

Original Research Article

Building Inclusive Labour Institutions in India in a Changing World

Dr Puja Saxena Nigam^{1*}¹Associate professor, Department of Economics, Hindu College, University of Delhi, India

Article History

Received: 11.10.2025

Accepted: 17.12.2025

Published: 20.12.2025

Journal homepage:

<https://www.easpublisher.com>

Quick Response Code



Abstract: The evolution of labour markets globally reflects a shift from agrarian-based economies to diversified industrial and service-oriented structures. In this context, labour market dynamics are deeply interwoven with broader socio-political and institutional frameworks. The current era of hyper-globalization further underscores the need to examine these markets not just through an economic lens, but also from sociological and political perspectives. Since gaining independence, India's labour market has undergone considerable transformation. Despite lagging behind developed economies in setting global benchmarks for labour standards—such as wage parity, working conditions, employment contracts, collective bargaining rights, and inclusivity—the country has made consistent efforts to reform its labour regulations in line with evolving socio-economic needs. A landmark development in this direction was the introduction of the Four Labour Codes in 2020, which aim to consolidate and simplify 44 existing labour laws. The changing approach to labour in India reflects a broader attempt to balance economic flexibility with social protection. The current reforms strive to foster a more inclusive and dynamic labour market that supports both economic growth and worker welfare. This paper seeks to analyse the structural foundations of India's labour market, examine the evolution of labour institutions post-independence, and evaluate the key challenges and developments that have shaped its current form. It intends to understand the new Labour Codes—their proposed structures, implementation frameworks, and limitations. Finally, the paper attempts to explore the future trajectory of India's labour market in light of these transformative reforms, with a focus on building inclusive labour institutions that respond effectively to India's diverse socio-economic realities.

Keywords: Labour Market, Institutions, Labour Laws, Labour Codes, Wages, Inclusive Labour Institutions.

Copyright © 2025 The Author(s): This is an open-access article distributed under the terms of the Creative Commons Attribution **4.0 International License (CC BY-NC 4.0)** which permits unrestricted use, distribution, and reproduction in any medium for non-commercial use provided the original author and source are credited.

INTRODUCTION

Labour markets are central to understanding economic systems, both from microeconomic and macroeconomic perspectives. Like any other market in economics, labour markets can theoretically function efficiently under a laissez-faire framework. However, real-world conditions often deviate from this ideal, leading to market failures. These inefficiencies necessitate government intervention through policies, regulations, and institutional mechanisms aimed at correcting distortions and ensuring equitable and sustainable outcomes.

The evolution of labour markets globally reflects a shift from agrarian-based economies to diversified industrial and service-oriented structures. In this context, labour market dynamics are deeply

interwoven with broader sociopolitical and institutional frameworks. The current era of hyper-globalization further underscores the need to examine these markets not just through an economic lens, but also from sociological and political perspectives.

India presents a unique case in this regard. As a developing economy transitioning from a predominantly agrarian base to a more industrial and service-led growth model, India's labour market is marked by its dual character—an abundance of unskilled labour coexists with a significant pool of highly skilled professionals. However, the labour force is also shaped by deep-rooted heterogeneity, influenced by caste, religion, gender, and class, making the Indian labour market inherently complex.

*Corresponding Author: Dr Puja Saxena Nigam

Associate professor, Department of Economics, Hindu College, University of Delhi, India

Since gaining independence, India's labour market has undergone considerable transformation. Despite lagging behind developed economies in setting global benchmarks for labour standards—such as wage parity, working conditions, employment contracts, collective bargaining rights, and inclusivity—the country has made consistent efforts to reform its labour regulations in line with evolving socio-economic needs.

Ever since 1951, there has been a contentious debate going on amongst the economists, political parties and policy influencers on how the planning process has failed to balance twin objectives of economic growth and poverty alleviation so far. All these viewpoints gravitate around two major rival approaches of Liberals who believe that liberalised economic growth at a faster rate will finally lead to poverty removal through “trickle-down effect” and the other extreme of Leftists who believe that just focusing on the economic growth will lead to “rich becoming richer and poor poorer”. This is also the contention of the tussle between GDP as an indicator of economic growth as against Human Development Index (HDI) as an indicator of economic development. HDI is more comprehensive than GDP in that it along with income distribution includes life expectancy and literacy another way of looking at this debate was to view it as a tussle between Economists who focus on growth (GDP) and those that are concerned about development (HDI). The former contended that unless the national income pie is made continuously to grow bigger over a period for distribution among different segments, particularly deprived ones, distributing a static small pie is not going to serve any social justice. On the other hand, the latter argued that the economic development process has to be ‘inclusive’ factoring the need and aspirations of the deprived classes specifically in the villages. The process of social and economic justice cannot wait till the GDP is increased substantially and both income generation and its distribution should be aligned together. It is interesting to note that “inclusive’ growth was a far cry till recently.

India's transition from a State-led to a market-oriented economy began during the 1980's. The economic reforms implemented during this time were driven by gradualism and were mostly internal in nature. After suffering a long phase of stagnation between the mid 1960's and late 1970's, India's industrial growth revived during the 1980's. Several factors like improvement of public sector investment especially on infrastructure, resultant rise in productivity and pro-business attitude of the Government played a key role in this revival. However, the growth in 1980's is termed as “jobless”. Despite the acceleration in the rate of growth of factory-sector output, the growth of factory-sector employment was slow in the country over the decade mainly due to organised-manufacturing sector employment vis-à-vis unorganised one. This slow growth was attributed to the rigidity in the country's labour market.

The 1990's was also characterised by the slow growth of organised manufacturing sector. Despite growth of around 5% in GDP per capita between 1993/94 and 1999/2000, the share of the organized sector in total employment decreased from 7.3% to 7.1%.¹ At the same time, jobs in the organized sector themselves underwent a change, with contract labour getting a growing share of employment. More broadly, workers on daily or periodic contracts increased their share of total wage and salary employment, in what some observers have described as the “casualization” of the Indian workforce.

Labour laws in India have covered Industrial relations – certification of unions, labour-management relations, collective bargaining and unfair labour practices; Workplace health and safety; Employment standards, including general holidays, annual leave, working hours, unfair dismissals, minimum wage, layoff procedures and severance pay.

The International labour Organisation (ILO) has been actively involved with India in terms a lot of areas of labour markets namely, addressing decent work deficits in informal sectors like sanitation, gig and platform, plantations, and domestic work, and promoting apprenticeships and sustainable enterprises; promoting gender equity: enhancing women's access to skills and employment, reducing wage gaps and promoting entrepreneurship; eliminating child labour: tackling the root causes of child labour by promoting fundamental principles and rights at work, improving working conditions, expanding access to social protection, vocational training and strengthening the capacity of constituents; fostering inclusive workplaces: advancing employment for persons with disabilities, individuals living with HIV and TB, and eliminating all forms of gender-based violence and harassment; research and policy development: producing research and publications to inform policy frameworks and guide development cooperation projects aligned with constituent priorities; Labour Market Information Systems (LMIS): supporting robust data systems for evidence-based policy-making and monitoring.

Together ILO and India have ratified the core conventions on child labour and enhanced capacity building for MSMEs across the country. The ILO provided key technical support to India's G20 Presidency, focusing on sustainable financing of social protection, extending social protection to more workers, and addressing global skills gaps, promotion of Occupational Safety and Health (OSH): During the COVID-19 pandemic, the ILO supported the creation of OSH champions within Workers' and Employers' Organizations. OSH was also integrated into the ILO's framework of Fundamental Principles and Rights at Work, leading to the establishment of OSH focal points by the ILO and its constituents in their organizations. They have also worked together to strengthen workers' organizations: Workers' Information Support Centres

(WISC) have been established to enhance workers' organizations' capacity in enabling workers to access social protection services and entitlements effectively.

A landmark development in India was the introduction of the Four Labour Codes in 2020, which aim to consolidate and simplify 44 existing labour laws. These include:

1. The Code on Wages – addresses minimum wages, equal remuneration, and timely payment of wages.
2. The Industrial Relations Code – streamlines laws related to trade unions and industrial dispute resolution.
3. The Social Security Code – seeks to universalize social security benefits, extending coverage to gig and unorganized sector workers.
4. The Occupational Safety, Health and Working Conditions Code – aims to ensure safer and more regulated working environments.

These reforms are designed to modernize India's labour law regime, promote formalization of the workforce, enhance social security, and improve the ease of doing business. For workers, the changes promise increased protections, expanded benefits, and improved workplace conditions. For employers, the codes aim to reduce compliance burdens and offer greater flexibility in workforce management. However, these benefits are accompanied by significant challenges, particularly in terms of implementation, institutional readiness, and the potential weakening of collective bargaining mechanisms.

The changing approach to labour in India reflects a broader attempt to balance economic flexibility with social protection. The current reforms strive to foster a more inclusive and dynamic labour market that supports both economic growth and worker welfare.

Global and National Best Practices in Labour Market Policy

- Germany's Dual System of Vocational Education and Training (VET) is globally regarded for its success in integrating education with employment. Trainees split their time between classroom learning at vocational schools and practical training at a company, typically over 2–3 years. This results in a highly skilled workforce with a smooth school-to-work transition and one of the lowest youth unemployment rates in the EU (around 5.7%).
- Denmark's Flexicurity (flexibility + security) Model provides easy hiring and firing laws for employers, balanced by generous unemployment benefits and strong investment in active labour market policies like reskilling and job placement. This model ensures both

economic dynamism and worker security, enabling labour mobility and social cohesion.

- India's Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is one of the world's largest public employment programmes. It legally guarantees 100 days of wage employment per year to every rural household willing to do unskilled manual work. It has helped reduce rural poverty, prevent distress migration, and act as a shock absorber during economic downturns and climate events. In FY 2022-23, over 25 crore person-days of work were generated.
- Launched in 2012, Rwanda's YouthConnekt combines digital skills training, access to finance, mentorship, and civic engagement for young people aged 16–30. It has supported over 250,000 youth and helped create thousands of new jobs and youth-led enterprises. The programme has now expanded to several other African countries through the YouthConnekt Africa Hub, backed by UNDP.
- Singapore's SkillsFuture is a national movement to promote lifelong learning and upskilling. All citizens aged 25 and above receive SkillsFuture Credit, which they can use to pursue approved courses in emerging sectors like AI, healthcare, and green energy. The initiative supports workforce adaptability and has trained over 500,000 individuals annually.

Challenges of Labour Markets in India

India's labour markets face numerous structural and emerging challenges. Despite the demographic advantage of a young population, translating this into productive employment remains a critical policy challenge.

- High youth and female unemployment: According to the Periodic Labour Force Survey (PLFS) 202223, India's youth unemployment rate (age 15–29) stands at 12.4%, with educated youth facing even higher rates. Meanwhile, female labour force participation, though slightly improved, remains low at 37%, reflecting persistent socio-cultural and structural barriers.
- Informality and lack of protections: According to the ILO India Employment Report 2022, over 90% of India's workforce is employed in the informal sector, lacking access to formal contracts, health insurance, or retirement benefits. This significantly reduces income security and resilience during economic shocks.
- Skills mismatch: A study by NITI Aayog and MSDE revealed that only 47% of India's youth are employable as per industry standards, indicating a stark gap between educational outcomes and job market needs. Many graduates are either under-skilled for high-

productivity jobs or overqualified for available roles, leading to underemployment.

- Urban-rural job divide: The PLFS shows that urban unemployment (6.6%) is significantly higher than in rural areas (3.2%), not because there are more jobs in villages, but because urban jobs demand higher skills and are harder to access without migration. Meanwhile, rural employment continues to be dominated by agriculture, with limited opportunities for value-added or formal sector jobs.
- Technological disruption: Automation and AI are expected to displace nearly 69% of jobs in India's IT and BPO sector over the next few years unless there's significant investment in reskilling and digital readiness. Similar trends are seen in manufacturing and logistics, putting low- and mid-skilled jobs at risk.

Addressing the Challenges

To address these challenges, a multidimensional approach is needed: Active Labour market Policies (ALMP'S) that involve job training programmes, wage subsidies and job-matching services like, Pradhan Mantri Kaushal Vikas Yojana (PMKVY) that aims to train over 10 million youth in marketrelevant skills, can be helpful. Passive Labour Market Policies like insurance schemes and unemployment benefits are short term in impact but offer safety net during economic shocks. Skill Development Initiatives like Skill India Mission focus on upskilling workers across sectors. Labour Code Reforms that have been undertaken in India with the intent to make compliance easier for businesses while ensuring social security for workers was the need of the hour. Inclusive Employment Policies that are Gender-sensitive and incentivise hiring of people with disabilities are essential for equitable participation.

Technology can be a powerful catalyst for designing responsive, inclusive, and future-ready labour policies. It enables both macro-level planning and micro-level targeting of interventions. A few examples are:

Real-Time Labour Market Intelligence – Datasets like India's PLFS or global tools like LinkedIn's Economic Graph offer real-time insights into sectoral employment trends, geographic shifts, and emerging occupations—enabling data-driven policy decisions.

Predictive Analytics – AI-powered forecasting models help predict future skills demand, guiding the design of anticipatory skilling programmes. For example, the World Economic Forum's Reskilling Revolution identifies high-growth job roles and skill gaps in key economies.

Digital Labour Platforms – Gig and platform-based work (e.g., Urban Company, Swiggy, Zomato, Uber) has changed the nature of employment. While

offering flexibility and access to work, these models raise concerns around job security, insurance, and fair wages, urging a relook at labour laws and protections for gig workers.

Blockchain and Digital Credentials – Innovations like blockchain-based skill passports or verifiable digital certificates (e.g., India's DigiLocker) allow workers to portably showcase skills and credentials across employers and geographies, enhancing job mobility and trust in informal economies.

New Labour Laws in India-A Detailed Look

For ensuring workers' right to minimum wages, the Central Government has amalgamated 4 laws in the Wage Code, 9 laws in the Social Security Code, 13 laws in Occupational Safety, Health and Working Conditions Code, 2020 and 3 laws in the Industrial Relations Code. The Government has made a headway towards changing the standard of living of workers in a fundamental manner. It is believed that this will have positive and far-reaching effect on workers and nation building. These Labour Reforms will enhance Ease of Doing Business in the country. Employment creation and output of workers will also get enhanced. The benefits of these four Labour Codes will be available to workers of both organized and unorganized sector. Now, Employees' Provident Fund (EPF), Employees' Pension Scheme (EPS) and coverage of all types of medical benefit under Employees' Insurance will be available to all workers.

The benefits of these four Labour Codes will be available to workers of both organized and unorganized sector. Now, Employees' Provident Fund (EPF), Employees' Pension Scheme (EPS) and coverage of all types of medical benefit under Employees' Insurance will be available to all workers and the workers have got the Right to Minimum Wages. After 73 years of independence, work is being done to provide wage security, social security and health security to 50 crore workers, covering organized and unorganized sectors. The guarantee of minimum wages is available to 50 crore workers of organized and unorganized sectors along with review of minimum wages in every 5 years, guarantee of timely payment of wages to all workers, equal remuneration to male and female workers. For the first time, around 40 crore workers of unorganized sector in the country have got this right. To remove regional disparity in minimum wages the provision of floor wage has been introduced. The determination of minimum wages has been made easy. It will be based on criteria such as skill level and geographical area. From 28.08.2017 Payment of Wages Act has increased the wage ceiling from Rs. 18000 to Rs. 24000. To ensure security for all workers, the Central Government has amalgamated 9 Labour Laws into the Social Security Code in order to secure the right of workers for insurance, pension, gratuity, maternity benefit etc. Through this Code, a comprehensive legal framework for Social Security has to be created so that workers can

receive social security completely. Under this, in a step wise manner, a system would be institutionalized for the contributions received from employer and worker. The Government can fund the contribution of workers from disadvantaged section. Through a small contribution, benefit of free treatment is available under hospitals and dispensaries of ESIC. The doors of ESIC will now be opened for the workers of all sectors along with the workers of the unorganized sector. Additionally, ESIC hospitals, dispensaries and branches to be expanded to district level. This facility to be increased from 566 districts to all the 740 districts of the country. Even if a single worker is engaged in hazardous work, he would be given ESIC benefit. The new laws also give an opportunity to join ESIC for platform and gig workers engaged in new technology. Plantation workers to get benefit of ESIC. Institutions working in hazardous area to be compulsorily registered with ESIC. Expansion of Social Security Benefit of pension scheme (EPFO) to all workers of organized, unorganized and self-employed sectors. Creation of social security fund for providing comprehensive social security to the unorganized sector has been envisaged too. Requirement of minimum service has been removed for payment of gratuity in case of fixed term employees. Employees engaged on fixed term to get same social security benefit as permanent employees. The idea of creating a national database of workers of unorganized sector through registration on Portal and employers employing more than 20 workers to mandatorily report vacancies online has been undertaken. A Universal Account Number (UAN) for ESIC, EPFO and Unorganised Sector workers that is Aadhaar based Universal Account Number (UAN) to ensure seamless portability for providing better and safe environment along with occupational health and safety to workers at the work place, 13 existing Labour Laws have been subsumed in the Occupational, Safety, Health and Working Conditions Code, 2020. In this Code, the security of interests of workers engaged in factories, mines, plantations, motor transport sector, bidi and cigar workers, contract and migrant workers has been included. There is a provision for Inter-State Migrant Worker for undertaking a to-and-fro journey to his native place. Also providing of appointment letters to the workers has been made mandatory. The Code lays out a mandatory free annual health check-up of the workers to be provided by the employers. For a worker engaged in building and other construction work in one State and moving to another State, benefit from the Building and other Construction Workers' Cess fund will be provided. Under the "One Nation - One Ration Card", an Inter-State Migrant Worker would get ration facility in the State he is working in and the remaining members of his family would be able to avail of the ration facility in the State where they reside. Mandatory helpline facility in every State for resolution of Inter-State Migrant Workers' grievances. National database to be created for the Interstate Migrant Workers. Instead of 240 days, now

if a worker has worked 180 days, he shall be entitled for one-day leave for every 20 days of work done.

Women empowerment through the Labour Codes is a welcome step towards inclusive growth. Women have been given the right to work at night with their consent and it has also been ensured that the employer would make adequate arrangements to provide safety and facilities to women workers at night. Maternity Benefit Act was amended in 2017 to increase the paid Maternity leave for women workers from 12 to 26 weeks and ensure mandatory crèche facility in all establishments having 50 or more workers.

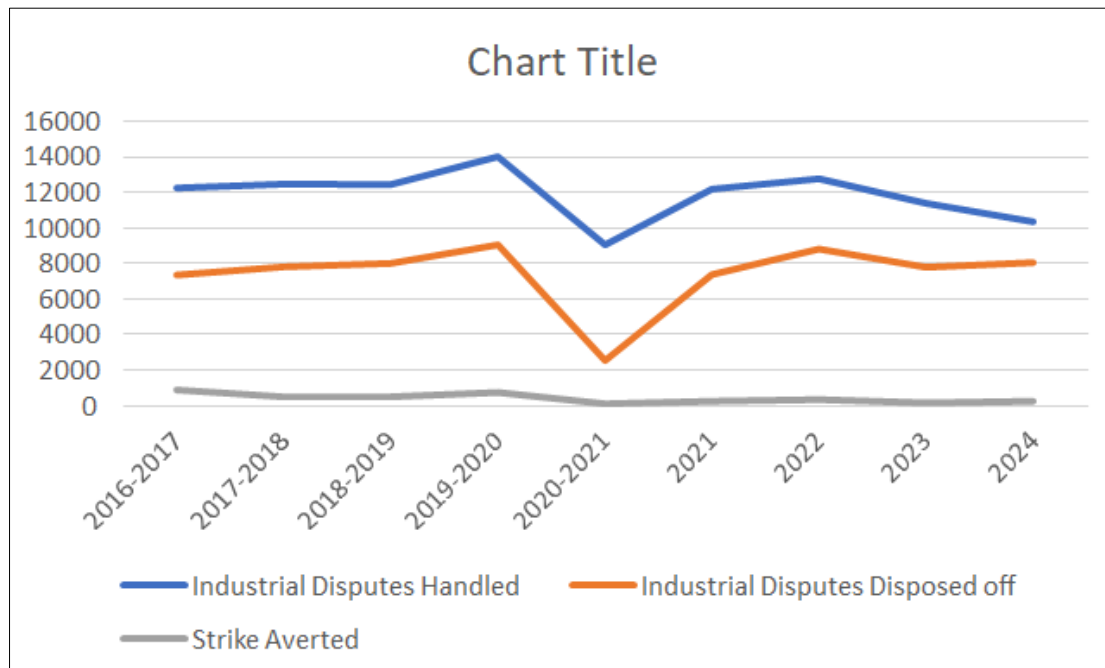
By amalgamating 3 Labour Laws into the Industrial Relations Code the Central Government has taken steps for safeguarding the interests of Trade Unions as well as the workers. In this Code, all possible steps have been taken for industrial units and workers so that disputes do not arise in future Industrial Relations (IR) Code, 2020. In case of job loss, a worker will get benefit under the Atal Bimit Vyakti Kalyan Yojna. Under the Atal Bimit Vyakti Kalyan Yojna, a worker of organized sector who loses his job gets financial aid from the Government. This is a type of unemployment allowance, the benefit of which is admissible to the workers covered under the ESI Scheme. At the time of retrenchment, a worker would be provided 15 days' wages for re-skilling. The wages would be credited directly into the bank account of the worker so as to enable him to learn new skills. Faster justice to the workers will be ensured through the Tribunal. Workers disputes to be resolved within a year in the Tribunal. Industrial Tribunals to have 2 members to facilitate faster disposal of cases. In industrial establishments, a Trade Union having 51 per cent votes shall be recognised as the sole negotiating union which can make agreements with employers. In industrial establishments in which no trade union gets 51 per cent votes, a negotiating council of trade unions shall be constituted for making agreements with employer.

Data Analysis

As per the Annual Reports of the Government of India Data on Labour Markets has been studied for the time period beginning 2016 till 2024. Only Data specific to labour laws has been studied for the past ten years. The Central Industrial Relations Machinery (CIRM), an attached office of the Ministry of Labour & Employment, Government of India, headed by the Chief Labour Commissioner (Central). Its primary role is to maintain harmonious industrial relations and enforce labour laws in establishments falling under the Central Government's sphere. Its functions include preventing and settling industrial disputes, implementing labour laws, verifying trade union membership, and promoting workers' welfare. The intervention of CIRM is pivotal to the labour markets in India and hence, it has been included in data analysis.

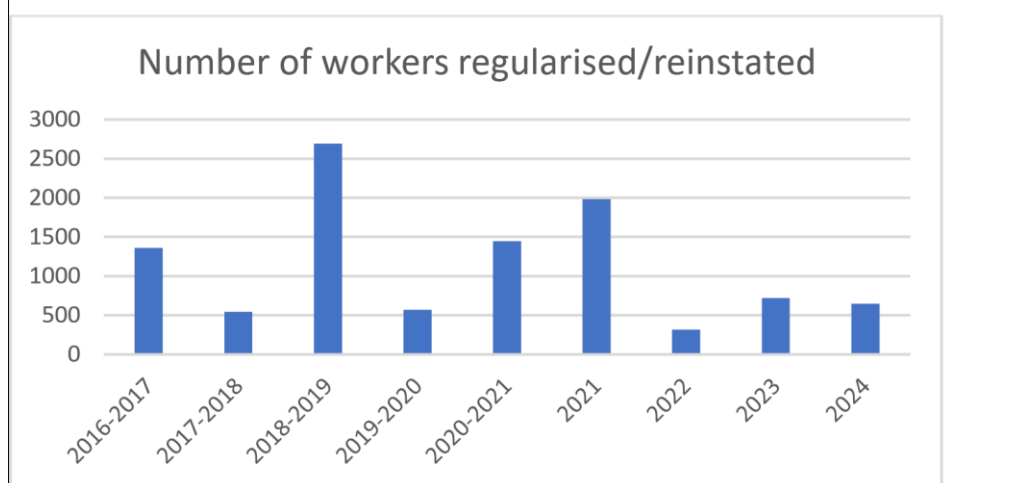
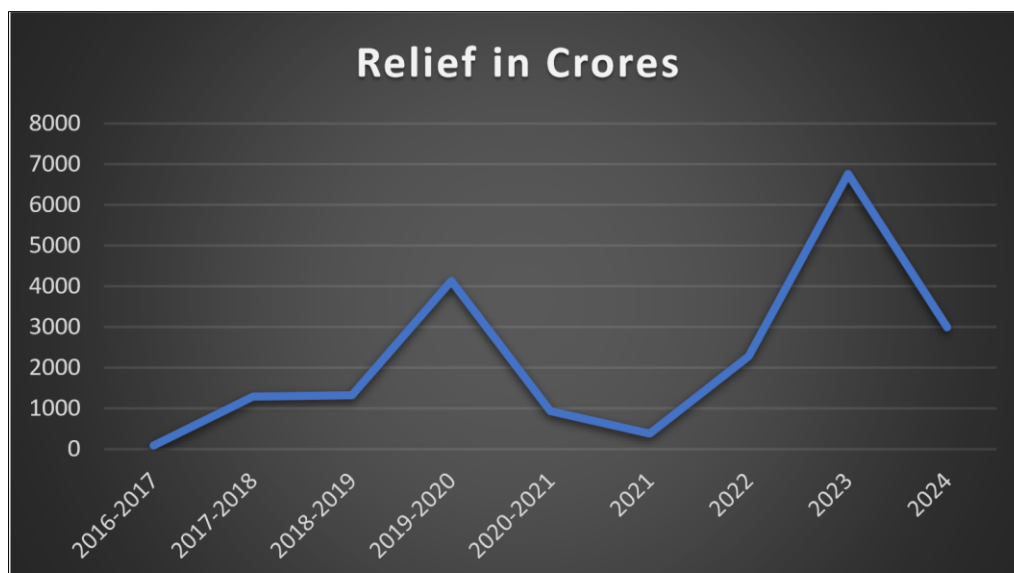
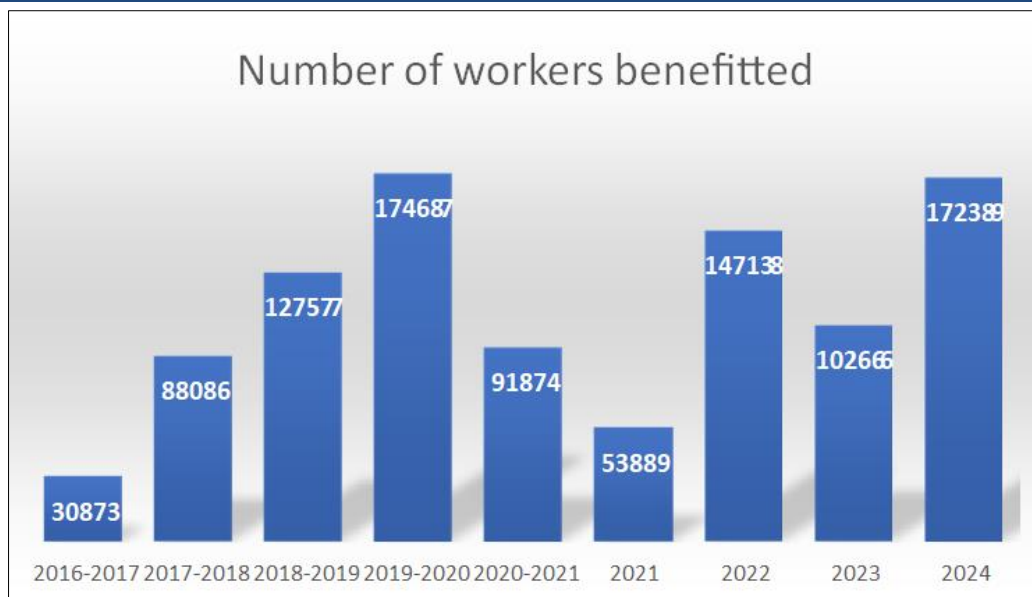
Year(s)	Industrial Disputes Handled	Industrial Disputes Disposed off	Strike Averted
2016-2017	12235	7333	845
2017-2018	12450	7774	475
2018-2019	12427	7976	461
2019-2020	14002	9016	698
2020-2021	9018	2532	89
2021	12170	7359	221
2022	12746	8773	318
2023	11376	7760	146
2024	10320	8023	232

***Annual Reports of Ministry of labour and Employment**



Benefits of workers due to intervention by CIRM				
Year	Number of workers benefitted	Relief in Crores	Number of regularised/reinstated	workers
2016-2017	30873	89.81	1359	
2017-2018	88086	1290.63	542	
2018-2019	127577	1323	2693	
2019-2020	174687	4136.3	570	
2020-2021	91874	937.44	1447	
2021	53889	386	1985	
2022	147138	2285.06	318	
2023	102666	6762	719	
2024	172389	2992.91	648	

***Annual Reports of Ministry of labour and Employment**



The analysis of data does not point to a clear pattern in the context of any decisive interpretation with regards key aspects of labour markets viz, Industrial

disputes, strikes averted, benefits to workers, and cash relief in the last 10 years. There is no specific trend that has emerged in these areas post 2020. It accounts for no

conclusive evidence on the impacts of the unified labour codes and their implementation in the labour markets of India. However, it sets forth platform for further research and analysis on this once more data is available.

The Impact of Digitalization on Labour Laws

Redefining Employment: The Gig Economy's Legal Tightrope

The distinction between independent contractors and employees have become hazier with the introduction of digital channels. Workers participate in project-driven, task-based work in the gig economy, which is made possible by digital platforms. These jobs often lack the permanence and security of traditional employment, leading to legal ambiguity. Traditional labour laws, which are based on the binary classification of workers as either employees or independent contractors, struggle to accommodate this new model.

Legal Ambiguities and Worker Protections

This redefined work status raises a number of important legal issues in the context of labour laws. Operating in a grey area, gig workers frequently discover that they are not eligible for the same benefits and protections as regular employees. This covers the availability of social security, health care, and stable employment. It is essential for labour law consultants to understand the impact of these upcoming changes.

A Need for Modernized Legal Frameworks

In order to better reflect the realities of the digital economy, labour laws must be reevaluated in light of this ambiguity. Ahead of these changes, advisors must help their clients understand the specifics of worker classification and make sure that all workers are legally protected, regardless of their employment status.

Automation's Double-Edged Sword

Artificial Intelligence is revolutionising a number of industries through workflow optimisation and performance improvements. But there's a price for these advances. The labour market is undergoing major changes as a result of the displacement of many low-skill jobs by machines and algorithms that take over repetitive tasks. While highskill jobs in areas such as data analytics and AI development are on the rise, the workers displaced by automation often lack the skills needed to transition into these new roles.

The Displacement Dilemma

Automation's ability to replace workers poses a serious threat to labour regulations. Conventional labour laws, which are intended to safeguard employees in steady, long-term jobs, are inadequate to deal with the abrupt changes brought about by automation. Advisors need to be aware of the effects of these adjustments and assist their clients in adjusting to the new situation.

Evolving Laws to Protect Displaced Workers

Protecting workers who face automation-related job displacement is one of the main areas where labour laws need to change. This includes retraining and upskilling policies, which are crucial for assisting workers in adjusting to new roles in the digital economy. In order to shield workers from unfair treatment or exploitation by automation, laws related to the moral application of AI in the workplace are also essential.

CONCLUSION AND THE WAY FORWARD

India's labour market future hinges on its 2020 labour code reforms, which aim to simplify and modernize labour laws by consolidating them into four codes to improve ease of doing business, promote formalization, and expand social security benefits to all workers, including those in the unorganized sector. The success of these reforms depends on effective implementation, a dynamic policy approach, skilling the workforce for future demands like digital and green jobs, and a human-centered strategy that balances worker rights with employer flexibility to achieve sustainable and inclusive job growth.

Key Aspects of Labor Reforms are:

Consolidation of Laws:

The central government has consolidated existing labour laws into four main codes: the Code on Wages, Code on Social Security, Code on Industrial Relations, and Code on Occupational Safety, Health, and Working Conditions.

Improved Social Security:

These codes aim to extend social security benefits, such as Employee Provident Fund (EPF) and Employee Pension Scheme (EPS), to workers in both the organized and unorganized sectors, ensuring broader protection.

Enhanced Ease of Doing Business:

The reforms are designed to create a more flexible regulatory environment, simplifying compliance for businesses and fostering greater economic growth and competitiveness.

Future Trends and Challenges are:

Digitalization: A significant trend is the transition to digital platforms for compliance, moving away from traditional paperwork to modernize processes and improve efficiency.

Focus on Future-Ready Workforce:

There is a growing emphasis on skilling and upskilling the workforce to meet the demands of growing sectors, including green and digital jobs, to ensure a pipeline of skilled workers.

Gig and Platform Work:

The labour market is evolving with the rise of the gig economy and platform work, presenting a challenge to balance worker rights with employer flexibility and adapt legal frameworks to these new work modes.

Human-Centered Approach:

Policymakers are increasingly prioritizing a human-centered approach to labour policy, focusing on inclusive growth, quality job creation, and ensuring dignity and security for all workers.

The Way Forward is via:

Data-Driven Policies:

Effective implementation requires a dynamic policy framework, supported by real-time data and longitudinal tracking of outcomes to adapt strategies dynamically.

Stakeholder Collaboration:

Successful reform hinges on the ability of all stakeholders—government, employers, and workers—to adapt to the new legal landscape and collaborate for systemic change.

Balancing Flexibility and Protection:

The fundamental challenge remains in creating a system that provides employers with flexibility to adapt to market needs while simultaneously safeguarding and enhancing worker rights and protections.

To promote inclusive and sustainable job creation, policymakers should take a human-centered approach that prioritises marginalized and vulnerable groups. Supporting Micro, Small, and Medium Enterprises (MSMEs) and fostering entrepreneurship is essential, as these entities are the backbone of employment in India. Additionally, investing in green

and digital jobs can help future-proof the workforce. Finally, strengthening collaboration among the government, private sector, and civil society will be crucial for achieving systemic and lasting impact.

Policymakers must recognise labour policy as a dynamic field—requiring continuous reform, real-time data, and global cooperation. The focus should not only be on job creation but on quality jobs that offer dignity, security, and opportunities for growth. As India gears up to become a \$5 trillion economy, ensuring that its workforce is future-ready and fairly included is non-negotiable.

REFERENCES

- https://labour.gov.in/sites/default/files/labour_code_eng.pdf
- <https://labour.gov.in/wages-and-statistics>
- <https://mospi.gov.in>
- <https://mospi.gov.in/94-labour-and-employment-statistics>
- https://ncib.in/pdf/ncib_pdf/Labour%20Act.pdf
- <https://www.ispp.org.in/labour-market-policies-for-equitable-economic-growth-and-job-creation/>
- <https://www.promptpersonnel.com/influence-of-digitalization-on-labour-laws-essential-insights-for-advisors/>
- Ministry of Labour and Employment: Annual Reports 2017 to 2024
- Panagariya A. and J. Bhagwati (2012) “A *Multitude of labour Laws and their Reforms*”
- T.C.A. Anant, R. Hasan, P. Mohapatra, R. Nagaraj, And S.K. Sasikumar (2005)” *Labour Markets in India: Issues and Perspectives*”
- Thomas J.J. (2018) “*Economic Growth without Employment: The story of Indian Manufacturing*”

Cite This Article: Puja Saxena Nigam (2025). Building Inclusive Labour Institutions in India in a Changing World. *East African Scholars J Econ Bus Manag*, 8(12), 472-480.
