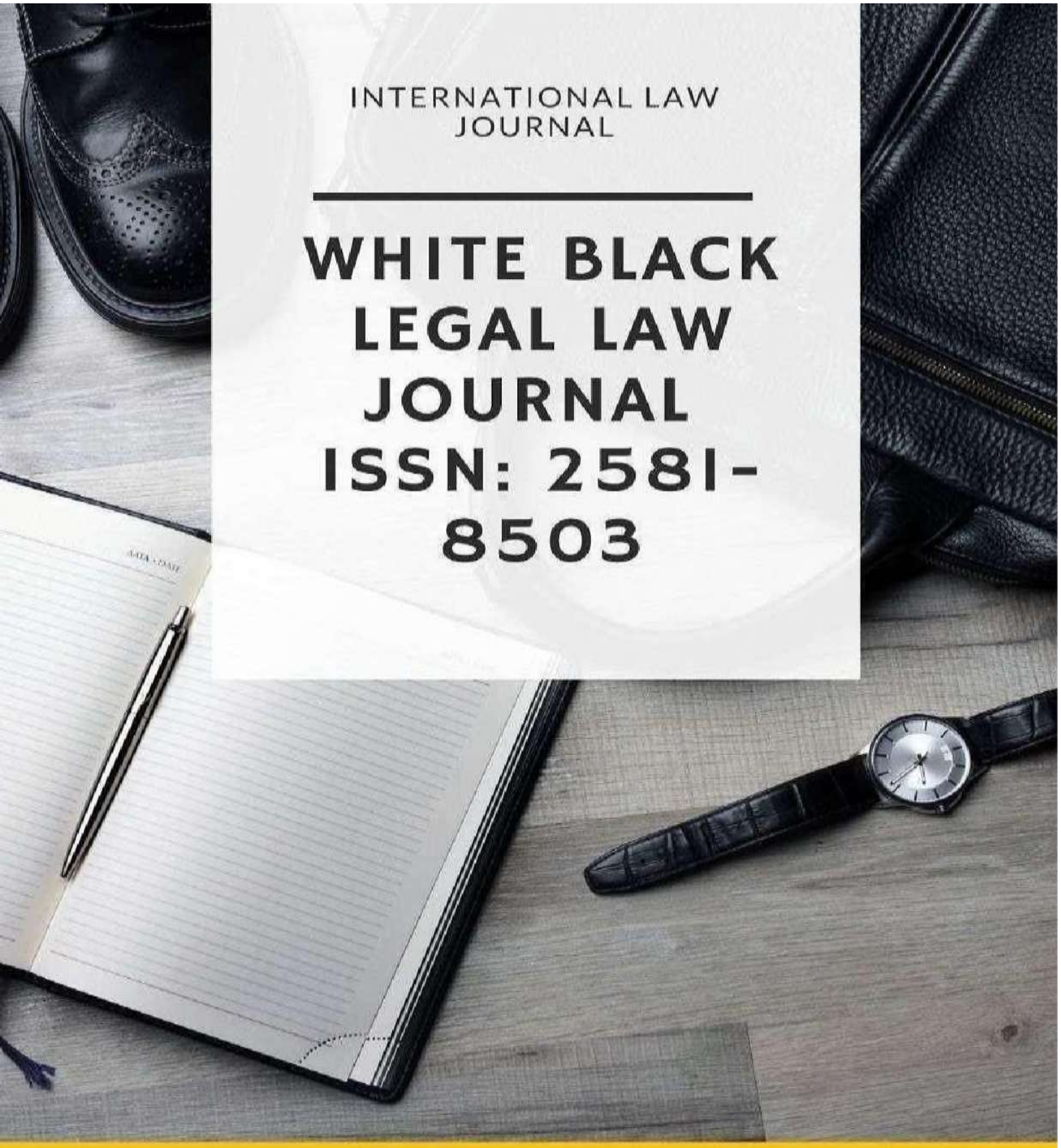

INTERNATIONAL LAW JOURNAL

WHITE BLACK LEGAL LAW JOURNAL

ISSN: 2581-8503

Peer - Reviewed & Refereed Journal

The Law Journal strives to provide a platform for discussion of International as well as National Developments in the Field of Law.

WWW.WHITEBLACKLEGAL.CO.IN

DISCLAIMER

EDITORIAL TEAM

Raju Narayana Swamy (IAS) Indian Administrative Service officer

Dr. Raju Narayana Swamy popularly known as Kerala's Anti-Corruption Crusader is the All India Topper of the 1991 batch of the IAS and is currently posted as Principal Secretary to the Government of Kerala. He has earned many accolades as he hit against the political-bureaucrat corruption nexus in India. Dr Swamy holds a B.Tech in Computer Science and Engineering from the IIT Madras and a Ph. D. in Cyber Law from Gujarat National Law University. He also has an LLM (Pro) (with specialization in IPR) as well as three PG Diplomas from the National Law University, Delhi- one in Urban Environmental Management and Law, another in Environmental Law and Policy and a third one in Tourism and Environmental Law. He also holds a post-graduate diploma in IPR from the National Law School, Bengaluru and a professional diploma in Public Procurement from the World Bank.

Dr. R. K. Upadhyay

Dr. R. K. Upadhyay is Registrar, University of Kota (Raj.), Dr Upadhyay obtained LLB, LLM degrees from Banaras Hindu University & PHD from university of Kota. He has succesfully completed UGC sponsored M.R.P for the work in the Ares of the various prisoners reforms in the state of the Rajasthan.

Senior Editor

Dr. Neha Mishra

Dr. Neha Mishra is Associate Professor & Associate Dean (Scholarships) in Jindal Global Law School, OP Jindal Global University. She was awarded both her PhD degree and Associate Professor & Associate Dean M.A.; LL.B. (University of Delhi); LL.M.; PH.D. (NLSIU, Bangalore) LLM from National Law School of India University, Bengaluru; she did her LL.B. from Faculty of Law, Delhi University as well as M.A. and B.A. from Hindu College and DCAC from DU respectively. Neha has been a Visiting Fellow, School of Social Work, Michigan State University, 2016 and invited speaker Panelist at Global Conference, Whitney R. Harris World Law Institute, Washington University in St. Louis, 2015.

Ms. Sumiti Ahuja

Ms. Sumiti Ahuja, Assistant Professor, Faculty of Law, University of Delhi,
Ms. Sumiti Ahuja completed her LL.M. from the Indian Law Institute with specialization in Criminal Law and Corporate Law, and has over nine years of teaching experience. She has done her LL.B. from the Faculty of Law, University of Delhi. She is currently pursuing PH.D. in the area of Forensics and Law. Prior to joining the teaching profession, she has worked as Research Assistant for projects funded by different agencies of Govt. of India. She has developed various audio-video teaching modules under UGC e-PG Pathshala programme in the area of Criminology, under the aegis of an MHRD Project. Her areas of interest are Criminal Law, Law of Evidence, Interpretation of Statutes, and Clinical Legal Education.

Dr. Navtika Singh Nautiyal

Dr. Navtika Singh Nautiyal presently working as an Assistant Professor in School of law, Forensic Justice and Policy studies at National Forensic Sciences University, Gandhinagar, Gujarat. She has 9 years of Teaching and Research Experience. She has completed her Philosophy of Doctorate in 'Intercountry adoption laws from Uttranchal University, Dehradun' and LLM from Indian Law Institute, New Delhi.

Dr. Rinu Saraswat

Associate Professor at School of Law, Apex University, Jaipur, M.A, LL.M, PH.D,

Dr. Rinu have 5 yrs of teaching experience in renowned institutions like Jagannath University and Apex University. Participated in more than 20 national and international seminars and conferences and 5 workshops and training programmes.

Dr. Nitesh Saraswat

E.MBA, LL.M, PH.D, PGDSAPM
Currently working as Assistant Professor at Law Centre II, Faculty of Law, University of Delhi. Dr. Nitesh have 14 years of Teaching, Administrative and research experience in Renowned Institutions like Amity University, Tata Institute of Social Sciences, Jai Narain Vyas University Jodhpur, Jagannath University and Nirma University.
More than 25 Publications in renowned National and International Journals and has authored a Text book on CR.P.C and Juvenile Delinquency law.

Subhrajit Chanda

BBA. LL.B. (Hons.) (Amity University, Rajasthan); LL. M. (UPES, Dehradun) (Nottingham Trent University, UK); PH.D. Candidate (G.D. Goenka University)

Subhrajit did his LL.M. in Sports Law, from Nottingham Trent University of United Kingdoms, with international scholarship provided by university; he has also completed another LL.M. in Energy Law from University of Petroleum and Energy Studies, India. He did his B.B.A.LL.B. (Hons.) focussing on International Trade Law.

ABOUT US

WHITE BLACK LEGAL is an open access, peer-reviewed and refereed journal provide dedicated to express views on topical legal issues, thereby generating a cross current of ideas on emerging matters. This platform shall also ignite the initiative and desire of young law students to contribute in the field of law. The erudite response of legal luminaries shall be solicited to enable readers to explore challenges that lie before law makers, lawyers and the society at large, in the event of the ever changing social, economic and technological scenario.

With this thought, we hereby present to you

INDUSTRIAL RELATIONS UNDER THE NEW LABOUR CODES: A COMPARATIVE LEGAL STUDY

AUTHORED BY – SHIVANI PRAMOD PAWAR

ABSTRACT

India's labour regulatory framework has historically been one of the most complex in the world, characterised by a multiplicity of statutes, procedural rigidity, sector-specific fragmentation, and a strong orientation toward formal industrial employment. The enactment of the four New Labour Codes the Code on Wages, 2019; the Industrial Relations Code, 2020; the Occupational Safety, Health and Working Conditions Code, 2020; and the Social Security Code, 2020 marked the most ambitious attempt at consolidating and restructuring India's labour law regime since independence. These Codes seek to simplify compliance, attract investment, unify definitions, and introduce a more flexible industrial relations system, particularly with respect to hiring, firing, dispute resolution, unionisation, and employer obligations.

This research paper critically examines industrial relations under the New Labour Codes, with emphasis on the structural shift from a worker-protective model to a "flexicurity-oriented" paradigm one that attempts to balance employer flexibility with social security and dispute-resolution guarantees. It investigates whether these Codes genuinely modernise India's labour regime or merely repackage existing hierarchies under the rhetoric of simplification. It also evaluates how far the Codes align with international best practices by comparing India's evolving framework with jurisdictions such as the European Union, the United Kingdom, and Southeast Asia.

KEYWORDS

Industrial Relations; Labour Codes; Industrial Relations Code 2020; Collective Bargaining; Labour Law Reform; India Labour Policy; Industrial Disputes; Trade Unions; Flexicurity; Comparative Labour Law; Employment Regulation; Industrial Democracy.

INTRODUCTION

Industrial relations the dynamic relationship between employers, workers, and the state constitute the foundation of any modern labour regulatory system. Historically, India's industrial relations framework has been shaped by colonial labour policies, post-independence socialist welfare legislation, and the rise of organised trade unionism. The adoption of the Industrial Disputes Act, 1947 (IDA) became the central statutory pillar governing employment security, dispute settlement, collective bargaining, and the rights of trade unions for over seven decades.

Yet the Indian labour market has undergone vast structural change. The dominance of organised labour has declined, informal employment has grown exponentially, and new work models platform work, gig work, fixed-term contracts, agency labour, and digital labour platforms have expanded beyond the regulatory imagination of traditional labour statutes. This mismatch between regulatory structure and labour market realities generated persistent demands for a consolidated, simplified, and investment-friendly labour framework.

The Government of India responded by amalgamating 29 central labour laws into four Labour Codes enacted between 2019 and 2020 a reform process that had been in motion since 2002. The underlying rationale was simplification, rationalisation, standardisation of definitions, and creation of a unified compliance ecosystem purportedly favourable both to workers and employers. Legislative consolidation was also framed as a vehicle for enhancing India's competitiveness in global manufacturing supply chains under initiatives such as "Make in India".

However, policy debates have questioned whether consolidation equates to substantive reform. Many scholars argue that the Codes largely reproduce existing frameworks while selectively enhancing employer flexibility in areas such as retrenchment, layoffs, and union formation.[1] The strongest transformations occurred under the Industrial Relations Code, 2020 (IRC), which fundamentally reshapes rules governing strikes, standing orders, and the threshold for Chapter V-B–type restrictions.

[1] K.R. Shyam Sundar, *"Evaluating India's Labour Codes: A Critical Review"*, Economic & Political Weekly (2021).

Statement of the Problem

Despite the New Labour Codes' ambitious intent, concerns persist:

- Workers fear erosion of rights, especially regarding layoffs and strikes.
- Employers argue the Codes do not go far enough in ease of doing business.
- Trade unions oppose stricter strike requirements and high thresholds for recognition.
- State governments vary in willingness and capacity to implement the Codes.
- Informal workers and platform workers remain inadequately protected.

The core problem this study addresses is:
How will the New Labour Codes reshape industrial relations in India, and do they strike a fair balance between labour protection and employer flexibility?

Research Scope and Significance

The scope of this study includes:

- Detailed analysis of the Industrial Relations Code, 2020
- Comparative review of international models
- Impact assessment on collective bargaining, dispute resolution, and employment security
- Examination of whether the Codes are aligned with constitutional labour rights and international labour norms
- Exploration of implications for gig workers and informal workers

The study is significant for policymakers, scholars, trade unions, industrial bodies, and corporations seeking to understand the evolving landscape of labour regulation in India.

LITERATURE REVIEW

The scholarship on industrial relations and labour-law reform in India reflects a longstanding tension between state regulation, collective bargaining, and the evolving economic structure. Classical works on Indian labour relations, such as those by K.R. Shyam Sundar, emphasise how the legalistic and state-centric framework created through the Industrial Disputes Act, 1947 institutionalised adjudication as the primary mode of conflict resolution, leaving limited room for autonomous collective bargaining.[2] This structural legacy profoundly influences

[2] K.R. Shyam Sundar, *Industrial Relations in India: Contexts, Practices and Reforms* (2018).

contemporary debates on the New Labour Codes, which aim to shift toward a negotiation-oriented system. Scholars argue that India's industrial-relations framework historically functioned more as a mechanism for maintaining industrial peace than as a tool for empowering labour, resulting in an imbalance of bargaining power that favoured employers, particularly in the private sector.[3] The New Labour Codes must therefore be situated within this historical context of uneven collective power and state interventionism.

Economic literature on labour reforms provides a different perspective by focusing on regulatory rigidity and its impact on investment and industrial growth. The work of Besley and Burgess is frequently cited to argue that pro-worker labour regulations in certain Indian states had negative effects on industrial performance and output.[4] Their findings have been influential in shaping policy discourse, although subsequent studies question the generalisability of these conclusions and highlight methodological limitations. Scholars like Bhalla and Das contend that attributing slow industrial growth solely to labour regulations oversimplifies complex macroeconomic realities and ignores structural issues such as infrastructure deficits and skill shortages. [5] Yet these debates demonstrate that economic scholarship has played a critical role in framing labour reforms as essential for improving India's competitiveness.

Recent academic analyses directly addressing the 2019–2020 Labour Codes reveal a divided scholarly landscape. While some commentators welcome the consolidation of over forty central laws into four uniform Codes as a long-overdue rationalisation measure, others critique the Codes for privileging employer flexibility over worker protection. Babu Mathew argues that the Codes dilute workers' collective rights by imposing procedural restrictions on strikes and raising thresholds for layoffs and closures, thereby potentially undermining substantive industrial democracy.[6] In contrast, legal scholars aligned with industry perspectives, such as Ramaswamy Iyer, suggest that the Codes improve predictability and facilitate smoother dispute-resolution pathways through strengthened mediation and arbitration provisions.[7] This divergence underscores the ideological contestation surrounding labour reforms and the

[3] Debi Saini, "Industrial Relations in India: Weak Unions and State Dominance," *Indian Journal of Industrial Relations* (2010).
[4] Timothy Besley & Robin Burgess, "Can Labour Regulations Hinder Economic Performance? Evidence from India," *Quarterly Journal of Economics* (2004).
[5] Surjit S. Bhalla & Tirthatanmoy Das, "Labour Market Rigidity and Growth," *NCAER Working Paper* (2016).
[6] Babu Mathew, "Labour Codes and the Future of Industrial Democracy," *Economic & Political Weekly* (2021).
[7] Ramaswamy Iyer, "Consolidation of Labour Laws: A Step Towards Reform," *Journal of Labour and Management* (2020).

competing visions of economic growth and social justice.

Comparative scholarship adds another dimension by analysing how India's labour reforms align with global trends. Studies on East Asian economies highlight that countries such as South Korea and Japan combine stringent procedural rules for industrial action with strong institutional bargaining frameworks, whereas India imposes restrictions without adequately strengthening representational institutions.[8] Similarly, analyses comparing India with other emerging economies, including Indonesia and Vietnam, indicate that labour-law simplification is often pursued as part of broader growth strategies linked to integration into global value chains. However, these jurisdictions generally accompany such reforms with targeted social protections, a dimension that scholars argue remains underdeveloped in the Indian model.[9]

The literature also reflects a growing interest in the intersection between informality and industrial relations. With over 90 per cent of the Indian workforce operating in the informal sector, scholars such as Jan Breman have consistently questioned the relevance of formal-sector labour laws for most workers.[10] Recent studies emphasise that the New Labour Codes, despite expanding definitions of workers and providing for social-security inclusion, do not fully address the structural vulnerabilities inherent in informality, thereby limiting their transformative potential.

Overall, the literature demonstrates a complex, multidimensional debate that spans historical, economic, legal and comparative perspectives. While scholars broadly agree that reform was necessary, they remain deeply divided on the extent to which the New Labour Codes will contribute to equitable industrial relations. This tension provides the foundational basis for the present study, which critically evaluates the Codes through a comparative and doctrinal lens to assess their impact on India's labour-relations framework.

RESEARCH METHODOLOGY

This research adopts a doctrinal and comparative legal research methodology, enriched by interpretive, policy, and analytical frameworks.

[8] Sean Cooney, "Labour Relations in East Asia: A Comparative Study," *Oxford Journal of Comparative Law* (2019).
[9] ILO, *Labour Law Reforms in Emerging Economies* (2020).
[10] Jan Breman, *At the Bottom of the Urban Economy: Informal Labour in India* (2013).

Doctrinal methodology is employed to examine statutory provisions, definitions, thresholds, and structural changes under the Codes. Comparative methodology is used to assess similarities and divergences between India and selected jurisdictions. A normative evaluation interprets whether the Codes substantially advance labour rights and industrial relations.

The comparative component evaluates India's industrial relations framework against:

- **European Union** (flexicurity model, social dialogue institutions)
- **United Kingdom** (strong employer flexibility, weak union recognition)
- **Indonesia and Vietnam** (labour reforms to attract global supply chains)

This approach provides valuable benchmarks for assessing India's reforms. The comparison focuses on:

- strike laws and industrial action
- thresholds for retrenchment and closure
- trade union recognition systems
- representation mechanisms
- dispute resolution institutions
- protection for gig and platform workers

Comparative analysis helps determine whether India's Codes reflect global best practices or diverge significantly.

RESEARCH QUESTIONS

1. Do the Codes dilute or strengthen protection against arbitrary dismissal, retrenchment, and closure?
2. Is the increased threshold for layoffs justified in terms of economic efficiency and social justice?
3. How will fixed-term employment influence long-term industrial stability?
4. Does the new "Negotiating Union/Negotiating Council" system enhance or restrict collective bargaining?
5. Do stricter strike regulations infringe on workers' constitutional right to protest and bargain collectively?
6. How do India's union recognition and strike rules compare with EU, UK, and Asian systems?

7. Will the new framework for tribunals and conciliation improve or weaken dispute resolution mechanisms?
8. Have procedural simplifications resulted in practical efficiency gains?

Hypothesis

The working hypothesis of this study is the New Labour Codes modernise and simplify India's labour law framework, but they disproportionately strengthen employer flexibility at the cost of worker protections, thereby reshaping industrial relations in favour of managerial prerogative rather than industrial democracy.

1. Evolution of Industrial Relations in India and the Rationale Behind the New Labour Codes

The historical trajectory of industrial relations in India reflects a gradual transition from colonial-era labour protections to a more liberalised and flexible contemporary framework. Early legislation such as the Trade Disputes Act, 1929 and the Industrial Disputes Act, 1947 (ID Act) prioritised industrial peace through adjudication and state intervention, emerging from the political consciousness shaped by workers' movements of the early twentieth century. Industrial relations were largely conflict-oriented, with conciliation and compulsory adjudication serving as primary tools, creating a state-centric model rather than one that relied on collective bargaining. Workers' participation in management remained minimal and union fragmentation inhibited strong collective action.

The economic reforms of 1991 intensified demands for modernisation of labour laws. Industry actors increasingly criticised the multiplicity of labour statutes over 40 central laws and more than 100 state laws arguing that this complexity created compliance burdens and discouraged investment. Labour economists highlighted that rigid termination rules under Chapter V-B of the ID Act often led employers to adopt capital-intensive methods or contractualisation strategies, inadvertently weakening stable employment relationships. The rationale behind the New Labour Codes can therefore be traced to a policy desire to consolidate, rationalise and align labour laws with global supply-chain requirements while balancing workers' rights.

The Code on Wages, 2019; Industrial Relations Code, 2020; Social Security Code, 2020; and Occupational Safety, Health and Working Conditions Code, 2020 collectively aim to

streamline industrial relations by focusing on standardisation, reduced litigation, and predictable regulatory processes. The institutional idea behind consolidation was to create a unified and transparent labour compliance ecosystem. However, this shift was not value-neutral. Critics have argued that the Codes tilt towards employer flexibility, particularly through provisions enabling fixed-term employment and introducing stricter strike notice requirements. Supporters contend that the Codes improve clarity by introducing common definitions and encouraging collective bargaining mechanisms.

The Industrial Relations Code (IRC) represents a major structural departure by defining trade unions in a more streamlined manner, institutionalising the concept of a negotiating union or negotiating council, and modifying dispute-resolution pathways. It reflects the government's approach to industrial harmony through consensus-driven dialogue rather than adjudication. The evolution of industrial relations toward tripartism, seen in international institutions such as the International Labour Organization, also influenced the conceptualisation of the Codes. The IRC's design attempts to bring India closer to global industrial-relations practices that encourage self-regulation and negotiated settlements, though without abandoning the state's supervisory role. Yet, the extent to which these reforms will genuinely recalibrate power imbalances between labour and management remains contested, especially given India's historically weak union density in the private sector. The evolution of industrial relations is therefore inseparable from the political economy context in which the Codes were conceived, positioning them as instruments of both economic liberalisation and labour rationalisation.

2. Structural and Substantive Changes Introduced by the Industrial Relations Code, 2020

The Industrial Relations Code, 2020 (IRC) introduces significant structural changes aimed at harmonising India's industrial-relations framework, consolidating the Industrial Disputes Act, 1947, the Trade Unions Act, 1926, and the Industrial Employment (Standing Orders) Act, 1946. One of the most consequential changes is the formalisation of the concept of a negotiating union or negotiating council. Under the IRC, a trade union with 51 per cent membership becomes the sole negotiating body, and where no union meets this threshold, a council with proportional representation is constituted. This change attempts to reduce inter-union rivalry and facilitate coherent bargaining processes, addressing decades of criticism surrounding fragmented unionism. However, concerns have been raised that the 51 per cent threshold may be difficult to meet in industries with multiple active unions, potentially marginalising minority unions and discouraging democratic internal processes.

Another key change lies in Chapter IV of the IRC, which revises conditions for strikes and lockouts. The requirement of a 14-day strike notice, previously applicable only in public-utility services, is now extended to all establishments. This measure aims to prevent sudden industrial actions that could disrupt production cycles, but it has also been criticised for weakening workers' ability to exert economic pressure. Employers argue that advance notice promotes dialogue and reduces adversarial outcomes. Workers' organisations contend that such provisions constrain spontaneous collective action and may enable unfair retaliation before the strike becomes effective.

Perhaps the most debated amendment concerns threshold increases for standing orders and layoff, retrenchment and closure permissions. The IRC raises the threshold for prior government approval for layoffs and closures from establishments employing 100 workers to 300 workers. Although the Code allows state governments to modify this threshold, the amendment is widely interpreted as strengthening managerial flexibility. Employers have long argued that rigid employment protection laws discouraged scaling up, whereas unions insist that the change facilitates insecure employment conditions and arbitrary dismissals. Empirical studies from states like Rajasthan, which increased the threshold earlier, suggest mixed outcomes: while employers found compliance simpler, evidence of large-scale job creation remains limited.

On the structural front, the shift toward digital record-keeping and electronic dispute submissions under the IRC reflects an attempt to modernise compliance. The Code encourages alternative dispute-resolution mechanisms such as voluntary arbitration and mediation, seeking to reduce reliance on adjudication courts. This represents a significant departure from the earlier system where the state played a dominant role in dispute resolution. The IRC also codifies fixed-term employment across all sectors, giving employers the flexibility to hire workers for specific durations with statutory benefits equivalent to permanent workers. While this measure may reduce contractual exploitation, critics fear it could accelerate a shift away from secure, permanent employment.

The substantive changes introduced by the IRC thus represent an effort to balance efficiency, flexibility and worker protection. Yet, whether this balance will hold in practice depends heavily on implementation, the responsiveness of industrial tribunals, and the evolving dynamics of India's labour market. The overriding structural shift is clear: industrial relations

are moving from a litigation-oriented model to a negotiation-centric framework, though questions remain about the real empowerment of workers in the process.

3. Comparative Analysis of India's Labour Reforms with Other Jurisdictions

A comparative legal analysis reveals that India's labour reforms share substantive similarities with contemporary labour-policy trends across Asia and other emerging economies. Several jurisdictions, including Indonesia, Vietnam and China, have undertaken labour-law rationalisation to improve their competitiveness in global production networks. India's emphasis on consolidation and simplifying compliance echoes Indonesia's Omnibus Law on Job Creation (2020), which also sought to streamline labour regulations and increase hiring flexibility. Notably, both jurisdictions adopted fixed-term employment as a central feature, with Indonesia increasing permissible contract durations while India introduced uniform applicability across sectors. Critics in both nations have expressed concerns that such flexibility may reduce bargaining power and contribute to informalisation.

In contrast, European labour-law regimes tend to emphasise strong collective bargaining structures, robust social protections, and legally enforceable mechanisms for worker participation. Countries such as Germany incorporate co-determination schemes that mandate works councils and employee representation at the board level, enabling workers to influence organisational decisions. India's IRC does not adopt such strong participatory models, though it encourages works committees and grievance-redressal mechanisms. The difference highlights varied industrial-relations philosophies: while Europe prioritises participatory governance, India prioritises formal dispute resolution and negotiation frameworks without embedding workers in management structures.

A useful comparison emerges when examining strike regulations. India's extension of the strike-notice requirement mirrors reforms in East Asian nations that seek to promote industrial stability. Japan and South Korea, for instance, regulate industrial action through procedural requirements and mandatory conciliation stages. However, both countries have historically high union density and institutionalised bargaining patterns, which mitigate the potential restrictive effects of strike regulation. India, with low private-sector unionisation and prevalent precarious employment, may experience different outcomes, potentially limiting workers' ability to mobilise effectively.

Regarding thresholds for layoffs and closure approvals, India's shift from 100 to 300 workers resembles reforms in Vietnam where employer-friendly rules were introduced to promote investment attractiveness. However, India's federal structure creates a distinct layer of complexity, as states can modify thresholds or adopt flexible rules, generating a patchwork of compliance requirements. Federal labour-market governance resembles systems in countries like Australia, where states historically had significant autonomy, though Australia later moved toward national harmonisation through the Fair Work Act. India's Codes attempt similar harmonisation, yet political dynamics between central and state governments influence the pace and direction of actual implementation.

A final point of comparison lies in collective bargaining structures. India's introduction of a 51 per cent threshold for a negotiating union is higher than thresholds in countries such as South Africa or the United Kingdom, where recognition depends on majority support but with broader ways of demonstrating representativeness. In South Africa, for example, a union can be recognised if it is "sufficiently representative," not necessarily possessing strict majority status. India's model favours stability but may challenge pluralistic representation.

This comparative analysis reveals the ideological orientation of India's labour reforms: a shift toward flexibility and rationalisation aligned with global competitiveness strategies, but without adopting the strong social protections or participatory mechanisms seen in advanced industrial democracies. India's model resembles a hybrid combining elements of East Asian regulatory discipline with market-oriented reforms typical of emerging economies, yet the social implications of this shift remain contested.

4. Implications of the New Labour Codes on Trade Unions and Collective Bargaining

The New Labour Codes significantly reshape the trade-union landscape. The IRC's criteria for recognition mark a substantial shift in collective bargaining dynamics. The single negotiating-union model promotes bargaining efficiency, but it risks excluding smaller unions that nonetheless represent substantial portions of the workforce. The 51 per cent threshold centralises power within a dominant union, potentially reducing inter-union conflict, but it may also pressure workers to consolidate under a single organisation, limiting diversity of representation.^7 This has particular consequences in industries such as textiles and services where workforce fragmentation is high and organising is already challenging.

Another major implication concerns the regulation of strikes. By mandating a 14-day notice across all industries, the IRC effectively institutionalises a cooling-off period designed to encourage settlements. While employers favour this predictability, workers fear it may allow employers to take pre-emptive disciplinary action. Furthermore, the prohibition on strikes during conciliation proceedings and related time windows extends constraints to a degree that critics argue constitutes an undue restriction on the right to collective action. The Supreme Court has previously held that the right to strike is not a fundamental right but a legal one subject to regulation; however, the extent of permissible restriction remains a live constitutional discourse. In this sense, the Codes may attract judicial scrutiny regarding proportionality and reasonableness.

The Codes also affect union registration by increasing documentation and compliance requirements. While this seeks to curb proliferation of politically motivated and inactive unions, it may raise barriers for grassroots union formation, especially in informal sectors. With union density already declining, these changes may accelerate a shift toward enterprise-level bargaining rather than industry-wide frameworks. This shift mirrors global trends where decentralised bargaining becomes increasingly common in liberalising economies.

The advent of fixed-term employment further complicates collective bargaining. Workers employed on fixed-term contracts may be less likely to join unions due to job insecurity or short duration of engagement, weakening bargaining power in sectors that rely heavily on project-based employment. In contrast, the Code's guarantee of statutory benefits for fixed-term workers could incentivise more equitable treatment and mitigate exploitation, though the long-term impact on union membership remains ambiguous.

In terms of institutional mechanisms, the IRC enhances the role of the conciliation officer and industrial tribunals, but simultaneously emphasises negotiated settlements. Trade unions are expected to assume a more proactive role in dispute prevention and early-stage dialogue. However, this assumes a degree of capacity and organisational strength that many unions, especially in the unorganised sector, do not possess. The Codes thus create opportunities for unions to transition from conflict-based to negotiation-oriented engagement, but the structural asymmetries between capital and labour may limit the realisation of this potential.

Overall, the New Labour Codes recalibrate industrial relations by promoting streamlined

bargaining and stable industrial environments. Yet, the extent to which these reforms strengthen or weaken trade unionism depends on implementation practices, the political climate, and the broader socio-economic context that shapes workers' ability to mobilise and negotiate.

5. Economic and Social Impact of Labour Reforms: A Critical Appraisal

The economic rationale behind the New Labour Codes focuses on attracting investment, enhancing labour-market flexibility, and reducing compliance costs. Proponents argue that consolidation improves regulatory predictability and lowers administrative burdens, particularly for small and medium enterprises that struggled with fragmented and complicated labour laws. Modern digital compliance systems, uniform definitions and streamlined approvals are expected to reduce transaction costs and facilitate ease of doing business. These reforms align with India's broader growth strategy, aiming to position the country as a competitive manufacturing hub within global value chains.

However, economic effects cannot be viewed solely through the lens of employer benefits. The Codes have significant implications for employment security and labour's bargaining power. Raising the threshold for layoffs and closures to 300 workers may incentivise firms to hire more workers without fear of regulatory constraints, though empirical evidence from states like Rajasthan suggests that employment elasticity does not automatically increase with relaxed labour laws. Similarly, fixed-term employment may increase formal hiring in some sectors, but it could also normalise precarious employment, reducing long-term job stability. Without robust social-security mechanisms and active labour-market policies, increased flexibility may generate vulnerabilities for workers.

Social implications are equally substantial. The labour reforms operate in a context of widespread informalisation, with nearly 90 per cent of India's workforce lacking formal contracts. The Codes do little to structurally address informal labour-market inequities. While the Social Security Code expands coverage, gaps remain in enforcing protections for gig workers and platform workers. The IRC's focus on formal-sector bargaining mechanisms may bypass the realities of India's overwhelmingly informal labour relations, limiting the transformative potential of these reforms.

From a macroeconomic perspective, industrial-relations stability is vital for investment, but too

much rigidity in regulating strikes and bargaining could foster discontent and underground collectivisation. Labour peace achieved through over-regulation is unlikely to sustain long-term productivity. Genuine worker participation and institutionalised dialogue are essential for sustainable industrial harmony. The Codes offer a framework but do not necessarily guarantee worker empowerment.

The social effect of union restructuring may include consolidation of larger unions and marginalisation of smaller ones. This may improve bargaining efficiency but also risks homogenising labour voices. Moreover, the Codes rely heavily on procedural compliance to achieve industrial harmony rather than substantive worker participation. In contrast, comparative systems like Germany's demonstrate that strong worker involvement in decision-making contributes to both economic performance and social stability.

A critical appraisal therefore suggests that while the New Labour Codes represent an important step toward rationalisation, their success depends on complementary policies addressing informality, strengthening social security, and ensuring effective enforcement. In the absence of these supportive mechanisms, the economic benefits of flexibility may be outweighed by increased social tensions and job insecurity. The Codes provide a legal architecture, but the socio-economic outcomes will depend on political will, institutional capacity and the evolving nature of India's labour market.

CONCLUSION

The New Labour Codes mark a watershed moment in the evolution of India's industrial-relations framework, representing both consolidation and structural reform. By merging over forty central laws into four comprehensive Codes, the legislation introduces greater clarity, uniformity, and predictability in labour regulation. The Industrial Relations Code, 2020, in particular, codifies the concept of a negotiating union or negotiating council, formalises fixed-term employment, and revises the conditions for strikes, layoffs, retrenchments, and closures. These provisions collectively aim to reduce litigation, encourage negotiated settlements, and institutionalise a more structured approach to collective bargaining. From a legal perspective, these reforms signify a shift from a conflict-centric, state-interventionist model toward a negotiation-centric framework.

At the same time, the Codes raise significant concerns regarding the balance of power between employers and workers. The 51% threshold for union recognition centralises bargaining power, potentially marginalising smaller unions and limiting pluralistic representation. Procedural constraints on strikes and the extension of prior notice requirements across all industries may inadvertently weaken workers' ability to exercise industrial action as a legitimate bargaining tool. While the Codes codify mechanisms for alternative dispute resolution and provide for digital compliance, the question remains whether these measures will genuinely empower workers or merely streamline managerial prerogatives. Comparative studies with East Asian and European models suggest that legal clarity must be complemented with institutional strength for collective bargaining, including mechanisms that encourage worker participation in decision-making.

BIBLIOGRAPHY

1. Ajit Ghose, *Labour Law Fragmentation in India*, *Indian Journal of Labour Economics* (2017).
2. K.R. Shyam Sundar, *Industrial Relations in India: Contexts, Practices and Reforms* (2018).
3. Debi Saini, "Industrial Relations in India: Weak Unions and State Dominance," *Indian Journal of Industrial Relations* (2010).
4. Timothy Besley & Robin Burgess, "Can Labour Regulations Hinder Economic Performance? Evidence from India," *Quarterly Journal of Economics* (2004).
5. Surjit S. Bhalla & Tirthatanmoy Das, "Labour Market Rigidity and Growth," *NCAER Working Paper* (2016).
6. Babu Mathew, "Labour Codes and the Future of Industrial Democracy," *Economic & Political Weekly* (2021).
7. Ramaswamy Iyer, "Consolidation of Labour Laws: A Step Towards Reform," *Journal of Labour and Management* (2020).
8. Sean Cooney, "Labour Relations in East Asia: A Comparative Study," *Oxford Journal of Comparative Law* (2019).
9. Jan Breman, *At the Bottom of the Urban Economy: Informal Labour in India* (2013).
10. ILO, *Labour Law Reforms in Emerging Economies* (2020).
11. Papola, T.S., "Industrial Dispute Resolution in Transition," *Journal of Industrial Relations* (2020).

12. Sood, Atul, "Political Economy of Labour Law Reform," *Centre for Development Studies Report* (2020).
13. Modern Dental College v. State of Madhya Pradesh, AIR 2016 SC 3624.
14. All India Bank Employees' Association v. National Industrial Tribunal, AIR 1962 SC 171.