

WRAP Exams · wrapexams.com

Prelims PYQ, Mains model answers, and copy evaluation. Write to the desk for this paper, a doubt, or the AI waitlist.

ask@wrapexams.com · +91 85951 84903 · wrapexams.com

Q11

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

UPSC Civil Services Mains 2024 · GS III · 15 marks · Indian Economy

Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Core demand of the question

- Discuss merits of the four Labour Codes as labour-market reform
- Discuss demerits, especially thresholds, strikes and informal work
- State the progress of notification and State rules so far

Revision summary

The four Labour Codes (Wages 2019; IR, Social Security and OSH 2020) consolidate a stack of Central Acts.

- **Merits:** simpler compliance, a national floor-wage idea, fixed-term with benefits, and gig workers named for social security.
- **Demerits:** higher thresholds for standing orders and retrenchment permission, strike notice, and a risk of permanent temporaries.

Informal and contract work can still sit outside headcount, so welfare is not automatic.

- **Progress:** Codes passed and partly ruled, but full national enforcement still waits on aligned State rules.

Introduction

India's labour law was a **forest of Central Acts**. Parliament folded that forest into **four Codes**: **Wages (2019)**, **Industrial Relations (2020)**, **Social Security (2020)** and Occupational Safety, **Health and Working Conditions (2020)**. The claim is a **simpler, more investment-friendly market** with some new social cover. The fear is a **weaker union and a cheaper hire-and-fire**. Both are partly true. **Progress is the slow part: the Codes are passed, and a single national switch-on is still waiting on State rules.**

Body

The four Codes as reform

The **Code on Wages** unifies minimum wages, payment of wages, bonus and equal remuneration, and aims at a **national floor wage** with State minima above it. The **Industrial Relations Code** merges trade unions, standing orders and industrial disputes. The **Social Security Code** brings ESIC, EPF, gratuity, maternity and, on paper, **gig and platform workers** into one tent, with a promise of aggregators' contributions. The **OSH Code** merges factory, mine, contract-labour and related safety laws, and eases some **licence thresholds for contractors**. **Merits that reformers wanted are real: one registration and return**

instead of a dozen, **fixed-term employment** with pro-rata benefits, **faster inspector-cum-facilitator** language, and a chance to cover **app workers** who never saw a factory gate. For a firm that was already compliant, the Codes can cut **harassment without cutting a right**.

- **Peg:** Four Codes replace a large stack of Central Acts; Wages 2019 came first, the other three in 2020.
- **Peg:** Gig and platform workers named in the Social Security Code is the most visible twenty-first-century addition.

Demerits

Unions read the **Industrial Relations Code** as a tilt. The **employee threshold** for standing orders and for prior government permission to **retrench, lay off or close** in larger establishments was **raised** (the Code uses a higher headcount than the old Chapter V-B practice many States still lived with). A **fourteen-day notice** for strikes, and rules on **outside office-bearers**, make a spontaneous legal strike harder. **Fixed-term** can become a **permanent temporary** class if it is abused. The Social Security Code's gig chapter needs **schemes and money**; a name in a Code is not a PF account. **OSH** still has to reach the construction site and the warehouse, where most Indians actually work. Women's night work is allowed with conditions - a freedom and a safety burden at once. Informal workers, the majority, remain **easy to keep outside the headcount**. **Growth versus welfare is the exact trade: easier formal hiring can raise jobs, or it can raise insecurity** if enforcement is only a web portal.

- **Peg:** Strike notice and higher closure thresholds are the core union objections.
- **Peg:** Informalisation by contract is the demerit that no Code heading, by itself, cures.

Progress so far

The Union has **notified** the Codes; **full enforcement** has been held so that **State rules** can align, because labour is **concurrent**. Many States and Union Territories have published **draft or final rules** on some Codes. A few industrial States moved faster, hoping to advertise **ease of doing business**. **Central rules** have also been drafted in parts. **Gig social-security schemes** have been talked about more than they have been universally rolled out. The practical picture at the time of the 2024 paper is therefore: **law on the book, rules in patches, old Acts still the working law in much of the field**. That delay itself is a reform fact: federal labour change cannot be a Delhi gazette alone.

- **Peg:** **Concurrent list** plus State rules is why a 2019-20 Code can still be a 2024 implementation story.
- **Peg:** Pre-publication of rules is progress; a live floor wage and a live gig contribution are the tests that remain.

Flow diagram

Code on Wages -> Labour Codes
Industrial Relations -> Labour Codes
Social Security -> Labour Codes
OSH Code -> Labour Codes
Labour Codes -> Simplify and some new cover
Labour Codes -> Thresholds and strike notice
State rules -> Labour Codes

Conclusion

The four Codes simplify, name gig work, and ease some firm compliance. They also raise hire-and-fire thresholds and hem strikes. Progress is real on drafting and uneven on enforcement. Until State rules and schemes switch on, the old Acts still run the shop floor.

Facts & figures

Code on Wages, 2019

First of the four; unifies minimum wages, payment of wages, bonus and equal remuneration.

Industrial Relations Code, 2020

Merges trade unions, standing orders and industrial disputes; includes strike-notice and threshold changes.

Social Security Code, 2020

Umbrella for EPF, ESIC, gratuity, maternity and a chapter on gig and platform workers.

OSH Code, 2020

Consolidates factory, mine, dock, contract labour and related safety and working-condition laws.

Concurrent list

Labour is mainly concurrent, so State rules are required before a uniform national switch-on.

Fixed-term employment

Allowed with pro-rata statutory benefits; unions fear it as a substitute for permanence.

WRAP Exams · Write. Read. Analyse. Practice. · <https://wrapexams.com/upsc/mains-answers/gs-3/2024/discuss-the-merits-and-demerits-of-the-four-labour-codes-in-the-context-of-labor-market-reforms-in-india-what-has-been-the-progress-so-far-in-this-regard/> · ask@wrapexams.com · wrapexams.com