



ROLE OF LABOUR LAW IN PROTECTING WORKER RIGHTS AND FAIR WAGES

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ABSTRACT

Labour law plays a crucial role in safeguarding workers' rights and ensuring fair wages in modern economies. It establishes a legal framework that protects employees from exploitation, discrimination, and unfair treatment while promoting equitable labour relations. Key provisions include minimum wage regulations, workplace safety standards, protection against unfair dismissal, and the right to collective bargaining. Labour laws also address issues such as working hours, overtime compensation, and social security benefits, ensuring workers receive just remuneration for their labour. Furthermore, these laws contribute to economic stability by fostering fair employment practices, reducing income inequality, and promoting social justice. Despite their significance, challenges such as inadequate enforcement, informal employment, and evolving labour market dynamics continue to hinder the full realization of labour rights. Strengthening legal frameworks, improving compliance mechanisms, and adapting to technological and economic changes are essential to ensuring that labour laws remain effective in protecting workers and promoting fair wages.

In this article we will address the recent trends in labour sector, about the effectiveness of new policies related to labours rights and discuss whether the wage rates given to labours of different industries are justifiable or not.

INTRODUCTION

On September 22, 2020, the Lok Sabha passed three significant labour reform bills: The Industrial Relations Code Bill, 2020; The Code on Social Security Bill, 2020; and The Occupational Safety, Health and Working Conditions Code Bill, 2020. These legislative measures reflect the government's efforts to streamline India's labour laws and enhance ease of doing business in the country (New Labour Code for New India: Biggest Labour Reforms in Independent India, 2019).

Labour legislation in India falls under the Concurrent List of the Constitution, granting both Parliament and State Legislatures the authority to regulate labour-related matters. Currently, more than 100 state and 40 union laws govern different aspects of labour. Recognizing the complexity of existing labour laws, the Second National Commission on Labour (2002) recommended consolidating union labour legislation into broader categories, including industrial relations, wages, social security, safety and welfare, and workplace conditions. This restructuring aimed to simplify compliance and ensure uniformity in labour laws.

In 2019, the Ministry of Labour and Employment proposed four Labour Codes to unify 29 existing central labour laws. These codes encompass Wages, Industrial Relations, Social Security, and



Occupational Safety, Health, and Working Conditions. While the Code on Wages was passed by Parliament in 2019, the other three bills were referred to the Standing Committee on Labour. The committee later submitted its report, and the government introduced revised versions of these bills on September 19, 2020 (Singh, 2019).

Additionally, the Ministry of Law and Justice announced that the Code on Wages, 2019, was passed by Parliament on August 8, 2019. This legislation aims to consolidate laws related to wages, bonuses, and related matters, integrating provisions from the Payment of Wages Act, 1936; the Minimum Wages Act, 1948; the Payment of Bonus Act, 1965; and the Equal Remuneration Act, 1976. According to the new policy, any actions undertaken under the repealed legislations—such as notifications, directives, appointments, or wage payments—will be considered valid under the corresponding provisions of the new Code, provided they do not conflict with its regulations. These provisions will remain effective until explicitly revoked or replaced by a government notification (Shukla et al., 2017).

This research aims to analyse the role of labour laws in ensuring fair wages and worker rights, examining global legal frameworks, challenges, and future directions. This article contains a discussion on questions like How do labour laws protect worker rights and fair wages, what are the key challenges in enforcing labour laws, how can labour laws be improved to adapt to modern work environments.

LITERATURE REVIEW

Worker Rights Under Labour Laws

Fundamental Rights of Workers

Workers are entitled to rights such as:

- Minimum wage protection – Chapter II of the code on wages, 2019 mentions the criteria and infrastructure for the minimum wages like fixation of minimum wage (sec. 6), Components of minimum wages (sec. 7), Procedure for

fixing and revising minimum wages (sec. 8), Minimum time rate wages for piece work (sec. 12), Fixing hours of work for normal working day (sec. 13), Wages for overtime work (sec. 14).

- Equal pay for equal work – Section 2(v) of the code on wages, 2019 defines “same work or work of a similar nature” read with section 2(y) which defines “wages” clearly states that the worker should be paid equally for similar nature of work.
- Right to form unions – Chapter III of the Industrial relations code, 2020 states the provisions for the legality of the trade union.
- Right to safe and healthy working conditions – Section 23 of chapter V of the occupational safety, health and working conditions code, 2020 states the responsibility of employer for maintaining health, safety and working conditions.

International Labour Standards and Conventions

Since 1919, the International Labour Organization has maintained and developed a system of international labour standards aimed at promoting opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and dignity. In today's globalised economy, international labour standards are an essential component in the international framework for ensuring that the growth of the global economy provides benefits to all.

Conventions, Protocols and Recommendations are drawn up by representatives of governments, employers and workers and are adopted at the annual International Labour Conference.

Once a standard is adopted, member States are required under article 19(6) of the ILO Constitution, to *submit* it to their competent authority (normally Parliament) within a period of twelve months for consideration. In the case



of Conventions, this means consideration for *ratification*. If it is ratified, a Convention generally comes into force for that country one year after the date of ratification. Ratifying countries undertake to apply the Convention in national law and practice and to report on its application at regular intervals. Technical assistance is provided by the ILO, if necessary. In addition, representation and complaint procedures can be initiated against countries for violations of a Convention that they have ratified.

Challenges in Labour Law Implementation

Enforcement and Compliance Issues

The Government of India has introduced four labour codes to simplify regulations, enhance worker welfare, and improve ease of doing business. These include the Code on Wages (2019), Industrial Relations Code, Occupational Safety, Health and Working Conditions Code, and the Code on Social Security, marking a significant shift in labour law governance.

Key updates include the Inspector-cum-Facilitator, a role that promotes a consultative rather than punitive approach to compliance, encouraging businesses to rectify violations proactively. Additionally, the compounding of offences for first-time violations allows businesses to correct mistakes without facing harsh penalties, ensuring a balanced enforcement system.

The new labour codes also emphasize inclusivity, extending social security benefits to gig and platform workers, recognizing their growing role in the economy. These reforms aim to create a fair and transparent labour framework while fostering economic growth. However, non-compliance carries significant risks, including legal consequences and financial penalties, making adherence crucial for businesses.

The successful implementation of the new labour codes faces several complex challenges that need to be addressed diligently. One of the primary hurdles is ensuring widespread

awareness and understanding among both employers and employees. The codes bring about significant changes to the existing labour laws, including thresholds for lay-offs, closures and retrenchments, increase in gratuity and pay-outs, changes to payroll policies, etc., making effective dissemination of information vital to prevent confusion and potential non-compliance. To ensure that everyone is aware, proper channels for education and communication must be established.

Informal Employment and Unregulated Sectors

The unorganised workers suffer from cycles of seasonality of employment, lack of a formal employer-employee relationship, absence of adequate social security protection and other welfare schemes such as sickness and unemployment allowances.

Pradhan Mantri Shram Yogi Maan -dhan (PM-SYM) a pension scheme for unorganised workers has been introduced by the Government of India to provide old age protection to the Unorganised Workers. The enrolment under the scheme started since 15 February, 2019 and was formally launched by the Hon'ble Prime Minister on the 5 March, 2019. As on 31-12 2023 over 49.74 Lakhs beneficiaries have been registered under the scheme.

Employment in India is overwhelmingly informal: 90 per cent of all workers are employed under informal arrangements nationally; in urban areas and in Delhi, the proportion is 80 per cent.

Impact of Globalization and Technological Changes

"Gig worker" and "platform worker" are concepts born in recent decades. Big corporations worked out a plan to bypass the labour laws globally and to minimise their liability concerning the rights of such workers. The gig economy used the carrot-and-stick approach to hire which means that the economy offered people things in order to persuade them to do something and then punish them if they refuse to do it. Similarly, informal sector workers were



lured with higher incentives (Carrot-and-stick approach), which increased the standard of living of the workers and led them to take loans.

Globalisation has had a profound impact on labour conditions, leading to significant changes in employment patterns for migrant workers. This section will explore how globalisation has influenced the shift from manufacturing to service-oriented industries, the automation of manual jobs due to **technological advancements**, the rise of the gig economy and freelance work, as well as the increase in job opportunities in emerging economies amidst economic uncertainty and worker exploitation.

METHODOLOGY

Case Studies and Comparative Analysis

Labour Law Reforms in Developed vs. Developing Countries

- **United States:** Strong labour protections but challenges in minimum wage policies as the conversation around minimum wage policies is often emotionally charged, and for good reason: these laws touch on fundamental issues of fairness, poverty alleviation, and economic efficiency. Data from the Bureau of Labour Statistics indicates that as of 2020, approximately 1.6 million workers in the United States earned at or below the federal minimum wage. This highlights the importance of such legislation for a significant portion of the workforce.
Labour laws in the United States are governed by several key statutes, including the **National Labour Relations Act (NLRA)**, the **Fair Labour Standards Act (FLSA)**, the **Occupational Safety and Health Act (OSHA)**, and the **Employee Retirement Income Security Act (ERISA)**. These laws are designed to **protect workers' rights, ensure workplace health and safety, and provide essential benefits** such as
- **United Kingdom:** Labour regulations in the United Kingdom are governed by several key statutes, including the Employment Rights Act, the Health and Safety at Work Act, the National Minimum Wage Act, and the Trade Union and Labour Relations (Consolidation) Act. These laws are designed to protect workers' rights, ensure workplace health and safety, and provide essential benefits such as social security, healthcare, and minimum wage protections.
One of the most important labour laws in the UK is the Employment Rights Act of 1996, which regulates employer-employee relations and establishes a framework for conflict resolution. It grants employees the right to strike and supports the formation of trade unions. However, the law also imposes certain restrictions on strikes, requiring employees to follow specific legal procedures before initiating industrial action.



- **India:** Labour is listed under the Concurrent List of the Indian Constitution, allowing both Parliament and state legislatures to enact laws regulating labour. The central government has identified over 100 state laws and 40 central laws that govern various aspects of labour, including industrial dispute resolution, working conditions, social security, and wages. The Second National Commission on Labour (2002) (NCL) found existing labour laws to be complex, outdated, and inconsistent in their definitions. To enhance compliance and create uniformity, the NCL recommended consolidating central labour laws into five broad categories:

1. Industrial Relations
2. Wages
3. Social Security
4. Safety
5. Welfare and Working Conditions

In 2019, the Ministry of Labour and Employment introduced four Bills aimed at consolidating 29 central labour laws into four comprehensive Labour Codes covering:

1. Wages
2. Industrial Relations
3. Social Security
4. Occupational Safety, Health, and Working Conditions

While the Code on Wages, 2019 was passed by Parliament, the Bills related to the other three areas were referred to the Standing Committee on Labour, which later submitted its reports. In September 2020, the government introduced revised versions of these Bills.

Notable Legal Cases on Worker Rights and Fair Wages

1) Workmen of M/S Firestone Tyre and Rubber Co. of India v. Management (1973)

Issue:

The case centred around **whether an employer's decision to terminate workers based on domestic inquiries** was final or subject to judicial review by industrial tribunals.

Facts:

- The management of **Firestone Tyre & Rubber Company** terminated several employees following an **internal domestic inquiry**.
- The workers **challenged the termination**, claiming the inquiry was unfair and that they had not been given a fair opportunity to defend themselves.
- During the pendency of the case, amendments were made to the **Industrial Disputes Act**, significantly impacting employer-employee relations.

Judgment:

- The Supreme Court ruled that **findings from domestic inquiries are not final**, and **industrial tribunals have the power to review such dismissals**.
- It **reinforced workers' rights**, ensuring that they could **challenge wrongful terminations**.
- The ruling emphasized that **natural justice must be followed in domestic inquiries**.

Impact:

- Strengthened workers' rights by providing them a **platform to contest unfair dismissals**.
- Established that **industrial tribunals have authority over wrongful terminations**, reducing arbitrary employer actions.



2) Bandhua Mukti Morcha v. Union of India (1984)

Issue:

This case dealt with **bonded labour and worker exploitation**, expanding the scope of **Public Interest Litigation (PIL)**.

Facts:

- **Bandhua Mukti Morcha**, an NGO, filed a petition under **Article 32** of the Constitution to **free bonded labourers** in stone quarries in Haryana.
- The petition argued that **bonded labour violated fundamental rights under Articles 21 (Right to Life) and 23 (Prohibition of Forced Labor)**.

Judgment:

- The Supreme Court held that **bonded labour is unconstitutional** and **violates human dignity**.
- Directed the government to **identify, release, and rehabilitate bonded labourers**.
- The ruling emphasized that **the government must actively ensure labourers' rights**.

Impact:

- Strengthened **workers' rights against exploitation**.
- Recognized PILs as an important tool for **human rights advocacy**.

3) Steel Authority of India Limited v. National Union Waterfront Workers (2001)

Issue:

The case addressed **whether contract workers should be automatically absorbed into permanent employment if contract labour is abolished**.

Facts:

- Contract labourers working for **Steel Authority of India (SAIL)** demanded permanent employment.

- The workers argued that since contract labour was abolished, they should be absorbed into **regular employment**.

Judgment:

- The Supreme Court ruled that **abolition of contract labour does not automatically lead to regularization of workers**.
- Instead, **each case must be examined individually** to determine **whether workers are entitled to permanent status**.

Impact:

- Clarified the distinction between **contract workers and permanent employees**.
- Ensured that **contract labour laws were not misused**.

4) People's Union for Democratic Rights v. Union of India (1982)

Issue:

The case addressed **minimum wages and forced labour** for workers engaged in **construction projects for the 1982 Asiad Games**.

Facts:

- A PIL was filed on behalf of workers **who were not paid minimum wages**.
- The petition argued that **non-payment of minimum wages amounts to forced labour**, violating **Article 23 (Right Against Exploitation)**.

Judgment:

- The Supreme Court ruled that **any labourer paid below the minimum wage is a victim of forced labour**.
- Declared that **exploitation of workers violates fundamental rights**.

Impact:

- Strengthened **minimum wage enforcement**.



- Recognized **forced labour beyond physical coercion**, including **economic exploitation**.

5) Syndicate Bank and Ors v. K. Umesh Nayak (1994)

Issue:

The case dealt with **workers' rights to engage in trade union activities** without employer retaliation.

Facts:

- Employees of **Syndicate Bank** were **penalized for participating in trade union activities**.
- The employees argued that **such actions violated their labour rights**.

Judgment:

- The Supreme Court ruled that **employees have the right to join trade unions and participate in lawful activities**.
- Employers **cannot discriminate against workers for union activities**.

Impact:

- Strengthened **trade union protections**.
- Ensured that **employees could organize without fear of employer retaliation**.

6) Municipal Corporation of Greater Bombay v. Labour Appellate Tribunal of India (1957)

Issue:

The case examined **whether municipal employees are covered under industrial labour laws**.

Facts:

- The **Municipal Corporation of Greater Bombay** claimed that **municipal workers were not industrial workers**.
- The workers argued that their employment fell under **labour laws**.

Judgment:

- The Supreme Court ruled that **municipal employees engaged in essential services qualify as industrial workers**.

Impact:

- **Extended labour law protections** to government employees in certain sectors.

7) M.C. Mehta v. State of Tamil Nadu (1996)

Issue:

The case addressed **child labour in hazardous industries**.

Facts:

- **Activist M.C. Mehta filed a petition** to eliminate **child labour in Sivakasi match factories**.
- The case argued that **child labour in hazardous industries violates fundamental rights**.

Judgment:

- The Supreme Court **banned child labour in hazardous industries**.
- Ordered the **rehabilitation of child workers** and **compensation for affected families**.

Impact:

- Strengthened **child labour laws**.

8) Hindustan Aeronautics Limited v. Workmen (1975)

Issue:

The case addressed **workers' rights in public sector enterprises**.

Facts:

- The **workers of Hindustan Aeronautics Limited (HAL)** sought labour protections.
- The employer argued that **government-owned enterprises had different labour rules**.



Judgment:

- The Supreme Court ruled that **workers in public sector enterprises have the same rights as private-sector employees.**

Impact:

- Strengthened **worker protections in government companies.**

9) Bata Shoe Co. Ltd. v. D.N Ganguly (1961)

Issue:

The case addressed **whether the government could withdraw industrial disputes from tribunals.**

Facts:

- The **government attempted to withdraw an industrial dispute case from a tribunal.**

Judgment:

- The Supreme Court ruled that **once a dispute is referred to a tribunal, it cannot be arbitrarily withdrawn.**

Impact:

- Strengthened **judicial oversight in labour disputes.**

10) Bangalore Water Supply v. A. Rajappa & Others (1978)

Issue:

The case **expanded the definition of "industry"** under labour laws.

Facts:

- The question was whether **government and non-profit organizations fell under "industry"**.

Judgment:

- The Supreme Court ruled that **any organization involved in systematic economic activity qualifies as an industry.**

Impact:

- Extended **labour law protections to a wider range of workers.**

DISCUSSION

Future of labour laws and policy recommendations

Key Future Trends in Labour Laws:

1. Digitalization and Work Structure Changes
 - The construction sector is experiencing technological shifts that redefine job roles, production processes, and labour relations.
 - There is a need for labour laws to adapt to digital tools, automation, and new employment structures in the gig and platform economy.
2. Industrial Relations and Social Dialogue
 - A multi-level governance approach is necessary, involving trade unions, businesses, and governments.
 - Labour laws should promote inclusive bargaining processes that incorporate digital transformation concerns.
3. Worker Rights in a Digital Economy
 - The future of labour laws should focus on protecting digital workers from surveillance, unfair monitoring, and data privacy breaches.
 - New digital rights for workers should be introduced, such as the right to disconnect and protection from algorithmic decision-making.
4. Fair Wages and Employment Protection
 - Wage structures should account for the changing nature of work,



ensuring fair pay for both traditional and digital jobs.

- Laws should prevent wage suppression in automated industries and regulate work intensity under digitalized workflows.

5. Workplace Safety in Digital Environments

- Occupational health and safety (OHS) policies should be revised to consider risks from automation, AI-driven supervision, and cyber-physical systems.
- Mandatory digital safety training programs should be implemented.

Policy Recommendations:

1. Regulatory Framework Updates

- Labour laws should be updated to reflect digital economy challenges and protect vulnerable workers.
- Governments should introduce legal provisions for digital employment rights.

2. New Employment and Social Protection Models

- Develop universal social security mechanisms for gig workers, contract employees, and remote workers.
- Strengthen legal frameworks for fair wages in evolving employment models.

3. Strengthening Trade Union Roles

- Trade unions should integrate digital workplace challenges into bargaining agreements.
- Establish tripartite institutions (involving government, employers, and unions) to

regulate digitalized labour conditions.

4. Training and Upskilling Initiatives

- Implement continuous education policies to equip workers with digital skills.
- Invest in vocational training to reduce job losses due to automation.

5. Inclusive Digital Transition

- Labour laws should promote an inclusive approach to digital transformation, ensuring that low-skilled workers are not left behind.
- Governments should fund digital innovation while protecting workers from economic displacement.

CONCLUSION

Labour laws play a vital role in ensuring fair wages, worker rights, and equitable employment conditions in an evolving global economy. As industries undergo digital transformation, automation, and globalization, the legal framework governing labour must adapt to new challenges while upholding fundamental worker protections.

The research highlights that while labour laws have traditionally focused on wage regulation, workplace safety, and industrial relations, emerging issues such as gig economy employment, algorithmic management, and digital workplace surveillance require urgent legal attention. Ensuring fair compensation, job security, and protection against exploitation in digitalized work environments must be a priority.

Additionally, the role of social dialogue and trade unions is becoming increasingly important in negotiating fair employment terms and advocating for inclusive labour policies. Governments, employers, and labour



organizations must work collaboratively to modernize legal frameworks, strengthen enforcement mechanisms, and promote sustainable wage policies.

Moving forward, it is essential to develop proactive policies that balance economic growth with worker welfare. This includes stronger regulatory frameworks, expanded social security protections, and comprehensive training programs to help workers adapt to the evolving labour market. A just and inclusive transition towards digital workplaces will require continued efforts to safeguard labour rights, economic security, and social justice for all workers.

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