

# India's Labour Code "reform": A savage attack on worker rights

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To further intensify the super-exploitation of India's working class by domestic and foreign capital, the far-right Bharatiya Janata Party (BJP)-led central government has enacted sweeping changes to the country's labour laws. Twenty-nine central labour laws that set minimum wage and work standards and collective bargaining rights for workers in both the formal—that is, medium and large-scale public and private enterprises—and informal sectors have been replaced by four labour codes.

The new labour codes—the Code on Wages, 2019; the Industrial Relations Code, 2020; the Code on Social Security, 2020; and the Code on Occupational Safety, Health and Working Conditions, 2020—have been hailed by corporate India as the “most significant restructuring” of labour law in decades. They dismantle legal protections governing wages, job security and working conditions that were won through prolonged and often bitter struggles by generations of workers.

Arguably, the most reactionary feature of India's new labour laws is the severe restrictions they place on workers' legal right to strike. They greatly expand the scope of “essential services” provisions under which worker job action is banned, and introduce numerous new legal impediments to workers obtaining the legal right to strike. With these measures, Prime Minister Narendra Modi and his Hindu supremacist BJP are effectively criminalizing worker job action and organised working-class resistance.

The four labour-code laws were adopted by parliament in 2019-20, shortly after Modi and his BJP won a second five-year term. They were part of a sharp lurch further right that saw the government push through massive corporate tax cuts, several anti-farmer, pro-agribusiness laws, and reduce Jammu and Kashmir, India's lone Muslim-majority state, to a central government-controlled Union Territory.

However, the Labour Minister only informed parliament late last year that the new central labour codes were now officially in force. Various factors explain the government's delay in implementing changes that were long demanded by its big business masters. These include the year-long, 2020-21 farmers' protest, and the BJP government's fears, given the mass worker opposition, that the reforms could be derailed if it declared them in force prior to most state governments having established the requisite legal mechanisms to do so. (Under India's constitution, labour law is a concurrent subject, with both the Union and state governments having regulatory roles, and the states largely allotted responsibility for enforcement.)

The Modi government is now pushing for all states to adopt its new labour codes by April 1, the beginning of the new fiscal year. To date at least 17 of India's 28 states, including Uttar Pradesh, Madhya

Pradesh, Maharashtra, Gujarat and opposition-ruled Tamil Nadu and Karnataka, have taken significant steps toward implementing the new labour codes.

The assault on worker rights and the gauntlet of new restrictions on worker job action are key elements in the government and Indian ruling class' response to global trade war and intensifying geostrategic conflict. Like its rivals, the Indian bourgeoisie is determined to dramatically increase rates of exploitation and funnel an ever larger proportion of society's resources into rearmament and war. Shortly after announcing the introduction of the four labour codes, the BJP government abolished India's national rural employment guarantee, which has provided a vital lifeline for tens of millions of poor Indians, with the express aim of depressing the wages of agricultural labourers. Under the budget tabled February 1, the BJP government has continued to bleed funding for social support while increasing military spending a further 15 percent, making it far and away the single biggest budget item after debt-service payments.

Modi and his BJP have marketed their labour code reform as an exercise in simplification and modernization, part of their efforts to improve India's “Ease of Doing Business.” In reality, they are a central component in a sustained state offensive to restructure class relations in the interests of capital—easing hiring and firing, vastly expanding insecure employment, weakening public-sector protections, and shifting the social costs of unemployment, illness and old age onto workers.

Modi's agenda was openly articulated by Sumita Dawra, a former central government Secretary of Labour, in a December 5 article in the *Financial Times* titled, “Labour codes: A game changer for the Indian economy.” Dawra wrote that labour regulations and compliance requirements had long been viewed by investors as “burdensome,” adding that the new framework was expected to enhance the “competitiveness” of Indian business.

As anger mounts among millions of workers facing job insecurity, falling real wages and deteriorating conditions, ten central labour federations have called a one-day general strike for Thursday, February 12. While the unions' “charter” of demands raises many issues, including privatization and an enhanced minimum wage, the central issue in the strike is repeal of the BJP's pro-big business labour “reform.”

Opposition to the labour codes is widespread, with tens of millions of workers expected to strike or join lunch break rallies. However, the unions, including the Stalinist-led All India Trades Union Congress (AITUC) and Centre of Indian Trade Unions (CITU), are working to confine the strike to appeals to the capitalist establishment, as part of their efforts to shackle the working class to the Congress Party-led

INDIA opposition bloc. Until recently the bourgeoisie's preferred party of national government, the Congress Party is a staunch supporter of "pro-investor" policies and India's anti-China alliance with US imperialism. The Congress-led state government in Karnataka is among the state governments in the forefront of the adoption of the BJP's labour codes.

Even a cursory examination of the new labour codes highlights their anti-worker character.

**The Code on Wages, 2019** merges four key labour laws, including the Minimum Wages Act, 1948 and the Payment of Bonus Act, 1965, into a single framework. Its centerpiece is the national "floor wage," to be set by the Union government. While presented as a protection for workers, the Code deliberately avoids linking wages to the living-wage standards established by the Supreme Court in the 1992 Raptakos Brett judgment, which considered basic nutrition and social needs. By detaching minimum wages from these essential standards, the Code paves the way for poverty-level wages nationwide, centralising wage control in favour of capital and facilitating systematic worker exploitation.

The Code also introduces a uniform definition of "wages," capping allowances such as house rent and conveyance at 50 percent of total remuneration. Any excess is added to the basic wage for calculating provident fund and gratuity contributions. While this may marginally increase social security funds, it will reduce take-home pay for millions of workers, particularly in low-paid sectors.

Enforcement mechanisms, already notoriously inadequate, are weakened still further through the replacement of labour inspectors with "Inspector-cum-Facilitators," the expansion of web-based inspections, and the introduction of compounding provisions that allow employers to pay fines instead of facing prosecution.

**The Industrial Relations Code (IRC)** represents a frontal assault on employment security. Under the previous framework, permanent employment remained the formal norm, with contract labour supposedly limited to genuinely temporary or seasonal tasks. These provisions have been systematically violated by private and public sector employers for years. However, the IRC now sanctions this wholesale, legally institutionalising fixed-term employment. Employers will now be allowed to hire workers on six- to eleven-month contracts without any obligation to renew them for work otherwise performed by permanent employees.

Retrenchment protections have been further eroded by raising the threshold for mandatory government permission for layoffs from 100 to 300 workers. The government retains the power to raise this limit further through executive notification. These changes drastically reduce the number of workplaces covered by even minimal job security safeguards, greatly expanding "hire-and-fire" practices.

The IRC also constitutes a frontal attack on the right to strike. Under the earlier Industrial Disputes Act, 1947, strike restrictions mainly applied to public utility services. The new Code extends these restrictions to almost all industrial establishments and introduces multiple procedural barriers before workers can legally strike.

Workers must now give 60 days' advance notice of a strike, and are barred from striking during conciliation, tribunal or arbitration proceedings and for weeks afterward. Since employers or the state can easily trigger such proceedings, strikes can be indefinitely delayed or effectively banned. Any strike that violates these conditions is declared illegal, exposing workers and unions to penalties and prosecution. Thus the Code strengthens the hand of employers and the government, while criminalising workers' resistance and suppressing

independent industrial action in the name of "industrial peace" and investor confidence.

**The Code on Social Security, 2020** consolidates nine existing laws, including the Employees' Provident Fund Act and the Employees' State Insurance Act. While it nominally extends coverage to unorganised, gig and platform workers, this recognition is deliberately hollow. Gig and platform workers are explicitly denied employee status, relieving corporations such as Uber, Ola, Swiggy and Zomato of obligations to provide social security benefits.

Instead of enforceable rights, the Code establishes a discretionary welfare framework funded by a modest levy on company turnover. Responsibility for social protection is shifted from employers to the state, entrenching precarity in the rapidly expanding informal and platform economy.

The repeal of the Building and Other Construction Workers (BOCW) Act under the Social Security Code threatens catastrophic consequences for construction workers. The BOCW Act, won after an 11-year struggle, provides pensions, maternity benefits, scholarships, loans, and a cess (or special dedicated tax) funded social security system. Its repeal will invalidate the registrations of around 40 million workers, dismantle 36 state welfare boards, and force workers to re-register under new schemes alongside other unorganised workers, while imposing contribution requirements many cannot afford.

Section 142 of the Code further excludes millions by making Aadhaar (national digital identity) mandatory for registration, creating barriers for migrant and informal workers facing documentation gaps and limited digital access. Social protection is reduced to conditional welfare, subject to government discretion and political priorities.

**The Code on Occupational Safety, Health and Working Conditions, 2020** represents a direct assault on protections established under the Factories Act, 1948. By doubling the thresholds for coverage—from 10 to 20 workers in power-driven units and from 20 to 40 in non-powered establishments—the Code excludes millions from legally enforceable safety and health regulations. Contract labour safeguards are similarly gutted by raising licensing requirements from 20 to 50 workers, sharply reducing oversight, encouraging informalisation and transferring workplace risks from employers to workers.

Although the Code nominally retains the eight-hour workday, it allows shifts of up to 12 hours and overtime of 125 hours per quarter. Gig and informal workers remain outside enforceable protections, left dependent on uncertain welfare schemes.

With nearly 80 percent of India's 400-million-strong workforce excluded from legal protections and absorbed into the informal sector, wages are dictated by employer discretion, with no enforceable minimums or limits on working hours. These attacks threaten to push hundreds of millions into deep distress.



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