
PARADIGM SHIFT OF COMPENSATORY MEASURES OF CONSTRUCTION WORKERS WITH ENFORCEMENT OF NEW LABOUR CODES

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ABSTRACT

The implementation of the four Labour Codes i.e. the Code on Wages, 2019, the Code on Social Security, 2020, the Industrial Relations Code, 2020, and the Occupational Safety, Health, and Working Conditions Code, 2020 which combined 29 disparate labour laws into a single framework, has fundamentally changed India's labour law system. Following their nationwide implementation in November 2025, these reforms mark a paradigm shift away from welfare-centric, sector-specific regulation and toward universalized labor governance that prioritizes formalization, compliance, and the growth of social security. At the center of this change is the construction sector, which is marked by informality, migrant labor, workplace dangers, and inadequate compensation systems. The evolution of compensation measures under the new labor regulations with regard to occupational health risks, wage protection, social security entitlements, and workplace injuries is critically examined in this paper. The paper assesses whether the codes improve substantive worker protection or just reorganize regulatory compliance to favor labor market flexibility using doctrinal and comparative legal analysis. Although the new regulations incorporate safety duties, uniform wage guarantees, and expanded statutory coverage, the article contends that enforcement issues and dilution concerns may restrict true compensatory justice for construction workers. In order to guarantee the successful realization of compensation rights, the paper suggests a rights-based enforcement structure that combines welfare boards, digital registration, and accountability mechanisms.

Keywords: Labour Codes, Construction Workers, Compensation Law, Social Security, Occupational Safety, Labour Law Reform.

INTRODUCTION

India's labour laws have historically developed through a disjointed legislative framework created during the colonial and early post-independence eras. Instead of implementing a single model for labor regulation, the Indian government passed sector-specific laws that addressed individual worker groups and business issues. As a result, numerous labor laws operated concurrently, frequently leading to regulatory overlap, administrative complexity, and inconsistent enforcement results. Before the Labour Codes were passed, India had around twenty-nine central labor laws that addressed social security, wages, industrial relations, and occupational safety. Although the goal of these rules was to safeguard workers, their disjointed structure made it difficult for employers to comply with them and for workers, especially those in unorganized industries like construction, to access them.¹

Despite being one of India's biggest employment, the construction sector is nevertheless marked by unstable employment contracts, migrant labor trends, subcontracting networks, and a lack of official documentation. Parliament passed the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 (BOCW Act) to address concerns unique to this industry. In order to fund welfare benefits and compensation, the law required the collection of cesses and formed welfare boards. However, its efficacy was significantly constrained by implementation problems.²

Concurrently, the Employees' payments Act, 1923 (formerly known as the Workmen's Compensation Act) controlled workplace injury payments and held employers accountable for occupational fatalities and injuries. Despite being progressive at the time, the statute mostly relied on employer reporting and litigation-based claims, which caused workers without legal knowledge or supporting documentation to have their compensation delayed or refused.³

Because of dangerous working conditions, poor safety compliance, and a lack of regulatory oversight, the construction industry also has disproportionately high accident and mortality rates. Construction is one of the most hazardous jobs in the world, according to reports from international organizations and labor unions.⁴ The prevalence of informality was a significant structural problem that underpinned inadequate compensation. Enforcing compensation rights

¹ Ministry of Labour and Employment, *Report on Rationalisation of Labour Laws* (Government of India, 2019).

² Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996.

³ Employees' Compensation Act, 1923.

⁴ International Labour Organization, *Safety and Health in Construction* (ILO, Geneva, 2015).

was nearly impossible because a large percentage of construction workers were unregistered, lacked employment contracts, and regularly moved between states. As a result, welfare entitlements were mostly statutory in nature and did not result in meaningful labor justice.

The Government of India started a comprehensive labour law reform with the goal of rationalizing, simplifying, and universalizing worker protection after realizing structural inefficiencies within the current labor law framework. Four labor codes were passed by Parliament between 2019 and 2020, combining twenty-nine central labor statutes:

- Code on Wages, 2019
- Industrial Relations Code, 2020
- Occupational Safety, Health and Working Conditions Code, 2020
- Code on Social Security, 2020

Codification served two purposes: first, it broadened social security coverage to include unorganized and informal workers; second, it streamlined regulatory compliance through consolidation.⁵ A structural shift from disjointed welfare laws to integrated labor governance with a focus on formalization, digital registration, and universal social protection is represented by the labor codes. The integration of safety regulations, wage protection, and social insurance into a single regulatory framework could potentially redefine compensation measures for construction workers.

Conceptual Framework: Compensation and Labour Justice

In the context of labour jurisprudence, compensation must be viewed as an institutional and normative response to the structural imbalance that exists in industrial relations. Workers have to prove employer negligence in order for traditional legal systems to handle workplace injuries through tort-based responsibility. But fault-based ideologies were shown to be inadequate by industrial capitalism, especially in dangerous industries where risk was systemic rather than incidental. As a result, compensation was rethought by contemporary labor law as a social

⁵ PRS Legislative Research, *Overview of Labour Codes* (2020).

safety net based on shared accountability.⁶

The shift in labor law from contractual formalism to social justice doctrine is reflected in the shift from individual liability to social insurance. According to academics, labor law redistributes industrial risk through statutory action by addressing the unequal bargaining power between companies and employees. Therefore, compensation serves as more than just financial reparation; it also acknowledges workers' dignity and right to protection from disruptions to their means of subsistence.⁷

Three interconnected dimensions are used by labor justice theory to conceptualize compensation:

Correctional Justice

Restitution for losses incurred as a result of occupational disease or damage is the goal of corrective justice. Compensation under labor law does more than just make up for physical harm; it also restores earning potential. Loss of a livelihood is increasingly being acknowledged by courts as a breach of socioeconomic rights, especially in the informal sector where harm causes long-term poverty.⁸

Distributive Justice

By transferring accident costs from individual employees to businesses, industries, or social insurance programs, distributive justice reallocates industrial risk between labor and capital. The idea that businesses that profit from labor must incorporate occupational risks as part of production costs is reflected in this strategy. Therefore, compensation turns becomes a tool for economic redistribution in welfare-oriented legal regimes.⁹

Preventive Justice

Compensation and regulatory compliance are linked by preventive justice. Labor laws provide incentives for safer workplaces by enforcing financial liability and insurance obligations. By

⁶ Guy Davidov, *A Purposive Approach to Labour Law* (Oxford University Press, 2016) 41.

⁷ Richard A. Epstein, *Cases and Materials on Torts* (10th edn., Aspen Publishers, 2012) 623

⁸ Simon Deakin and Gillian Morris, *Labour Law* (6th edn., Hart Publishing, 2012) 27.

⁹ Richard Posner, *Economic Analysis of Law* (9th edn., Wolters Kluwer, 2014) 189.

promoting investment in safety technologies and training, compensation regimes indirectly lower workplace accidents, according to economic analysis of labor regulations.¹⁰

Compensation serves both a corrective and a regulatory function in dangerous sectors like construction. In addition to provide post-injury treatment, it uses deterrent measures to influence employer behavior. Compensation is further transformed from discretionary welfare to a social right under the welfare state paradigm. Social security systems are institutional guarantees that provide income continuity, access to healthcare, and assistance with rehabilitation after an occupational injury, according to comparative labor study.²⁰ This rights-based perspective is consistent with the constitutional guarantees of social fairness and dignity found in contemporary democracies.

The adoption of India's labor codes indicates a shift toward universal social security models and risk-pooling procedures that are in line with ILO guidelines that support all-encompassing protection for workers who are at danger. As a result, the conceptual change represents a larger shift from disjointed welfare programs to integrated labor citizenship.¹¹

PRE-LABOUR CODE COMPENSATION FRAMEWORK

Before being codified, India's compensation system evolved gradually through sectoral laws that addressed particular historical issues rather than through systematic planning. Although this legislative layering was intended to be protective, it resulted in institutional fragmentation that made implementation less successful.

Protections pertaining to compensation were scattered throughout a number of statutes that addressed various aspects of labor welfare. The Building and Other Construction Workers Act of 1996 established welfare boards supported by construction cess, while the Employees' Compensation Act of 1923 established employer liability for occupational injuries. Contributory social insurance was adopted concurrently with the Employees' State Insurance Act of 1948, and wage laws guaranteed minimum salary requirements. With distinct administrative agencies, claim processes, and eligibility requirements, these statutes operated autonomously. According to academics, this multiplicity led to administrative red tape and

¹⁰ Gøsta Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Princeton University Press, 1990) 35.

¹¹ International Labour Organization, *World Social Protection Report 2020–22* (ILO, Geneva, 2021).

legal ambiguity, which primarily affected unorganized workers who were unable to understand intricate institutional procedures.¹²

Operational and structural flaws plagued the pre-code framework. First, there was uncertainty about the appropriate remedies due to overlapping jurisdictions. Workers in the construction industry frequently fell under many legislations at once, with unclear entitlement processes. Second, chronic understaffing and insufficient labor inspection procedures continued to restrict enforcement capacity. Regulatory bodies found it difficult to keep an eye on dispersed construction sites in both urban and rural areas.¹³

Third, worker registration rates remained extremely low. Migrant and casual workers frequently lacked identity documentation required for accessing welfare benefits, thereby excluding a large segment of the workforce from statutory compensation systems.¹⁴

Fourth, compensation procedures were litigation-intensive. Workers were required to initiate claims before commissioners or courts, resulting in prolonged adjudication and high transaction costs.

Empirical research demonstrates that welfare boards accumulated substantial financial resources through cess collection but failed to disburse benefits efficiently due to bureaucratic bottlenecks and governance deficiencies.¹⁵

The efficiency of compensating methods was hindered by a number of significant gaps. Because of informal hiring methods, workers frequently lacked official documentation of their employment relationships. The actual value of compensation awards was diminished by adjudication delays. Construction-related occupational problems such as silicosis, musculoskeletal conditions, and respiratory ailments were not adequately acknowledged by legal frameworks. Additionally, by distributing accountability among several middlemen, subcontracting arrangements allowed employers to avoid liability. As a result, although statutory protections were in place in theory, they hardly ever provided injured workers with

¹² Kamala Sankaran, "Labour Regulation and the Informal Economy in India" (2013) 48(52) *Economic and Political Weekly* 55.

¹³ Anamitra Roychowdhury, *Labour Law Reforms in India* (Routledge India, 2018) 112.

¹⁴ Jan Breman, *At Work in the Informal Economy of India* (Oxford University Press, 2013) 74.

¹⁵ Ravi Srivastava, "Labour Migration, Vulnerability and Development Policy" (ILO Working Paper, 2020).

actual financial stability.¹⁶

THE NEW LABOUR CODES: STRUCTURAL TRANSFORMATION

The goal of the Labour Codes is to substitute fragmented governance with an unified regulatory approach that prioritizes digital administration, universality, and simplified compliance.

Code on Wages, 2019

A universal pay system that applies to both organized and unorganized sectors is established under the Code on Wages. The law improves the foundation for calculating compensation benefits associated with wage loss by unifying wage standards and guaranteeing timely payment obligations. By creating verifiable employment records, wage formalization, according to scholars, improves the enforceability of labour rights.¹⁷

Code on Social Security, 2020

By expanding coverage beyond conventional job connections, the Social Security Code represents a substantial extension of labor protection. The Code encourages risk pooling and social insurance mechanisms over customized employer liability models through centralized registration and scheme integration.¹⁸ This is a step in the direction of inclusive labor citizenship, which acknowledges informal workers as participants in social security systems with rights.

Occupational Safety, Health and Working Conditions Code, 2020

The OSH Code unifies safety regulations and establishes uniform employer responsibilities including welfare facilities, health monitoring, and workplace safety. Preventive regulations increase accountability structures that connect safety compliance to compensation liability while lowering the frequency of accidents.¹⁹

Industrial Relations Code, 2020

Construction workers have long had evidential difficulties in compensation claims, which are

¹⁶ K.R. Shyam Sundar, *Labour Law Reforms in India: Issues and Challenges* (Springer, 2020) 143.

¹⁷ Babu P. Remesh, "Wage Policy and Informalisation of Labour" (2019) 54(23) *Economic and Political Weekly* 32.

¹⁸ Surya Deva, *Regulating Corporate Human Rights Violations* (Routledge, 2012) 167.

¹⁹ Michael Quinlan, *Ten Pathways to Death and Disaster* (Federation Press, 2014) 98.

addressed by mandatory appointment letters and official employment documents. Formalization lowers employer denial of culpability and improves work relationship traceability.²⁰

PARADIGM SHIFT IN COMPENSATORY MEASURES

Together, the Labour Codes represent an enormous shift in India's approach to compensation.

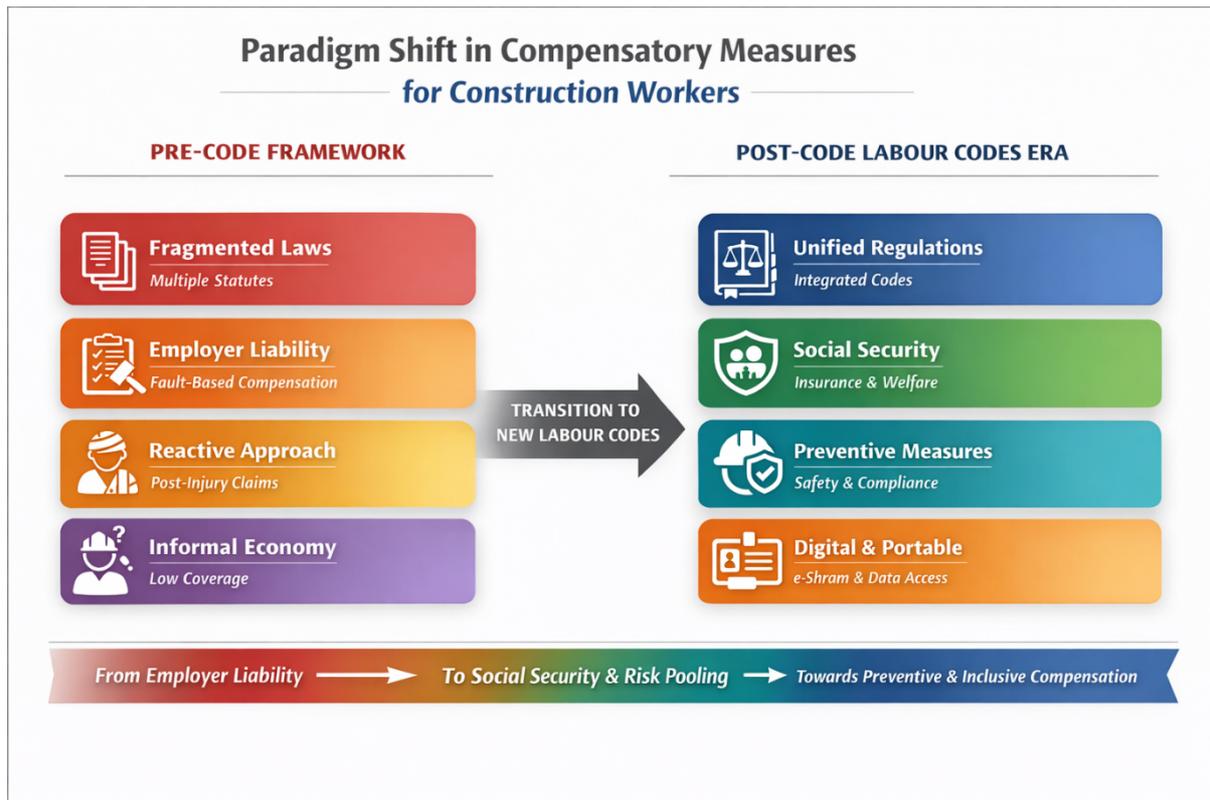
Transitioning from Disintegration to Integration : Codification substitutes coordinated labor governance mechanisms for discrete welfare statutes.

From Social Security to Employer Liability : Instead of putting sole responsibility on individual employers, compensation increasingly depends on pooled insurance arrangements that distribute risk throughout society.

Transitioning from Reactive Compensation to Preventive Governance: As a result of worldwide legislative trends that prioritize accident prevention above post-injury remedies, safety regulation takes center stage.

Digital Formalization: Benefit portability is made possible by digital worker databases, especially for migratory construction workers who previously lost their rights while moving between states.

²⁰ A.K. Bhatia, *Industrial Relations and Labour Laws* (Deep & Deep Publications, 2019) 214.



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IMPACT ON CONSTRUCTION WORKERS

Construction workers have had a complicated and transitory impact from the introduction of the Labour Codes, which has created both substantial prospects for improved protection and ongoing doubts about its practical use. Positively, through centralized registration procedures and expanded statutory coverage, the Codes aim to incorporate migrant and unorganized construction workers into official welfare and insurance frameworks, therefore broadening the scope of social security inclusion. Standardized wage definitions and minimum wage standards improve income stability and offer a more transparent foundation for determining compensation in the event of a wage loss or job injury. Furthermore, by imposing standard safety requirements on employers, the workplace Safety, Health, and Working Conditions framework strengthens preventive labor regulations and may lower workplace accidents in one of the riskiest industries. Workers' evidential protection is further enhanced by the provision of official employment documents, such as appointment letters and the upkeep of employment records, which makes it easier for them to make claims for compensation than it was under the

²¹ Prepared by the author based on Labour Codes, 2019–2020 and secondary literature on labour law reforms and social security frameworks.

previous informal arrangements.

Nevertheless, systemic issues that still restrict transformative results coexist with these legal advancements. Because of complex subcontracting arrangements that disperse employer responsibilities and make it more difficult to comply with welfare and compensation laws, informality is nevertheless pervasive in the construction sector. Furthermore, due to differences in state-level legislation and administrative capability, labor is a subject under the Constitution's Concurrent List, which leads to uneven implementation across areas and unequal access to benefits. The lack of knowledge among construction workers about their legal rights, which is exacerbated by low literacy rates, nomadic job trends, and inadequate union representation, is another serious issue. Therefore, socio-legal scholarship highlights that without strong institutional capacity, efficient mechanisms for enforcement, and participatory governance structures that involve workers in tracking and asserting their rights, legislative reform alone cannot significantly change labor realities.²²

CONCLUSION

One of the biggest changes to India's labour law system since independence is the implementation of the new labor codes, which signal a move away from a disjointed and industry-specific regulatory framework and toward an integrated system of labor governance. The reforms are especially important in the construction sector, which is marked by informality, occupational danger, migrant workforce, and lax institutional enforcement. The Codes aim to redefine compensating justice through uniform wage regulation, preventive occupational safety standards, and wider participation within social protection systems by combining several acts and extending social security coverage. The paradigm change is found in the rethinking of compensation itself as well as in the consolidation of laws. While the current regime increasingly takes a preventive and social insurance-based strategy based on risk pooling and universal labor protection, previous frameworks mostly focused on employer liability and post-injury remedies. A shift toward formalized labor relations and benefit portability, especially for migratory construction workers, is shown by the use of digital registration systems, official employment paperwork, and integrated welfare administration. However, the analysis shows that the Labour Codes' revolutionary potential is still dependent

²² Aditya Bhattacharjea, "The Political Economy of Labour Law Reform in India" (2019) 54(44) *Economic and Political Weekly* 47.

on their successful implementation. Access to compensatory payments is nonetheless hampered by persistent informality, subcontracting arrangements, administrative restrictions, and inconsistent state-level enforcement. The structural disparities ingrained in labor markets cannot be resolved by legislative reform alone. The Codes run the risk of acting more as regulatory simplification measures than as tools of genuine labor justice in the absence of institutional strengthening, worker knowledge, and accountability mechanisms. Therefore, rather than being a final change, the paradigm shift brought about by the Labour Codes should be viewed as an ongoing process. In the end, converting statutory assurances into enforceable rights that may address actual workplace dangers is what will determine whether compensation measures for construction workers are successful.

WAY FORWARD: STRENGTHENING COMPENSATORY JUSTICE FOR CONSTRUCTION WORKERS

A multifaceted reform strategy involving institutional, technological, and legal reforms is required to guarantee that the Labour Codes accomplish their original goal of social protection and fair compensation.

The creation of a National Construction Worker reimbursement Authority would, first and foremost, establish a dedicated institutional structure in charge of keeping an eye on damage claims, guaranteeing prompt reimbursement, and facilitating coordination between the federal and state welfare systems. This kind of power could enhance accountability and lessen jurisdictional fragmentation.

Second, employer payments, cess funds, and public subsidies should be used to finance the transition of compensation systems toward automatic and universal accident insurance coverage for all registered construction workers. The existing procedural obstacles that wounded workers confront would be reduced by automatic enrolment systems connected to national worker registries.

Third, integrating labor inspection platforms with real-time digital injury reporting systems can greatly improve transparency and lower the underreporting of workplace accidents. Physical labour inspections should not be replaced by technology-driven monitoring.

Fourth, competent administration, transparent fund utilization, and required benefit payment

schedules are necessary to institutionally reinforce welfare boards created under construction labor legislation. Programs for healthcare, rehabilitation, and income restoration should receive large sums of welfare cess money.

Fifth, in order to solve adjudication delays, fast-track labor compensation tribunals must be established. For migratory workers, accessibility can be increased through streamlined processes, mobile labor courts, and bilingual claim support systems.

Sixth, to guarantee that workers are informed of their rights under the Labour Codes, trade unions, civil society organizations, and local governments must execute ongoing worker legal awareness and capacity-building programs.

Lastly, one of the most enduring issues faced by migrant construction workers can be resolved by integrating the e-Shram database with welfare, insurance, and compensation delivery systems to enable benefit transfer across states.

The future of compensating justice in India's construction industry essentially rests on shifting from legal reform to rights-based enforcement backed by technology advancement, institutional coordination, and participatory labor governance. The Labour Codes' promise to transform compensation from a reactive remedy into a complete system of social protection and labour dignity can only be realized through such an integrated strategy.