources and organizational capacity. Second, there should be robust enforcement mechanisms which would make the provisions of the Labour Codes become actual benefits. This will necessitate enhancement of systems of labour inspection, enhance transparency and penalizing the employers who fail to comply. Even well-designed laws are likely to be symbolic without a proper enforcement. Third, informal workers who make up the majority of the workforce need targeted interventions to protect them. The policies must aim at alleviating working conditions, increasing income security and setting transitions to formal employment where feasible. It comprises of assistance in skill formation, availability of loans, and legalization in various types of work. Lastly, trade unions and collective bargaining institutions have to be reinforced. Worker organization and participation should also be encouraged to restore a balance in the



labour-capital relationships and allow workers a role in policy making that would impact on their livelihoods. Collectively, these steps will help to achieve a more equal and inclusive model of the labour regime that will match the economic growth with social justice.

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