

To,
Secretary,
The Ministry of Labour & Employment
Govt. of India, Shram Shakti Bhawan Rafi Marg.
New Delhi-110001 India

Respected Ma'am,

Subject: Objections/Suggestions to the Shram Shakti Niti 2025 – National Labour and Employment Policy of India

We write to you on behalf of the Centre for Labour Studies (“**CLS**”) at the National Law School of India University, Bengaluru (“**NLSIU**”), regarding the recently released Draft National Labour and Employment Policy of India, 2025 (“**Labour Policy**”). At the outset, we commend the Hon’ble Government for its proactive engagement with issues concerning workers and its initiative in formulating this draft policy and in seeking comments from stakeholders.

At the same time, we wish to raise certain concerns and suggestions. While we welcome the Labour Policy, we believe it overlooks several critical labour challenges facing the country — including underemployment, jobless growth, the growing informalization of work, disharmony between policy vision and labour codes and the emerging risks posed by artificial intelligence, climate change, and global political disruptions on workers’ livelihoods and working conditions. The Policy also lacks a clear roadmap for strengthening and expanding labour protections that align with the core labour standards identified by the International Labour Organization (“**ILO**”).

Through this representation, we seek to present our substantive as well as procedural observations on the Labour Policy, in the hope that they will receive due consideration and that the final version of the Policy will be revised to reflect these interventions

A. The Labour Policy fails to adequately address the critical issues of unemployment, underemployment, and the creation of decent work.

The Economic Survey 2023–24 underscores that India will need to create, on average, 78.5 lakh non-farm jobs annually until 2030 to productively absorb its expanding workforce. However, the Labour Policy offers no clear roadmap for achieving this goal. At present, the construction sector is the largest source of employment after agriculture, but employment in both sectors remains predominantly informal, marked by precarity and low wages. The Final Policy must therefore outline concrete measures to promote the creation of good-quality, formal employment that embodies the essential attributes of decent work.

We believe that focused public investment in labour-intensive sectors is crucial to expanding formal and decent employment in the country. Accordingly, we recommend that a key policy priority of the Government be to strengthen and scale up support for labour-intensive

manufacturing. Manufacturing holds particular significance as it generates regular, higher-paying jobs and contributes to greater productivity compared to sectors such as construction, agriculture, and certain services like trade.

Several reports have shown that informal sector workers in urban areas were among the worst affected during the COVID-19 pandemic. Unlike their rural counterparts, who could rely to some extent on the village economy and subsistence production, urban workers were almost entirely dependent on their daily incomes to meet basic needs. Unemployment in urban areas remains a serious concern even in the post-pandemic period.

Many economists have argued that demand-driven Urban Employment Schemes (UEPs) could serve as an important fallback option during crises.¹ Several states, including Odisha, Himachal Pradesh, and Jharkhand introduced such programmes in the aftermath of the pandemic. Kerala's UEP, in particular, proved highly effective in mitigating job losses and supporting women's employment; in 2019–2020 alone, 96,259 women were provided employment under the scheme. This number increased to 1,05,208 in 2020-2021.²

In this context, we recommend that the Policy prioritize the creation of a nationwide Urban Employment Guarantee Programme (UEP). It is recommended that the programme be initially piloted in Tier-1 cities and subsequently expanded to Tier-2 cities.

B. The Labour Policy remains entirely silent on agricultural labour, which constitutes the predominant segment of India's workforce.

As per the PLFS 2023–24, the agriculture sector continues to account for the largest share of employment, increasing from 44.1 per cent in 2017–18 to 46.1 per cent in 2023–24. Yet, despite being the predominant source of livelihood in the country, the Labour Policy makes no reference to the rights of agricultural workers. At present, these workers remain largely outside the scope of labour regulation and are consequently excluded from minimum wage and social security protections. We recommend that the Policy prioritise the enactment of a comprehensive national legislation for agricultural workers. The Policy must, at the very least, guarantee minimum wages, social security, and safeguards against occupational, health, and safety hazards, including those exacerbated by heat stress and climate change. With this, the Policy will also help reduce distress migration from rural to urban areas.

C. The Labour Policy Overlooks the Complex Realities of Informal Work and Fails to Ensure Decent Work for Informal Workers

¹ CSE, *Strengthening Towns through Sustainable Employment: A Job Guarantee Programme for Urban India*, Azim Premji University, Bangalore (2019) https://cse.azimpremjiuniversity.edu.in/wpcontent/uploads/2019/04/SWI2019_Urban_Job_Guarantee.pdf and Amit Basole & Rakshita Swamy, *DUET: Expand to include social protection for informal Workers*, (2020), <https://www.ideasforindia.in/topics/poverty-inequality/duetexpand-to-include-social-protection-for-informal-workers.html>

² R Ramakumar R & M Eapen, *The legacy of public action and gender-sensitivity of the pandemic response in Kerala State*, *Econ Polit* (Bologna). 2022;39(1):271-301.

Informal work in India is a complex and multidimensional phenomenon that continues to be the dominant form of work in the country. The National Commission for Enterprises in the Unorganised Sector (NCEUS) defines informal workers as those who “lack employment security, work security, and social security.” This definition extends not only to workers in the unorganised sector, typically small, unincorporated enterprises with fewer than ten workers or household-based enterprises, but also to those in the organised sector, such as casual or contract workers, who remain excluded from social protection.

Over 92.3% of India’s workforce is engaged in informal employment. The NCEUS has clearly demonstrated the strong link between informality and poverty, noting that 83% of workers in the informal economy fall within the poor and vulnerable category. This overlap is especially pronounced among casual workers, 90% of whom belong to this group.

Despite the pervasive nature of informality and its association with economic vulnerability, informal workers have long suffered from policy neglect, a trend that continues in the current Labour Policy. The Policy appears to rest on the assumption that digital registration of informal workers will automatically lead to their formalisation. This reflects a limited and superficial understanding of informal employment, particularly when contrasted with the NCEUS’s comprehensive framing of informality and the pathways necessary for genuine formalisation.

In this context, we urge the Policy to adopt a more comprehensive and holistic approach to improving the conditions of informal workers. We recommend that it incorporate the NCEUS 13-Point Action Programme, which includes: ensuring minimum conditions of work and basic social security for all workers; implementing special programmes for small and marginal farmers; focusing on land and water management; improving credit access for small farmers and the non-agricultural sector; establishing a Farmers’ Debt Relief Commission; creating a national fund for the unorganised sector; promoting cluster development through growth poles; supporting self-help groups and microfinance institutions to enhance livelihoods; strengthening employment and employability initiatives, including NREGA and skill development programmes; and expanding opportunities for self-employment.

D. The Labour Policy fails to establish a clear linkage between the recently enacted labour codes and the policy framework.

Between 2019 and 2022, the government consolidated 29 labour laws into four comprehensive Labour Codes, widely regarded as the most significant labour law reform since independence. However, the current Labour Policy makes no reference to these Codes and fails to address the widespread criticisms raised by stakeholders, including trade unions. Notably, the Policy’s stated emphasis on strengthening occupational safety and health (OSH) appears inconsistent with certain provisions within the OSH Code. For example, while the Policy emphasizes improving OSH standards, the OSH Code grants the government broad powers to exempt industries from its provisions and raises the applicability threshold from 10/20 workers in factories without/with power to 20/40 workers. In fact, the provisions on Occupational Safety and Health (OSH) within the Policy are internally inconsistent. For instance, while the Policy promotes a model of “trust-based compliance,” adherence to OSH standards cannot rest on trust alone, it must be

grounded in enforceable liability. Only when companies are held legally accountable will compliance with OSH standards be taken seriously.

It is therefore crucial for the Policy to clearly define what it means by “improving OSH standards” and to provide a qualitative and comprehensive roadmap detailing how this goal will be achieved, including its interaction with and impact on the existing Labour Codes.

E. The Labour Policy fails to articulate a clear strategy for achieving the universalisation of social security for all workers.

The Labour Policy’s vision to “*ensure that every worker, irrespective of occupation or location, enjoys portable, lifelong social protection covering health, pension, maternity, accident, and life insurance*” is highly commendable. However, the Policy does not outline a concrete roadmap or timeline for realizing this goal.

The extension of social security, particularly to informal workers, will inevitably require significant government contributions, making it essential to address how such measures will be financed. A comprehensive policy should, therefore, clarify two key aspects: first, what “inclusion” entails, specifically, the nature and scope of social security benefits the government intends to provide in both the short and long term; and second, the financing strategy for these provisions.

Will the government consider progressive taxation measures such as a wealth tax on high-net-worth individuals, impose levies on industry, or introduce cess-based schemes to expand social security gradually across sectors? These are critical questions that the Policy must address to lend credibility and coherence to its stated vision.

F. The Labour Policy fails to provide a comprehensive plan on just transition in relation to AI and Technology.

The Labour Policy offers only a cursory and superficial commitment to a “just and inclusive” transition. It fails to adequately engage with the profound ways in which AI and emerging technologies are reshaping the labour market. As work processes evolve, and in some cases, entire job categories are displaced, there is a pressing need for a comprehensive strategy to address job losses, delineate the responsibilities of companies adopting AI, and safeguard the rights and welfare of affected workers.

Moreover, the disruptive impact of AI extends beyond employment displacement. Technology is increasingly influencing workplace conditions through heightened surveillance, algorithmic control over wages, and implications for workers’ health and safety. Current labour regulations do not sufficiently account for these challenges.

To address this regulatory gap, the government must urgently develop a dedicated policy on AI and the future of work, grounded in consultations with trade unions and other worker representatives, to ensure that technological transitions are equitable, transparent, and worker-centred.

G. The Labour Policy is Insufficient on the issue of migrant workers

Despite constituting a critical segment of India's workforce, estimated at more than 140 million internal migrants, migrant workers receive inadequate focused attention in the policy. While interstate portability of social security is mentioned, critical questions like inter-state coordination, housing and living conditions for migrant workers, education for children of migrant workers, remain unaddressed. Recommendations outlined by the Parliamentary Standing Committee on Labour in its Report on Social Security and Welfare Measures for Inter-State Migrant Workers (February 11, 2021) requires closer engagement by this Policy. The COVID-19 pandemic brutally exposed the vulnerabilities of India's migrant workforce. This Labour Policy should include a dedicated migrant worker framework addressing both routine welfare and crisis preparedness.

H. The Labour Policy is completely silent on the issue of Wages

There is virtually no substantive discussion of wages, arguably the most important aspect of employment quality. The policy is silent on minimum wage determination and enforcement, the question of living wage, wage inequality and equal remuneration for equal work across genders and social groups, wage theft and delayed payment remedies. The invocation of historical Śulka Nyāya (wage justice) in the Policy is hollow without concrete directions and measures on the wage policy.

I. The Labour Policy fails to go beyond convergence of data and seek convergence of statutory definitions

While the policy emphasizes convergence through unified data architecture, it fails to address a more fundamental challenge: the lack of statutory harmonization across key labour laws. True convergence cannot be achieved through data integration alone when the underlying legal frameworks operate with divergent definitions, thresholds, and eligibility criteria.

For instance, different social security law have defined "employee" differently, creating ambiguities. While Gratuity Act, ESI and EPF Act's definition of employee covers "any kind of work" "in or in connection with the work" of the establishment, ECA covers only those "employed in any such capacity as is specified in Schedule II". Even Section 2 (26) of the Code on Social Security 2020 retains chapter-wise differences on types of work and establishments covered. Social security laws must have work-type agnostic coverage and should not depend on the nature of work performed. The definition of employee should cover any kind of work, manual or otherwise, in or in connection with the work of an establishment.

Similarly, the numerical threshold for applicability differs across statutes, meaning an enterprise might fall under one law, but not another despite performing identical economic activity. Even in the Code on Social Security 2020, the numerical threshold remains different for different chapters. The policy's vision of portable, universal social security through integrated databases will remain technically unfeasible if the statutory foundations of different types of social security themselves remain fragmented.

What is required is not merely technological interoperability but legislative harmonization with consistent definitions of covered persons, uniform contribution mechanisms, and rationalized benefit structures that allow seamless portability as workers transition between sectors, geographies, and employment forms. The policy should therefore mandate a comprehensive audit of definitional inconsistencies across the four Labour Codes and their subordinate rules, followed by legislative amendments to establish common frameworks. This statutory convergence must precede, or at minimum proceed in parallel with, data architecture development; otherwise, the entire edifice of digital labour governance risks being built on fragmented legal foundations that undermine its transformative potential.