

Labour Markets in Transition: Does The New Labour Code Align with the Modern Labour Theories?

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Abstract

This paper evaluates the theoretical alignment of the new Labour Code implemented in India which comprises four independent labour statutes – the Code on Wages, 2019, Industrial Relations Code, 2020, Code on Social Security, 2020 and Occupational Safety, Health and Working Conditions Code, 2020 - with major strands of modern labour theories. The study employs an integrative theoretical approach to capture the complexities of labour market regulation in India. The core theoretical foundations include neoclassical, institutional, Keynesian, Marxian and contemporary extensions of labour market theories. The analytical framework integrates the major dimensions of wage determination, institutional regulations and labour market outcomes. The study emphatically suggests that the new Code is theoretically coherent with these labour theories but with varying degrees. While the institutional and Keynesian frameworks have a strong alignment with new Code, efficiency wage models, behavioural theories and neoclassical approaches are partially aligned with the Code. The study also manifests a weak or limited alignment of the Code with the segmentation and Marxian theoretical approaches. Hence, the Code depicts a hybrid theoretical architecture which consists of revised regulatory paradigms aimed at balancing worker protection with market flexibility, while leaving persistent structural inequalities and power asymmetries unaddressed.

Index Terms

Labour Code, Labour theories, Informality, Institutional Theories