Indian Economy · GS - III

Discuss the merits and demerits of the four 'Labour Codes' in the context of labour market reforms in India. What has been the progress so far in this regard?

EXAM YEAR	PAPER	SUBJECT
2024	GS - III	Indian Economy

MARKS	WORD LIMIT
15	~250 words

Answer Hint

Four Labour Codes, labour-market reforms, formalisation, ease of doing business, social security, gig workers, industrial relations, worker protection, implementation challenges

Model Answer

Introduction

India's labour laws were historically fragmented across numerous central enactments. The four Labour Codes seek to consolidate these laws and balance worker protection with flexibility, formalisation and ease of doing business.

Body

1. Merits of the Four Codes

- **Simplification:** 29 central labour laws were consolidated into four Codes, reducing multiplicity of definitions and authorities.
- **Wider social security:** The Social Security Code provides a framework for extending social-security coverage to unorganised, gig and platform workers.

- **Formalisation:** Uniform wage and registration provisions can encourage formal employment and improve compliance.
- **Industrial flexibility:** The Industrial Relations Code seeks to facilitate restructuring while providing mechanisms for dispute resolution.
- **Worker safety:** The OSH Code rationalises occupational safety and working-condition provisions.

2. Concerns

- Greater flexibility in retrenchment and employment conditions may reduce workers' bargaining power.
- Higher thresholds for certain regulatory requirements may leave some workers outside effective protection.
- Gig and platform workers receive recognition, but actual social-security coverage depends substantially on implementation.
- Greater regulatory flexibility may be misused without strong inspection and grievance-redress mechanisms.

3. Progress So Far

By 2024, all four Codes had been enacted and notified, while their implementation awaited the necessary rules and administrative preparedness. The Ministry reported consultations and preparation of central and State/UT rules; a June 2024 meeting reviewed States' preparedness for implementation.

Conclusion

The Labour Codes represent an attempt to modernise India's labour regime, but their success depends on effective rule-making, cooperative federalism, social dialogue, adequate inspection capacity and ensuring that flexibility does not weaken fundamental worker protections.

BECOME IAS
AI POWERED UPSC PREP