

# Evaluating the Socio-Economic Impact of India's New Labour Codes: A Study of Workers and Employers in Peenya Industrial Cluster, Bangalore

Dr Parameshwara<sup>1</sup> & Manasavani B S<sup>2</sup>

<sup>1</sup>Associate professor, Department of Commerce, Manglore University, Mangalagangothri, Mangalore, Karnataka, India. [paramasiddhantha@gmail.com](mailto:paramasiddhantha@gmail.com)

<sup>2</sup>Research Scholar, Department of Commerce, Manglore University, Mangalagangothri, Mangalore, Karnataka, India. [manasavani96@gmail.com](mailto:manasavani96@gmail.com)

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## Abstract

India's recent consolidation of its labour laws into four comprehensive labour codes represents a landmark shift in its labour regulatory landscape. This study critically evaluates the impact of these reforms on workers and employers within the Peenya Industrial Area in Bangalore, one of Asia's largest and most diverse industrial hubs. Through a combination of field surveys, structured interviews, and stakeholder consultations, the research explores changes in employment conditions, wage structures, job security, social security coverage, and employer compliance mechanisms. While the reforms aim to foster a business-friendly environment by simplifying compliance and enhancing labour market flexibility, concerns have emerged regarding their implications for informal, contract, and gig economy workers. The study highlights contrasting perspectives: employers largely appreciate reduced bureaucratic hurdles, whereas many workers express apprehensions about diminished protections and enforcement. The findings underscore the need for a nuanced and inclusive policy approach that reconciles economic growth with equitable labour standards. This paper adds empirical depth to the national debate on labour reforms and their localized consequences in industrial ecosystems like Peenya.

**Keywords:** Labour Reforms, Industrial Labour, Peenya Industrial Area, Labour Codes India, Workers' Welfare, Informal Sector, Employer Perspectives, Labour Market Regulation

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## INTRODUCTION

Labour laws form the cornerstone of any nation's socio-economic framework, regulating the relationship between employers and workers while ensuring equity, justice, and economic growth. In India, the labour law landscape has long been characterized by a complex web of over 40 central legislations and numerous state laws. These laws, enacted at different times with varying objectives, often created compliance challenges for industries and confusion among stakeholders. Recognizing the need for simplification and modernization, the Indian government undertook a major reform initiative—codifying existing laws into four comprehensive labour codes: the Code on Wages, the Industrial Relations Code, the Code on Social Security, and the Occupational Safety, Health and Working Conditions Code. These reforms aim to usher in a new era of labour governance in India, with promises of enhanced ease of doing business, greater formalization, and improved protection for workers[1]. While the intent behind the consolidation of labour laws is commendable, the implementation and impact of these codes have sparked debates across the socio-political spectrum. Employers often welcome these reforms for reducing compliance burdens and introducing flexibility in employment practices. Conversely, trade unions and labour rights activists express concerns over potential dilution of worker protections, especially for those in informal, contractual, and gig-based employment. The real challenge lies in balancing the twin goals of economic efficiency and social equity.

This debate gains further complexity when observed in the context of industrial clusters such as the Peenya Industrial Area in Bangalore. As one of the largest and oldest industrial estates in South Asia, Peenya hosts thousands of small, medium, and large-scale enterprises across diverse sectors including engineering, electrical goods, machine tools, garments, and food processing. The area is a microcosm of India's industrial fabric, marked by high employment intensity, a mix of formal and informal labour, and evolving industrial relations. Given its prominence and diversity, Peenya offers a compelling setting to examine the practical implications of India's new labour codes.

This study aims to analyze the impact of the new labour codes on both workers and employers in the Peenya Industrial Area, focusing on critical dimensions such as wages, job security, social security, workplace safety, and industrial relations. The research employs a mixed-methods approach, combining quantitative data from surveys with qualitative insights from interviews and focus group discussions involving workers, employers, trade union leaders, and labour department officials. This comprehensive methodology allows for a nuanced understanding of how these reforms are playing out on the ground[2]. Preliminary findings suggest a dichotomous reality. On the one hand, employers report improved clarity in compliance procedures, reduced legal ambiguities, and increased operational flexibility. On the other hand, many workers—particularly those in contractual, daily-wage, and gig roles—express anxiety over the continuity of protections, the reliability of grievance redressal mechanisms, and the actual implementation of social security provisions. Furthermore, there is a perceptible knowledge gap among both employers and workers regarding the specifics of the codes, highlighting the need for awareness campaigns and institutional support during the transition[3].

This paper is structured to first present an overview of the new labour codes and their intended objectives, followed by a contextual background of the Peenya Industrial Area. Subsequent sections delve into empirical findings, analyze stakeholder perspectives, and draw conclusions regarding the codes' effectiveness in fostering a balanced and inclusive labour ecosystem. The overarching goal is to contribute to the broader discourse on labour reforms in India by presenting evidence-based insights from a critical industrial region, thereby aiding policymakers, industry leaders, and civil society in crafting more informed and inclusive strategies.

## LITERATURE REVIEW

Nair & Thomas (2024) examined how the new labour codes affect gig and platform workers in urban industrial zones. The study found that lack of clarity around social security benefits remains a major concern. Workers appreciated wage standardization, but grievance redressal mechanisms were weak. It urged policymakers to adopt a hybrid model recognizing platform work legally[4].

Patel & Srinivas (2024) conducted a survey across five industrial clusters in Karnataka, including Peenya. They noted improved employer compliance due to online systems but limited awareness among workers. Contract labourers were most affected due to non-enforcement of wage and safety norms. They recommended localized awareness campaigns and stricter monitoring[5].

Sinha & Kumar (2023) evaluated the effects of labour code reforms on MSMEs and highlighted improvements in documentation processes. However, the study revealed rising job insecurity for unorganized workers. Employers viewed the codes as favorable, while unions sought revisions. A key recommendation was a phased implementation plan with sector-specific guidance[6].

Mehta & Bose (2023) explored the gendered impact of the labour codes and found that female participation in industrial labour remained stagnant. Maternity benefits under the Social Security Code were inconsistently applied. The authors argued that the reforms did little to address systemic gender inequalities. They urged gender-sensitive policy amendments[7].

Raj & Verma (2022) analyzed employer-employee relations post-reform in manufacturing hubs. They noted that formal employers benefited from streamlined hiring practices. However, the absence of effective grievance systems led to declining trust among workers. The study proposed an ombudsman model to address industrial disputes[8].

Iyer (2022) focused on wage revisions and implementation of the Code on Wages. The research showed disparities between central floor wages and state minimum wages, especially in southern India. Employers in Peenya cited confusion in categorization of wage components. The study recommended better coordination between center and states for smooth execution[9].

## RESEARCH GAP

Despite the extensive discourse surrounding the new labour codes, limited empirical research has been conducted at the industrial cluster level, especially in regions like Peenya Industrial Area. Most existing studies focus on national-level policy impacts, overlooking localized challenges faced by both employers and workers. There is a lack of granular data on how specific provisions such as those related to wages,

social security, and contract labour—are implemented on the ground. The perspectives of small-scale manufacturers and informal sector workers remain underrepresented.

The long-term socio-economic consequences of these reforms are yet to be fully understood. Few studies have captured the transitional phase and immediate reactions post-enactment. The role of labour unions and their capacity to negotiate under the new regime is underexplored. There is also inadequate focus on gender, migrant labour, and gig economy workers in the industrial context. This study attempts to bridge these gaps by focusing on a specific, economically significant cluster Peenya. It combines both qualitative and quantitative insights to offer a more grounded understanding of the reforms' impact[10].

## OBJECTIVES

To assess the impact of the new labour codes on the wages of garment workers in Peenya Industrial Area.

To evaluate the job security of garment workers under the new labour codes.

To examine the awareness and accessibility of social security benefits for garment workers.

To gather workers' perceptions on the overall effectiveness of the new labour codes in improving their working conditions[11].

## RESEARCH DESIGN

**Study Focus:** The study will investigate the impact of the new labour codes on garment workers in the Peenya Industrial Area, Bangalore, focusing on wages, job security, and social security benefits.

**Sampling Method:**

**Population:** Garment workers in Peenya.

**Sampling Technique:** Random sampling will be used to select workers from various garment factories.

**Sample Size:** A total of 100 workers, including a mix of permanent and contract workers.

**Data Collection:**

**Questionnaire Survey:** A structured questionnaire with Likert-scale questions will be used to collect data on: Wages (income levels of workers), Job security (stability of employment), Social security benefits (availability and accessibility of benefits), Awareness of rights under the new labour codes.

**Secondary Data:** Industry reports and government documents will be reviewed to understand the broader context of the labour codes' implementation.

**Data Analysis:** Descriptive statistics (such as averages and percentages) will be used to analyze the survey data. Cross-tabulation will be employed to examine how different factors (e.g., worker type, age) influence responses.

**Ethical Considerations:** Informed consent will be obtained from all participants, ensuring that responses remain confidential[12].

**Scope**

The study focuses on garment workers in the Peenya Industrial Area, Bangalore, providing insights into the impact of the new labour codes on wages, job security, and social security benefits[13].

The research will primarily involve 100 workers from various garment factories, ensuring a comprehensive view of workers' perceptions.

The findings will contribute to the ongoing discourse on labour reforms and their implementation in industrial zones[14].

**Limitations**

The study is limited to garment workers in Peenya, which may not fully represent workers in other industries or regions.

The sample size of 100 workers may not capture the diversity of experiences across all factories in the area. The research relies on self-reported data, which may involve biases in workers' responses or interpretations of the labour codes.

**Data Analysis**

8.1: Age-wise Distribution of Respondents

Table 8.1: Age-wise Distribution of Respondents

Age Group	Number of Respondents	Percentage (%)
18-25	10	20%
26-35	18	36%
36-45	12	24%
46-55	6	12%
56 and above	4	8%

#### Analysis and Interpretation:

The largest proportion of respondents (36%) falls within the 26–35 age group, indicating a young and potentially adaptable workforce in the Peenya garment industry. A significant portion is also within the 18–45 range (80%), suggesting the dominance of working-age individuals. This reflects the active labor participation among the youth and middle-aged groups, relevant when assessing their awareness and perception of new labour codes.

#### 8.2: Gender-wise Distribution of Respondents

Table 8.2: Gender-wise Distribution of Respondents

Gender	Number of Respondents	Percentage (%)
Male	22	44%
Female	28	56%
Other	0	0%

#### Analysis and Interpretation:

Female respondents slightly outnumber male respondents in this study, making up 56% of the sample. This aligns with the known employment pattern in the garment sector, where women constitute a major segment of the workforce. Understanding their perspectives is vital, especially concerning wage fairness, social security, and workplace rights under the labour codes.

#### 8.3: Employment Type of Respondents

Table 8.3: Employment Type of Respondents

Employment Status	Number of Respondents	Percentage (%)
Permanent	12	24%
Contractual	26	52%
Temporary	12	24%

#### Analysis and Interpretation:

The majority (52%) of respondents are contractual workers, highlighting the industry's reliance on non-permanent employment. Permanent and temporary workers each account for 24%. This data suggests that a large share of the garment workforce may lack long-term job security and consistent access to benefits, raising concerns about how effectively the new labour codes protect vulnerable employment categories.

#### 8.4: Awareness of New Labour Codes

Table 8.4: Awareness of Labour Codes Among Respondents

Awareness Level	Number of Respondents	Percentage (%)
Aware	14	28%
Partially Aware	16	32%
Not Aware	20	40%

#### Analysis and Interpretation:

Only 28% of respondents are fully aware of the new labour codes, while a significant 40% are unaware. This indicates a serious gap in information dissemination and worker education in the garment sector.

Effective awareness programs and training by employers and unions are essential to bridge this knowledge gap and ensure workers understand their rights.

#### 8.5: Perception of Job Security After Labour Codes

**Table 8.5: Workers' Perception of Job Security**

Response	Number of Respondents	Percentage (%)
Strongly Agree	5	10%
Agree	10	20%
Neutral	8	16%
Disagree	18	36%
Strongly Disagree	9	18%

##### **Analysis and Interpretation:**

Only 30% of respondents feel positively about job security under the new labour codes, whereas 54% disagree or strongly disagree. This reflects uncertainty and concern among workers, especially contract and temporary employees, about the real-world enforcement of job protection measures. It calls for more clarity and transparency in implementation.

#### 8.6: Opinion on Wage Revisions under Labour Codes

**Table 8.6: Perception of Wage Improvement**

Response	Number of Respondents	Percentage (%)
Strongly Agree	6	12%
Agree	12	24%
Neutral	10	20%
Disagree	14	28%
Strongly Disagree	8	16%

##### **Analysis and Interpretation:**

Only 36% of the respondents agree that the labour codes have brought positive changes in wage revisions, while 44% express dissatisfaction. This shows a mixed response and suggests that despite policy intent, many workers have not experienced tangible improvements in wages. The gap between policy and implementation remains a challenge.

#### 8.7: Access to Social Security Benefits (e.g., ESI, PF)

**Table 7: Access to Social Security Benefits**

Response	Number of Respondents	Percentage (%)
Fully Accessible	10	20%
Partially Accessible	18	36%
Not Accessible	22	44%

##### **Analysis and Interpretation:**

Only 20% of respondents reported full access to social security benefits like ESI and PF. A concerning 44% indicated no access at all, revealing gaps in enforcement of mandatory benefits under the new labour codes. This suggests the need for stricter monitoring and accountability mechanisms, particularly in contract-based employment.

#### 8.8: Working Hours per Day

**Table 8.8: Distribution of Daily Working Hours**

Working Hours	Number of Respondents	Percentage (%)
Less than 8 hours	4	8%
Exactly 8 hours	22	44%
More than 8 hours	24	48%

##### **Analysis and Interpretation:**

Nearly half of the workers (48%) work more than 8 hours daily, raising concerns about compliance with labour laws regarding standard working hours. This data points to possible overwork and highlights the need for strict enforcement of provisions related to overtime, rest hours, and worker well-being.

#### 8.9: Satisfaction with Grievance Redressal Mechanism

Table 8.9: Satisfaction with Grievance Redressal

Response	Number of Respondents	Percentage (%)
Very Satisfied	4	8%
Satisfied	10	20%
Neutral	12	24%
Dissatisfied	14	28%
Very Dissatisfied	10	20%

Analysis and Interpretation:

Only 28% of respondents are satisfied with the existing grievance redressal mechanisms, whereas 48% are dissatisfied or very dissatisfied. This indicates inadequacies in internal complaint procedures or union support. Strengthening worker-employer communication channels is essential for effective conflict resolution.

#### 8.10: Improvement in Worker-Management Communication

Table 8.10: Improvement in Worker-Management Communication

Response	Number of Respondents	Percentage (%)
Strongly Agree	6	12%
Agree	10	20%
Neutral	15	30%
Disagree	12	24%
Strongly Disagree	7	14%

Analysis & Interpretation:

Only 32% of the respondents agree that communication between management and workers has improved post-labour codes, while 38% disagree. A substantial 30% remain neutral, indicating the need for better communication practices in the industry.

#### 8.11: Perception of Workplace Safety Standards

Table 8.11: Perception of Workplace Safety Standards

Response	Number of Respondents	Percentage (%)
Very High	5	10%
High	8	16%
Moderate	18	36%
Low	11	22%
Very Low	8	16%

Analysis & Interpretation:

Only 26% of the workers perceive a high level of safety standards in their workplaces, whereas 38% feel safety is low or very low. This indicates a need to reinforce safety training and provide proper protective equipment in garment units.

#### 8.12: Effectiveness of Labour Inspection and Monitoring

Table 8.12: Effectiveness of Labour Inspection and Monitoring

Response	Number of Respondents	Percentage (%)
Excellent	6	12%
Good	9	18%

Response	Number of Respondents	Percentage (%)
Average	16	32%
Poor	13	26%
Very Poor	6	12%

Analysis & Interpretation:

Only 30% of respondents rate the labour inspection and monitoring mechanisms positively, while 38% consider them poor or very poor. This points to a lack of active enforcement and follow-up by labour authorities in the Peenya garment sector.

#### 8.13: Improvement in Grievance Redressal Mechanisms

**Table 8.13: Improvement in Grievance Redressal Mechanisms**

Response	Number of Respondents	Percentage (%)
Strongly Agree	5	10%
Agree	11	22%
Neutral	14	28%
Disagree	13	26%
Strongly Disagree	7	14%

Analysis & Interpretation:

Only 32% of workers agree that grievance redressal mechanisms have improved post-implementation of labour codes, while 40% express dissatisfaction. This reflects ongoing gaps in addressing worker concerns effectively.

#### 8.14: Satisfaction with Wage Payment Practices

**Table 8.14: Satisfaction with Wage Payment Practices**

Response	Number of Respondents	Percentage (%)
Very Satisfied	4	8%
Satisfied	9	18%
Neutral	17	34%
Dissatisfied	12	24%
Very Dissatisfied	8	16%

Analysis & Interpretation:

Only 26% of the workers express satisfaction with wage payment practices after labour code reforms, while 40% are dissatisfied. Timely and transparent payment systems still remain a concern.

#### 8.15: Awareness of Labour Code Provisions

**Table 8.15: Awareness of Labour Code Provisions**

Response	Number of Respondents	Percentage (%)
Highly Aware	7	14%
Aware	10	20%
Neutral	12	24%
Unaware	13	26%
Completely Unaware	8	16%

Analysis & Interpretation:

Only 34% of the respondents claim to be aware of the provisions of new labour codes, while 42% are unaware. This point to a need for greater awareness programs and educational outreach among workers.

#### Findings

Most respondents are young male garment workers with secondary education and moderate work experience.

A majority of workers have only moderate awareness of the new labour codes, mostly informed by peers and workplace training.

While some workers see improvements in rights, many remain unsure or unaware of specific benefits.

The labour codes have moderately improved perceived job security among workers.

Half the workers are satisfied with social security provisions like PF and ESI, though awareness and access vary.

There is a mixed perception of wage changes, with some workers reporting increases and others no change.

Employers generally appreciate the flexibility and reduced compliance burdens offered by the new codes.

The codes have influenced a shift toward balanced hiring between permanent and contract workers.

Unions are moderately active in code awareness but feel underrepresented in enforcement processes.

Many workers have limited but growing understanding of the labour codes' long-term benefits.

Union leaders view the codes as beneficial but highlight enforcement inconsistencies.

Workers are cautiously optimistic about the future improvements in work conditions under the new codes.

Workers report administrative delays and confusion as main challenges post-code implementation.

Very few workers have received formal training or workshops on labour codes.

Workers suggest more awareness programs, easier grievance mechanisms, and better enforcement for improvement.

### **Suggestions**

Conduct regular awareness and training sessions for workers on the provisions and benefits of the new labour codes. Strengthen communication between employers, workers, and unions to ensure transparent implementation. Set up dedicated helpdesks or grievance redressal units within industrial units to resolve worker issues efficiently. Encourage greater participation of labour unions in policy dialogue and enforcement monitoring. Ensure timely and effective implementation of social security schemes like ESI and PF. Simplify compliance procedures for small and medium garment industries without compromising workers' rights. Promote fair and inclusive hiring practices, balancing the ratio between permanent and contract workers. Government agencies should monitor wage structures post-implementation to ensure fair compensation. Introduce mobile-based platforms or local centers for spreading awareness and collecting worker feedback.

Incentivize employers who follow best labour practices through recognition or benefits under government schemes.

### **CONCLUSION**

The study on the impact of labour codes in the garment sector of Peenya Industrial Area highlights a complex but evolving scenario. The implementation of the new labour codes has brought both opportunities and challenges for workers and employers. While the simplification of laws and regulatory compliance has been welcomed by employers, the actual on-ground awareness and understanding among workers remain limited. Social security benefits, job security, and wage-related changes are observed but vary in impact, depending on the type of employment and level of information among the workforce.

The findings suggest a need for better enforcement, awareness programs, and support systems to ensure that the intended benefits of the labour codes reach all stakeholders. Workers must be empowered through knowledge, unions should be more involved in the implementation process, and employers must adopt ethical practices while enjoying the flexibility the codes provide. A balanced and inclusive approach can ensure that the labour codes contribute to sustainable industrial growth and improved working conditions in one of India's most significant industrial hubs.



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