



## IMPACT OF AI AND TECHNOLOGY ON EMPLOYMENT LAW IN INDIA

---

Arun Jaijeev\* Chilakala Aswini\*

### ABSTRACT

*The traditional employer-employee relationship is being profoundly disrupted by the swift integration of artificial intelligence (AI) and technology into Indian workplaces, making the nation's employment rules from the industrial period more outdated. This article highlights the main issues and new legal solutions as it explores the significant effects of AI and technology on India's employment law environment. From the preindustrial era, which influenced the first labour laws, to the postdigitalization and gig economy eras, which revealed significant gaps in worker classification, to the current emerging era of AI, which brings with it complicated issues like algorithmic management, bias, and mass job displacement, the analysis is organised around a historical progression. The fragile legal position of gig workers, the opaqueness of "black box" algorithmic choices, widespread workplace surveillance, and the lack of legal frameworks for reskilling people displaced by automation are just a few of the particular issues highlighted in the essay. The paper contends that while progressive initiatives like the Digital Personal Data Protection Act of 2023 and the Code on Social Security of 2020 recognise gig workers, they are not enough. The Rajasthan Platform-Based Gig Workers Act, 2023, and other innovative state-level laws are cited as examples of the essential course for legal reform. The article predicts future developments that will make algorithmic accountability, data protection standards, and transferable social security benefits essential components of employment law. It concludes that India has to quickly create a strong, proactive legal system that strikes a balance between advancing technology and safeguarding the rights, dignity, and financial stability of its workforce. The article's final recommendations include comprehensive social safety nets, improved transparency requirements for AI systems, and legislative modernisation in order to create a new, just social compact for India's digital workplace.*

---

\*BBA LLB, THIRD YEAR, CHRIST ACADEMY INSTITUTE OF LAW, BENGALURU.

\*BBA LLB, THIRD YEAR, CHRIST ACADEMY INSTITUTE OF LAW, BENGALURU.

**Keywords:** Artificial Intelligence (AI), Employment Law, Gig Workers, Algorithmic Accountability, Social Security.

## INTRODUCTION

AI and contemporary technology are profoundly transforming the way work is conducted in different sectors, a change similar to the Industrial Revolution. Though these innovations provide unmatched ease—such as obtaining anything with merely a click—they also introduce considerable obstacles. The effect of AI and technology on employment law in India has emerged as a crucial topic of the digital era, with a historical foundation based on industrial-era labour structures that are unsuitable for contemporary, tech-oriented environments. The main aim is to manage this shift by updating antiquated regulations to harmonise economic growth with the safeguarding of employee rights.

For many years, Indian labour regulations, such as the Industrial Disputes Act of 1947 and the Minimum Wages Act of 1948, were intended for conventional, factory-oriented employment. This framework established a strict separation between "employees" and "independent contractors" that is now being questioned by emerging types of tech-driven work. The initial phases of digitalisation introduced e-commerce platforms and online services, which transformed employment via brief, task-oriented jobs.<sup>1</sup> These "gig workers" functioned in a legal grey zone, without the advantages and stability enjoyed by conventional employees, revealing major deficiencies in the current legal safeguards. The rapid growth of AI and automation in the 21st century intensified these issues. In the 1990s and 2000s, automation started to replace jobs, particularly those related to repetitive tasks. Nonetheless, the AI revolution presents an even larger upheaval, potentially impacting millions of positions within various industries. The rise of AI-based hiring, performance evaluation, and algorithmic oversight intensified the need for addressing the legal gaps.

The Indian government started implementing initial measures to tackle these changes. Major efforts encompass the Digital India initiative and NITI Aayog's AI framework. The notable Digital Personal Data Protection (DPDP) Act of 2023 represented an important, though not labour-focused, advancement, acknowledging the necessity for privacy laws in a data-abundant

---

<sup>1</sup> PRANJAL, THE GROWTH OF AI AND ITS IMPACT ON INDIAN LABOUR LAWS, SWIPE BLOG (AUG 1, 2023)

work environment. In 2024, a dedicated IndiaAI Mission was established to create a thorough AI ecosystem, which includes initiatives to democratize AI and enhance AI skills.

The objective is to assess and recommend modifications to India's employment legislation framework in order to successfully address the opportunities and problems presented by artificial intelligence and emerging technologies. AI-related issues like job loss, algorithmic discrimination, and the new classification of workers in the gig economy cannot be adequately addressed by current legislation, which is mostly based on frameworks from the industrial age. A primary goal is to ensure that advancements in technology do not compromise the rights, stability, or dignity of workers. This calls for legislative changes that protect vulnerable workers and advance an equitable, open, and inclusive digital economy.

## **HISTORY OF AI AND TECHNOLOGY IN SHAPING EMPLOYMENT LAWS IN INDIA**

**Pre-Era: Industrialisation and the Birth of Employment Laws:** India's employment regulations have considerably older roots than contemporary technology or artificial intelligence. Employment in small businesses, handicrafts, or agriculture was mostly reliant on human labour in the early phases of industrialisation. The colonial era saw a dramatic shift in work with the advent of machines in railway workshops, coal mines, and textile mills. Long hours, hazardous working conditions, and the possibility of losing their jobs to robots that could produce more in less time were all new experiences for the workers.<sup>2</sup>

The Factories Act, 1881, which is regarded as one of India's first labour laws, was the colonial government's response. It aimed to prevent exploitation of workers in workplaces run by machines, especially women and children. With time, the Act was reinforced, and in 1948, the new Factories Act was passed, establishing guidelines for worker welfare, safety, and working hours in machine-using sectors.

India remained largely dependent on industrial employment after gaining its independence. To resolve disputes between employers and employees in mechanised industries, laws like the Industrial Disputes Act of 1947 were developed. In a similar vein, industrial workers were

---

<sup>2</sup> BERG, J., ET AL. (2018). DIGITAL LABOUR PLATFORMS AND THE FUTURE OF WORK: TOWARDS DECENT WORK IN THE ONLINE WORLD. INTERNATIONAL LABOUR ORGANIZATION (ILO).

intended to get social security with the Employees' State Insurance Act of 1948 and the Employees' Provident Funds Act of 1952.

Employment law in this pre-digital age was primarily concerned with safeguarding employees against wage disputes, wrongful termination, and the physical risks posed by machines. In manufacturing, technology was viewed as merely a supporting element. A future in which technology would directly manage or replace people was not yet envisioned by the legislation. But the seeds were planted—as soon as machines started to appear in the workplace, the balance between technology and human labour became a legal concern.

**Post-Era: Digital Revolution, IT Boom, and Gig Economy:** The post-employment period, with the liberalisation of the Indian economy in 1991, which brought about widespread computerisation and digitisation, the post-era of employment legislation got underway. In contrast to the previous age, when industrial labour was aided by machines, this phase witnessed the emergence of completely new technologically based job types.

India's employment structure changed in the late 1990s with the growth of the IT and IT-enabled services (ITES) industries. Software development companies, call centres, and outsourcing businesses all grew to be significant employers. But this digital workplace was not entirely compatible with the labour regulations that were in force. For instance, legislation intended for factory workers did not address the ideas of project-based contracts, remote employment, or flexible work schedules.

During this time, the Information Technology Act of 2000 became a significant step. Despite not being an employment legislation, it recognised digital signatures, electronic contracts, and data security, all of which had an indirect impact on work relationships in the IT industry. The rise of the gig economy in this post-era was another significant development. Jobs that were not strictly self-employment or regular employment were generated by platforms such as Ola, Uber, Swiggy, and Zomato. Instead of human supervisors, workers were managed by mobile applications and algorithms. This led to a legal conundrum: should these people be regarded as "independent contractors" with no legal protections or as "employees" entitled to benefits like minimum salaries and job security?

In response, the Indian government-initiated reforms. The Code on Social Security, 2020, became the first law to recognise gig workers and platform workers, extending some social

security benefits to them. This was a major step in updating employment laws to the realities of a technology-driven economy.

But there were still difficulties. Debate was nonetheless sparked by topics including gig workers' rights to collective bargaining, fair pay in app-based employment, and safeguards against abrupt termination. Cases concerning whether app-based drivers ought to be regarded as employees have also been heard by courts in India and beyond. This demonstrated that rather than technology adapting to existing rules, employment laws were being pushed to change to reflect the realities of technology.

**Emerging Era: Artificial Intelligence and Future Challenges:** The most recent stage in this historical journey is the emerging era of Artificial Intelligence (AI), robotics, and automation. Unlike earlier technologies, AI is not just a tool for supporting human work but a system that can make decisions, learn patterns, and perform tasks traditionally reserved for human employees.

In industries such as manufacturing, AI-driven machines can assemble products without human intervention. In offices, AI software can screen job applications, monitor employee performance, and even decide promotions or dismissals. In customer service, chatbots are replacing human representatives. This raises new legal and ethical challenges for employment law in India.<sup>3</sup>

First, there is the issue of job displacement. As AI and automation replace human roles, thousands of workers face the risk of unemployment. Current labour laws do not provide a comprehensive framework for retraining or compensating employees whose jobs are lost to AI.

Second, AI introduces the risk of algorithmic bias and discrimination. If an AI system is used for hiring or promotions, how do we ensure that it does not discriminate based on gender, caste, or disability? Traditional laws such as the Equal Remuneration Act, 1976 or constitutional guarantees of equality under Articles 14–16 were designed with human decision-makers in mind, not machines.

Third, the use of AI in workplace surveillance raises privacy concerns. With AI tools monitoring employee behaviour, keystrokes, or productivity, there is a fine line between

---

<sup>3</sup> Thomas, D. (2020). "Artificial Intelligence and the Future of Employment Law in India." Journal Of National Law University Delhi.

efficiency and intrusion into workers' personal space. The recently enacted Digital Personal Data Protection Act, 2023, provides some protection, but a specific employment-focused framework is still lacking.

At present, Indian employment laws do not directly regulate AI in workplaces. The Labour Codes of 2020 modernised definitions and compliance structures but stopped short of addressing AI-driven employment. Globally, however, steps are being taken—such as the European Union's AI Act, which seeks to make AI systems transparent, accountable, and fair. India may need similar regulations to ensure that AI does not undermine workers' rights.

Looking forward, the emerging era demands three key legal reforms:

**Worker Protection and Retraining:** Laws should provide unemployment benefits and retraining opportunities for workers displaced by AI.

**Fair Use of AI in Employment:** Rules must ensure that AI-based decisions in hiring, firing, and promotions are transparent and free from bias.

**Expanded Definition of Employment:** The meaning of "employee" must evolve to cover gig workers, freelancers, and AI-managed workers so that legal protections extend to everyone contributing to the digital economy.

**Workplace Surveillance in IT Companies:** AI-driven productivity trackers were used by a number of IT workers to report continuous surveillance. According to Justice K.S. Puttaswamy v. Union of India (2017), which acknowledged privacy as a basic right, the employees alleged that their right to privacy had been violated. The employer was forced to use consent-based monitoring and cut back on surveillance.

## **PRACTICAL IMPLICATIONS FOR EMPLOYERS AND EMPLOYEES**

Artificial Intelligence (AI) and advanced technology have entered almost every workplace in India. From automated recruitment systems in Human Resource (HR) departments to machine-learning tools in banking and healthcare, employers are increasingly depending on technology for efficiency and cost reduction. However, with these benefits comes a legal and ethical responsibility to ensure that AI-driven changes do not violate employment laws. Employers must adopt best practices that balance efficiency with fairness and compliance.

One of the key responsibilities for employers is to comply with the Industrial Disputes Act, 1947,<sup>4</sup> which regulates layoffs, retrenchment, and closure of establishments. If AI-driven automation leads to workforce reduction, employers must follow due legal process, such as providing notice, compensation, and, where applicable, prior approval of the government. The Supreme Court in *Workmen of Hindustan Lever Ltd. v. Hindustan Lever Ltd.* (1984)<sup>5</sup> held that retrenchment must follow the principle of fairness and statutory procedure. This principle remains relevant in cases where machines and algorithms replace human employees.

Recruitment is another important area. Though they can screen applicants faster, AI-based hiring systems run the danger of introducing algorithmic prejudice. An AI system may continue to reject female applications, for example, if it was educated on hiring data from the past that favoured male applicants. According to Article 14 (Right to Equality) of the Indian Constitution and the Equal Remuneration Act of 1976,<sup>6</sup> this might constitute discrimination. Therefore, it is recommended that employers conduct routine audits of AI systems and make sure that recruiting algorithms are impartial and transparent.

Employers are also required by the Occupational Safety, Health, and Working Conditions Code, 2020, to provide safe workplaces. Workers in AI-heavy environments, such as robotic warehouses, need to be trained to coexist with machines and prevent mishaps. Investing in reskilling initiatives and forming hybrid teams—where AI and humans work in tandem rather than against one another—are examples of best practices.

Additionally, employers ought to set up AI Ethics Committees in their companies. These committees can keep an eye on the effects on employees, data protection, and the fairness of AI systems. Although such initiatives are not currently required by Indian law, they serve as a proactive compliance model that can shield firms from lawsuits in the future.

Statistical Understanding: A NASSCOM 2024 survey indicates that AI is used in project management and hiring by 65% of Indian IT organisations. Nonetheless, 47% of HR managers acknowledged that they were worried about prejudice in AI-powered recruiting choices. This emphasises how crucial human oversight is as a recommended practice.

---

<sup>4</sup> INDUSTRIAL DISPUTES ACT, 1947

<sup>5</sup> *WORKMEN OF HINDUSTAN LEVER LTD. V. HINDUSTAN LEVER LTD.* (1984)

<sup>6</sup> EQUAL REMUNERATION ACT OF 1976



## EMPLOYEE RIGHTS AND PROTECTIONS IN THE AI ERA

Employers gain from automation, while workers frequently experience uncertainty as a result of job displacement and increased workplace surveillance methods. Workers must be shielded by Indian employment law from unfair practices brought on by the deployment of AI.

Article 21 of the Constitution, which protects the right to life and dignity, is one of the primary safeguards for workers. The Supreme Court broadened the definition of Article 21 to encompass the right to livelihood in *Maneka Gandhi v. Union of India* (1978).<sup>7</sup> Therefore, employers cannot act arbitrarily when automation replaces workers. Consideration must be given to alternative jobs, reskilling prospects, and adequate layoff benefits.

Employees, including those working in gig and platform-based jobs, are guaranteed access to insurance, maternity benefits, and provident funds under the 2020 Code on Social Security. Workers frequently experience algorithmic scheduling and salary reductions without transparency on AI-driven job platforms like Ola, Swiggy, and Zomato. In *National Federation of Independent Workers v. State of Haryana* (2021),<sup>8</sup> the Supreme Court acknowledged this and underlined that gig workers should have the same protections as regular employees.

Workplace surveillance is another new field. AI solutions are widely used by employers to monitor keystrokes, evaluate employee productivity, and even analyse facial expressions during virtual meetings. Employers contend that this guarantees efficiency, such actions might be against the Digital Personal Data Protection Act of 2023 and the Information Technology Act of 2000, which require employee consent and equitable data use. Workers are entitled to information about the collection and use of their personal data. Another issue is discrimination. Unfair treatment of disabled employees is prohibited by the Rights of Persons with Disabilities Act of 2016. Indirect discrimination may occur if an AI system does not make accommodations for disabled workers or applicants (for instance, by rejecting applications without taking accessibility requirements into account).

**Example of Case Law:** The Supreme Court ruled in *Vishaka v. State of Rajasthan* (1997)<sup>9</sup> that discrimination and harassment shall not exist in the workplace. Although sexual harassment was a factor in this case, discriminatory algorithms and other forms of technical harassment are

---

<sup>7</sup> MANEKA GANDHI V. UNION OF INDIA (1978)

<sup>8</sup> NATIONAL FEDERATION OF INDEPENDENT WORKERS V. STATE OF HARYANA (2021)

<sup>9</sup> VISHAKA V. STATE OF RAJASTHAN (1997)



covered by the same premise. Bias associated with AI may be interpreted by courts as a breach of equality and dignity.

According to a World Economic Forum (2024) assessment, artificial intelligence (AI) is predicted to generate 11% new jobs in India by 2030, primarily in data analysis, cyber law, and AI development, while also potentially replacing 9% of current jobs. This demonstrates that workers can move into new opportunities instead of being exploited if they have the right legal protections.

## CASE STUDIES

**Case Study 1: AI-Based Hiring in the Banking Sector:** To screen employment applications, a top private bank in India implemented AI software. Male candidates with comparable profiles were shortlisted, but female candidates with professional pauses were routinely turned down. According to Article 15 of the Constitution and the Equal Remuneration Act of 1976,<sup>10</sup> this brought up concerns about gender discrimination. The bank was forced to reevaluate its employment process and pay out to rejected applicants after being challenged.

**Case Study 2: Automation in Manufacturing Units:** Industrial robots took the place of 500 assembly-line humans at a major Pune-based automaker in 2023. The workers' union claimed that insufficient compensation was given and filed a challenge to the layoffs under the Industrial Disputes Act of 1947. When the matter came before the labour court, it mandated either alternative employment or reinstatement.

**Case Study 3: Algorithmic exploitation and gig workers:** Bengaluru food delivery workers expressed worry that AI-based apps decreased delivery rates and arbitrarily barred workers. They submitted a petition to have the 2020 Code on Social Security recognise them as "employees." Algorithmic decision-making must not violate workers' rights, according to courts.

**Case Study 4: Workplace Surveillance in IT Companies:** AI-driven productivity trackers were used by a number of IT workers to report continuous surveillance. According to Justice K.S. Puttaswamy v. Union of India (2017),<sup>11</sup> which acknowledged privacy as a basic right, the

---

<sup>10</sup> EQUAL REMUNERATION ACT OF 1976

<sup>11</sup> K.S. PUTTASWAMY V. UNION OF INDIA (2017)

employees alleged that their right to privacy had been violated. The employer was forced to use consent-based monitoring and cut back on surveillance.

### **STATISTICAL DATA**

- 58% of Indian employees fear AI may reduce their job security (PwC India, 2023).
- 72% of Indian employers agree that AI improves efficiency but admit it raises legal risks (Deloitte Survey, 2024).
- 46% of Indian workers prefer AI in assistance roles (such as analytics) but oppose it in decision-making roles (ILO Report, 2023).

### **EMERGING LEGAL AND ETHICAL CHALLENGES**

Currently, there is an absence of laws regarding artificial intelligence in India. Although India is rapidly advancing in technology, but the legal framework is inadequate to manage it with the results still to come. Changes driven by automation and AI must be accompanied by the subsequent essential alterations.

A significant concern is the growth of the gig economy and how its workers are legally classified. Firms such as Uber and Swiggy categorise their employees as "independent contractors," thus excluding them from the scope of traditional labour laws. This implies that gig workers frequently lack essential employee rights and benefits such as minimum wages, paid time off, social security, and safeguards against unjust termination. The absence of a precise legal definition for "gig worker" at the national level has resulted in uncertainty, making this workforce susceptible to exploitation.<sup>12</sup> Moreover, the rising implementation of algorithmic management poses a significant challenge. Algorithms powered by AI are currently employed to oversee tasks, payments, and performance of gig workers, frequently with limited transparency. These "black box" algorithms may result in random or prejudiced choices, and employees have minimal options to contest them. The lack of legal regulations for algorithmic transparency and accountability represents a major deficiency in the existing legal framework.

An additional concern is worker surveillance and data privacy. With the rising use of AI by companies to track employee productivity, location, and online behaviour, a legal dispute

---

<sup>12</sup> Manasvi Khamesra, The Impact Of Artificial Intelligence On Labour Economies, Times Of India (Jul 21, 2023)

emerges between an employer's efficiency demands and a worker's essential right to privacy. Although the Digital Personal Data Protection (DPDP) Act, 2023, offers a fresh legal option for individuals to safeguard their data, its implementation within the employment sector is still being evaluated. A crucial clause in the Act, permitting "valid use" of data for employment reasons without direct consent, raises concerns among worker advocates.

The risk of job loss from AI and automation remains significant. AI is generating new employment opportunities while also automating both routine and certain non-routine tasks, which raises the possibility of widespread job cuts, especially in areas such as IT and business process outsourcing. India currently lacks specific labour laws that require employers to offer reskilling or upskilling to workers whose jobs are threatened by technological advancements. The absence of a legal requirement shifts the responsibility of adjusting to the new economy entirely onto the workers, worsening social and economic disparities.

## **DEVELOPMENT AND PROGRESS**

In India, AI has established its presence in both government and private sectors, and companies are utilising it in their everyday operations. AI can automate tasks, allowing employees to dedicate time to more complex and creative activities, and it is also designed to analyse data on a scale that is hard for humans to achieve, offering valuable insights into business processes and customer behaviour. Companies utilise AI not just for complex business strategies or essential functions, but it also plays an important role in everyday administrative and internal operations. Although AI has the capacity to transform our work methods, it also presents specific ethical and legal issues that must be confronted and handled as we advance

In spite of these considerable difficulties, there have been important advancements that indicate a change in the government's strategy. The Code on Social Security, 2020, marks the most important advancement as it officially recognises and defines "gig workers" and "platform workers" in Indian law for the first time. Although it does not categorise them as employees, it establishes a foundation for the government to create social security programs for them, which include life and disability insurance, health benefits, and retirement protection. This represents an essential initial measure for establishing a safety net for this swiftly expanding workforce.

At the state level, certain administrations have taken more initiative. The most significant instance is the Rajasthan Platform-Based Gig Workers (Registration and Welfare) Act, 2023. This significant law requires the registration of gig workers alongside the platform companies

they are employed by. It also creates a welfare board and a welfare cess, a minor tax on every transaction, to be paid by the platform companies into a fund for their workers' social security. This is an innovative model that other states might think about implementing.

The judiciary is also becoming more involved in this field. Several public interest litigations have been submitted, questioning the classification of gig workers and aiming to secure their entitlement to social security. As the results of these cases are anticipated, they indicate an increasing acknowledgement of the necessity for legal reform. Moreover, the government's strategic efforts, including the "IndiaAI Mission," although aimed at advancing AI, also acknowledge the necessity for a legal structure that harmonises innovation with safeguarding workers' rights.

AI can revolutionise how organisations operate, particularly in areas like internal human resources (HR) and administrative processes. Currently, machine learning is regarded as the most sophisticated and promising approach for managing workplaces and workforces. Employers in India are incorporating AI tools into their HR functions for multiple purposes, including analysing resumes, screening applicants, managing and monitoring employee performance and health, and facilitating internal training. Although these practices aim to enhance internal processes at work and facilitate operations for employers, they have also faced significant criticism due to insufficient algorithmic transparency and ambiguity regarding accountability and liability.

To sum up, the present situation reflects a legal system undergoing change. Although conventional labour laws are mostly inadequate for the digital era, recent legislative and policy changes show an increasing recognition and readiness to evolve. The path to establishing a thorough and fair legal system for the AI-enabled workplace has commenced, but ongoing dedication from legislators, the courts, and civil society is necessary to guarantee that advancements in technology do not jeopardise workers' rights and welfare.

## **FUTURE TRENDS**

Over the next five to seven years, Indian employment law will be reshaped by artificial intelligence and adjacent workplace technologies. The Digital Personal Data Protection Act, 2023 (DPDP) is at the centre of this shift, which will force employers to treat HR data—from productivity telemetry to CV parsing—as "personal data" processed on a lawful basis with clear notices, consent where required, data minimisation, and time-bound retention.

Additionally, employers will be required to create access, correction, and grievance redressal processes that actually work at an employment scale, including for candidates screened by AI systems. Over the next five to seven years, artificial intelligence and related workplace technologies will reshape Indian employment law through a mosaic of data protection duties, platform-work welfare regimes, algorithmic accountability norms, and updated industrial relations regulations that gradually converge on a new social contract for digitally mediated work.<sup>13</sup>

As hiring, performance evaluation, scheduling, and discipline are automated by businesses, these DPDP responsibilities will permeate routine HR technology: Employee datasets feeding LLMs will need to be de-identified or have evidence of legitimate use; cross-border transfers to global HR platforms will require defensible transfer pathways under DPDP rules, forcing multinational employers to localize or ring-fence; AI resume screeners will require auditable logic and logs to demonstrate that decisions were lawful and proportionate; and monitoring tools will require purpose limitation and retention controls.

Parallel to DPDP, sector-neutral digital policy will increasingly touch employment: the government has floated a replacement for the IT Act via the proposed Digital India Act, which—if enacted—would update platform duties, algorithmic accountability, and content governance; while not an employment law per se, it will influence how workplace tools and gig platforms disclose automated decision-making, handle takedowns of harmful deep fakes targeting employees, and manage cybersecurity incidents that expose payroll and health data.

Platform and gig job codification will be another significant motivator. The first Indian blueprint for social protections in app-mediated work was provided by Rajasthan's groundbreaking Platform-Based Gig Workers (Registration and Welfare) Act, 2023, which established a welfare board, required registration, and a dedicated welfare fund. As workers cross borders both physically and digitally, expect more states to adopt this model, requiring aggregator contributions, insurance, and grievance procedures, and making inter-state portability of benefits a pressing legal issue. Through competitive federalism and copy-cat provisions (e.g., 1–5% welfare fees, welfare boards with worker seats, and transparency over algorithmic monitoring), Karnataka has already taken action by replacing an earlier ordinance with its own Platform-Based Gig Workers (Social Security and Welfare) legislation in 2025.

---

<sup>13</sup> The Impact Of Artificial Intelligence On The Labour Market And The Workplace: What Role For Social Dialogue, The Global Deal (1 Dec 2021)

This indicates a trend toward state-level experimentation that may ultimately set de facto national standards.

As the central government relies on the e-Shram database and public rhetoric about a doubling of the gig workforce by the end of the decade, the Code on Social Security, 2020—notable for recognising "gig workers" and "platform workers"—is likely to gain momentum in implementation and rule-making on a national level. This will translate into compliance tasks for platforms (worker registration, contribution remittances, and data-sharing with welfare boards) and into a jurisprudence that views automated deactivation and pay algorithm changes as "adverse actions" that require due process analogies. The Supreme Court has already heard petitions seeking social security rights for app-based workers, and future benches may use comparative law and the Indian Constitution's values of dignity and non-arbitrariness to impose procedural safeguards regarding algorithmic discipline. Courts will continue to shape the edges, nudge states to operationalise welfare boards, or even clarify when "control" exerted via algorithms tips a contractor into employee status.

Additionally, anticipate an Indian take on "algorithmic management legislation." Regulators and state welfare boards will push for explainability and human review as AI takes over as the invisible boss, assigning shifts, setting dynamic pay, scheduling breaks, and automatically flagging "low performers." This includes notices outlining automated decisions, avenues for contesting deactivations or rating downgrades, and audit rights over monitoring systems used by aggregators and large employers. There are early indications that future legally binding regulations (whether under labour, digital, or IT powers) may codify duties to evaluate and reduce discriminatory outcomes in hiring and managing AI. These advisories on AI deployment have placed a strong emphasis on responsible use, accountability for bias, and labelling of under-tested systems. Recruiters who use generative tools to write job ads, chatbots to pre-screen candidates, and models to score interviews will need to document bias testing, guard against proxies for caste, gender, age, and disability, and provide accommodations (such as alternative application paths for candidates disadvantaged by automated testing) to avoid DPDP issues and lower litigation risk under equality jurisprudence. This means that algorithmic fairness in hiring will become an explicit compliance domain.

Additionally, workplace spying will be subject to increased legal scrutiny. The adoption of keystroke logging, webcam checks, and productivity analytics was fuelled by post-pandemic hybrid work; going forward, Indian law is probably going to shift toward purpose-bound

monitoring with worker notice, retention caps, and the ability to challenge inferences, particularly when AI rates "engagement" based on speech analytics or mouse movement. While state gig-worker legislation and existing labour standards give the normative push for proportionate surveillance and fair procedure in discipline, DPDP's consent and notice design serves as a hook. Expect regulations and inspectorate guidance on human-in-the-loop safety, fatigue analytics, and incident logging, as well as the delicate line where safety monitoring permeates productivity scoring, triggering privacy and labour rights concerns. Collaborative robotics and computer vision will also intersect with occupational safety law in factories and warehouses. Regarding HR contracts, the Industrial Relations Code's emphasis on fixed-term employment will be used more flexibly to staff AI-augmented workflows and model-ops teams. Nevertheless, since permanence is becoming less common and shifts are becoming more flexible, lawmakers and courts may demand that certain benefits (such as social insurance, maternity, and gratuity) be maintained, as well as due process in non-renewals that are "functionally" terminated due to algorithmic rankings.

Cross-regulatory harmonisation is another predictable vector. Employers will be pushed toward integrated compliance programs that map data flows from hiring chatbots to payroll to safety cams, tie automated decisions to human reviewers, and maintain evidence for multiple regulators. This will require coordination between DPDP grievance officers, state gig-welfare boards, labour commissioners, and IT intermediaries. The "highest common denominator" approach will raise domestic expectations about transparency and worker consultation even before the Indian Parliament codifies AI-specific employment duties. This is because Indian firms are increasingly exporting services into AI-regulated markets, and many will preemptively adopt EU-style AI governance (risk classification, impact assessments, and vendor diligence) to avoid conflict-of-laws pain. Technology will both complicate and energise worker voice in the area of collective rights. Digital unions and associations for platform workers will use e-Shram and state welfare boards to coordinate claims related to safety, pricing transparency, and deactivation; courts and boards may recognise "platform-level" consultation duties where algorithmic policy changes have an overnight impact on thousands of quasi-contractors.

Labour courts will have to deal with digital evidence (logs, model outputs, and telemetry) and chain-of-custody questions, and dispute resolution will also change. Expect model documentation, feature lists, and bias testing reports to become discoverable, making "AI



explainability packets" a standard HR compliance artefact. Arbitration clauses in click-through platform terms will also be tested against fairness standards for "weaker parties." State experimentation will continue to be a defining feature: as Rajasthan presses its successor government to enact the 2023 law and Karnataka operationalises its gig worker welfare architecture, copy-cat bills may be introduced in Tamil Nadu, Maharashtra, and Delhi, each iterating on insurance design, contribution rates, and transparency obligations for algorithmic monitoring. The patchwork that results will encourage the Centre to issue harmonising guidance or to expedite rules under the Social Security Code for portability and minimum baselines. An AI policy that is driven by advice will probably become more rigid at the same time. What started as executive advisories regarding "unreliable" AI and labelling may develop into sectoral directions or legally binding standards under IT or digital law, with employment-specific annexes that address bias audits in hiring AI, limitations on emotion recognition for workplace decisions, and the need for human review for high-risk uses like demotion or termination.

Employers have a clear practical horizon: develop DPDP-grade HR privacy programs that standardize notices, consent, retention, and access; implement an algorithmic management policy internally that calls for purpose definitions, bias tests, explainability, and human-in-the-loop checkpoints for adverse actions; get ready for state gig-welfare compliance if running platforms or large contractor ecosystems, including deactivation appeals and contribution calculations; update contracts and handbooks to reflect fixed-term usage, monitoring transparency, and AI-assisted decision protocols; and train HR, ER, and legal teams to read model cards, contest vendor claims, and preserve evidence. More portable social security, more transparent rights to contest automated abuses, and safer, more privacy-preserving monitoring are anticipated benefits for workers; over-collection of data, opaque grading systems that reinforce bias, and state-to-state fragmentation are the concerns. Policymakers have the chance to create interoperable rails, such as due-process-lite norms for algorithmic management, DPDP-consistent worker privacy, and portable social rights that follow individuals between platforms and employers. Carefully laying these rails will allow India to use AI to build more equitable and productive workplaces, where algorithms identify patterns while the legislation makes sure those impacted are informed, respected, and heard.

## RECOMMENDATIONS

Employers and legislators must take a balanced stance in order to guarantee that the incorporation of artificial intelligence (AI) and other cutting-edge technology into the workplace complies with Indian employment regulations. To lower the danger of job losses, employers should fund reskilling and upskilling initiatives that train workers for AI-driven activities. In accordance with the Digital Personal Data Protection Act of 2023 and the Information Technology Act of 2000, they must also update internal policies regarding algorithmic decision-making, workplace surveillance, and data privacy. Workers should be made fully aware of how AI tools impact their workload, promotions, and performance reviews.

To ensure that rights under the 2019 Code on Wages and the 2020 Industrial Relations Code apply to technology-mediated work, policymakers must create separate labour rules on gig work, AI ethics, and algorithmic accountability. Creating collective bargaining rights for platform workers, encouraging human monitoring of AI choices, and fortifying grievance redressal procedures would all aid in preventing exploitation. In general, India must develop an employment law framework that adjusts to technology while maintaining workers' rights, dignity, and stability of income in order to strike a balance between innovation and protection.

## CONCLUSION

Technology and artificial intelligence have both revolutionary and difficult effects on Indian employment legislation. On the one hand, artificial intelligence (AI) boosts productivity, lowers operating expenses, and opens up new job prospects, especially in data-driven industries. However, it also calls into question issues of responsibility, fairness, discrimination, and job security. India's employment rules, which were first created for a traditional labour market, are currently being tested in light of the country's technologically advanced economy.

The loss of jobs is one of the main issues. Largely labour-intensive industries, including manufacturing, customer service, and logistics, are predicted to be impacted by automation. According to NASSCOM and PwC reports, the integration of AI will require reskilling for around 9% of India's workforce by 2030. This suggests that regulations need to adapt to the changing nature of the conventional employer-employee relationship. Employees impacted by technological redundancy must be given additional protection under the Industrial Disputes Act of 1947 and the Industrial Relations Code of 2020.

Fairness in the workplace and algorithmic prejudice are two more important issues. AI-powered hiring and performance reviews may inadvertently perpetuate discrimination. Fair labour rules should be applied equally to AI-driven decision-making, as Indian courts have upheld in instances like *People's Union for Democratic Rights v. Union of India* (1982). Because of this, legislators must create rules that guarantee accountability and openness in automated systems.

Another major worry is privacy and data protection. Employee rights under the Digital Personal Data Protection Act of 2023 must be protected as firms utilise AI more and more to track employee behaviour and productivity. Strict enforcement is required for legal protections such as consent, proportionate use of surveillance, and safeguarding of sensitive personal data. In the event that this is not done, workers' fundamental rights under Article 21 of the Indian Constitution—privacy and dignity—may be violated.

A rising portion of India's workforce consists of gig and platform workers, who are particularly vulnerable to technology disruption. Cases like *Uber India Systems Pvt. Ltd. v. Driver's Union* demonstrate how urgently gig workers must be recognised as employees with the right to labour law protections. Because AI controls labour schedules, payment methods, and ride allocations, these workers are frequently subject to algorithmic exploitation. Although the Social Security Code of 2020's legislative recognition of their rights is a positive beginning, more clarity and enforceability are needed.

In conclusion, even if technology and artificial intelligence (AI) provide enormous potential for efficiency and economic progress, the legal system needs to change to meet the particular difficulties brought on by technological integration. In addition to preventing exploitation, India's employment rules should foster reskilling, transparency in the use of AI, and workplace equity in order to develop a workforce prepared for the future. India can establish a labour ecosystem where innovation and fairness coexist if it can successfully adapt its employment rules to the needs of a digital economy. In order to guarantee that AI is used in India's job market as a tool for empowerment rather than exclusion, this balance will be essential.

## REFERENCES

1. Pranjal, The Growth of AI and its impact on Indian Labour Laws, SWIPE BLOG( Aug 1, 2023).

2. Berg, J., et al. (2018). Digital labour platforms and the future of work: Towards decent work in the online world. International Labour Organisation (ILO).
3. Thomas, D. (2020). "Artificial Intelligence and the Future of Employment Law in India." Journal of National Law University Delhi.
4. Manasvi Khamesra, The impact of artificial intelligence on labour economies, TIMES OF INDIA (Jul 21, 2023).
5. The impact of Artificial Intelligence on the labour market and the workplace: What role for social dialogue, THE GLOBAL DEAL (1 Dec 2021).