

Research Article

FROM HUMAN TO ALGORITHMS: Social and Legal Impact of Artificial Intelligence on Employment in India

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Abstract

"A machine can now hire a worker, rate a worker and remove a worker, but it cannot be asked why."

Artificial intelligence is affecting Indian workers in two ways, and the law has dealt with only one of them. The first is job loss. The Economic Survey 2024-25, in its chapter "Labour in the AI Era: Crisis or Catalyst?", found that middle and lower-wage workers doing routine service jobs are most at risk. It warned that a country with a surplus of labour cannot afford long periods of unemployment.

The second is control. AI now screens job applicants, assigns work, rates performance and, on platforms, removes workers altogether. The four Labour Codes, in force from 21 November 2025, recognise gig and platform workers for the first time and extend social security to them, a workforce NITI Aayog projects will reach 23.5 million by 2029-30. But the Codes say nothing about the algorithm that decides what these workers earn.

This article argues that this silence is built into the law, not accidental. Indian labour law assumes a human employer who can be asked to explain a decision. When software takes that employer's place, the worker is protected only when thrown out, never before. The article examines the Constitution, the Labour Codes, the Rights of Persons with Disabilities Act, 2016 and the Digital Personal Data Protection Act, 2023, and then the State laws of Rajasthan, Karnataka and Telangana. Karnataka goes furthest, requiring written reasons and notice before removal, along with transparency and non-discrimination in automated systems.

The article concludes that no new law is needed. The rule-making powers already available under the Labour Codes are enough to bring the required reform.

Keywords: Artificial intelligence; algorithmic management; Labour Codes 2025; gig and platform workers; automated decision-making.

I. INTRODUCTION

On 11 February 2025 the Prime Minister addressed the AI Action Summit at Paris, co-chaired with President Macron, and accepted that the loss of jobs is the most feared disruption associated with artificial intelligence. The address then offered the historical answer: technology has never made work disappear, it has changed its nature and produced new kinds of it, and what India needs is investment in skilling and re-skilling.¹

Eleven days earlier the Economic Survey 2024-25 had been laid before Parliament with a chapter named "**Labour in the AI Era: Crisis or Catalyst?**" that put the matter differently. It too declined to

¹Prime Minister's Office, Opening Address by Prime Minister at the AI Action Summit, Paris (11 February 2025), available at pmindia.gov.in.

forecast catastrophe. But it identified an exposure specific to India, and it did not soften its conclusion that a labour-surplus country cannot absorb displacement that runs on.²

Neither, however, addresses the question with which this article is concerned. Both treat artificial intelligence as something that happens to employment: a force that removes jobs, against which the answer is training and safety nets. That framing is not wrong. It is incomplete. Alongside the machine that replaces workers there is now the machine that supervises them, and the second has arrived faster than the first.

Indian labour law rests on an assumption it never had to state: that behind every decision affecting a worker stands a person who can be identified and required to account. The test of who is an employer has always turned on control over the manner in which work is done, and control was understood as something a human being exercised.³

Two developments have unsettled that architecture. The first is platform-mediated work, in which supervision is exercised by software rather than by a supervisor. The second is the arrival of systems capable of cognitive tasks long assumed to be beyond automation. Employer power is still exercised, continuously and at high volume, but it has been dissolved into a system nobody is obliged to explain. An application is rejected without explanation. A delivery partner receives fewer assignments without any clear reason. A worker's rating declines, or an account is suddenly deactivated. In each instance, a decision has been made about the worker, yet there is often no clear explanation, accountability, or person to whom the worker can turn for an answer.

This article examines both dimensions of the problem against the Indian framework as it now stands, and identifies what is missing and how it might be supplied. Its hypothesis is that Indian employment law regulates the consequences of automation for the worker but not the automated exercise of employer power over the worker, so that its protection is complete at the margins of the employment relationship and absent at its centre.

II. THE PREMISE OF INDIAN LABOUR LAW AND THE CONSOLIDATION OF 2025

Indian labour law rests on a proposition that predates independence: labour is not a commodity, and the worker is not an asset to be discarded on the same terms as plant and machinery. The elaboration takes a characteristic form. The employer must act for a reason, must ordinarily give notice, and must pay for the consequences of what is done. Who receives that protection has always depended on what the worker actually does, not on the label attached, so that a designation on a letterhead settles nothing.⁴

The consolidation of 21 November 2025 rationalised 29 central enactments into four Codes, unifying wage floors, making appointment letters compulsory and creating a worker re-skilling fund.⁵ Its most significant act was definitional. The Code on Social Security, 2020 introduced three categories that had not existed in Indian labour legislation: gig worker, platform worker and aggregator.⁶ Previously, a delivery rider occupied a legal grey area: neither a conventional employee, because the contract described the rider as a "partner," nor a genuinely independent contractor, because the platform controlled the rates, assignments, and continuation of the rider's access to work.

Two qualifications define the rest of this article. The first is that recognition is not protection. Chapter IX "**Code on Social Security**" confers eligibility for welfare schemes; it does not make the gig worker a worker under the Industrial Relations Code, and confers no right to be heard before the engagement ends. That question is pending before the Supreme Court, where the Union stated in

²Economic Survey 2024-25, Ch. 13, *supra* n. 1.

³*Dhrangadhara Chemical Works Ltd. v. State of Saurashtra*, AIR 1957 SC 264; *Ram Singh v. Union Territory, Chandigarh*, (2004) 1 SCC 126.

⁴*H.R. Adyanthaya v. Sandoz (India) Ltd.*, (1994) 5 SCC 737; Industrial Relations Code, 2020, s. 2(zr)

⁵Code on Wages, 2019, ss. 3, 6 and 9; Occupational Safety, Health and Working Conditions Code, 2020, s. 6; Industrial Relations Code, 2020, s. 83

⁶Code on Social Security, 2020, ss. 2(35), 2(60), 2(61) and Chapter IX; PIB Release ID 2192463, *supra* n. 2.

February 2025 that the rules operationalising Chapter IX were still under consideration.⁷ Recognition without an operative rule is a promise, not a right.

The second is more fundamental. Every protection described here is directed at the employer's act, and none at how that act is arrived at. That was sound design so long as a decision and its author were the same thing. They are no longer the same thing. The following section examines the conduct that falls within the scope of the Codes, while the subsequent section addresses conduct that remains outside their reach.

III. DISPLACEMENT: WHAT THE LAW ASKS OF AN EMPLOYER WHO AUTOMATES

Suppose an employer installs a system that does the work of forty people and dismisses them. What does the law require?

Where the establishment is an industrial establishment and those dismissed are workers, the reduction is retrenchment. Automation is not a defence; it is a reason, and reasons do not exempt. The employer must give a month's notice or wages in lieu, pay compensation on continuous service, observe last come, first served, and contribute fifteen days' wages per worker to the re-skilling fund. Above the threshold, raised from one hundred workers to three hundred, prior permission must be obtained before there may be any retrenchment at all.^{8 9}

None of this is trivial. But two limitations run through it, and artificial intelligence widens both.

The law is engaged by the consequence, never by the decision. No Indian statute requires an employer to consult the workforce before introducing a system that will displace them, to assess its employment impact, or to consider redeployment. The obligation crystallises at the moment of removal, by which point the only question left is the price. This is also where reform would be cheapest, since a duty to disclose an intention to automate costs an employer little and gives a workforce the one thing it lacks, which is time.

The protection follows a definition that automation does not respect. Retrenchment law reaches workers in industrial establishments, not the employee in managerial or administrative employment. That mattered less when mechanisation displaced manual work and the excluded category was largely safe. Generative systems have reversed the position, and the Survey's concern is with routine cognitive work: the analyst, the back-office processor, the person in business process outsourcing.¹⁰ Much of that workforce sits in the category the Codes exclude. The protection is strongest where the risk has fallen and weakest where it has grown.

There is finally a constitutional dimension more often invoked than analysed. The right to livelihood is part of the right to life under Article 21, on the authority of *Olga Tellis*.¹¹ The proposition is binding and its reach against a private employer is nevertheless slight, since Article 21 operates against the State and a writ will not ordinarily lie against a private company unless it discharges a public function.¹² *Olga Tellis* supplies the value legislation must serve. It supplies no remedy to a worker dismissed by a private firm that has followed the statute.

IV. THE ALGORITHMIC TURN: FOUR DECISIONS AND WHO BEARS THEM

Employer power is exercised at four points: entry, allocation, assessment and exit. Each is now mediated by an automated system. They are taken here in the order a worker encounters them.

⁷Indian Federation of App-Based Transport Workers v. Union of India, W.P. (C) No. 1068 of 2021, order dated 18 February 2025.

⁸Industrial Relations Code, 2020, ss. 70, 71, 77 and 78, continuing Industrial Disputes Act, 1947, ss. 25F, 25G and 25N. On the width of "retrenchment", see *Punjab Land Development and Reclamation Corporation v. Presiding Officer, Labour Court*, (1990) 3 SCC 682.

⁹Industrial Relations Code, 2020, s. 83.

¹⁰Economic Survey 2024-25, Ch. 13, supra n. 1.

¹¹*Olga Tellis v. Bombay Municipal Corporation*, (1985) 3 SCC 545, paras 32-37.

¹²*Zee Telefilms Ltd. v. Union of India*, (2005) 4 SCC 649; *Pradeep Kumar Biswas v. Indian Institute of Chemical Biology*, (2002) 5 SCC 111; *Binny Ltd. v. V. Sadasivan*, (2005) 6 SCC 657.

A. Screening

Applications to any large Indian employer are filtered before a human sees them. A model ranks candidates against patterns learned from past hiring, and the ranking decides who reaches a recruiter. The difficulty is not that the model is malicious but that it learns from a record: where past recruitment favoured particular institutions, cities or uninterrupted careers, it reproduces the preference without being told to.

The burden is not evenly spread. A candidate penalised for a gap in employment history may be a woman returning after a child, a person who was ill, or a first-generation graduate who worked before studying. None of these appears in the model. All are filtered out by it.

The Rights of Persons with Disabilities Act, 2016 comes closest to a remedy, prohibiting discrimination in employment on the ground of disability.¹³ But a model penalising an atypical career pattern disadvantages disabled applicants without disability appearing anywhere in its inputs. Whether the Act reaches disparate effect of that kind is untested, and its machinery was built for identifiable acts rather than statistical proof.

B. Allocation

On a platform the system decides which worker receives which task, at what rate and in what sequence. This is the most continuous exercise of employer power in the Indian economy and the least visible, and it determines income directly. A rider who receives fewer orders in a week has had earnings reduced, though no wage decision was taken and no wage law engaged.

Who this falls on is not speculation. The gig workforce is projected to reach 23.5 million by 2029-30.¹⁴ These are largely workers who left informal or agricultural work because platform work promised earnings, and who financed entry by borrowing for a vehicle or a phone. A fortnight of thin allocation is not an inconvenience for such a worker. It is a missed instalment.

Nothing in the Code on Wages, 2019 reaches this. The Code secures a floor for wages paid; it does not secure the volume of work by which a piece-rate worker earns them.

C. Rating and assessment

Customer ratings and automated performance scores now function as the discipline system of platform work and, increasingly, of salaried work.

The rating is treated as a fact about the worker. It is in truth a compound of customer behaviour, traffic, weather and restaurant delay, and it carries the biases of the rating public into the worker's record.

A low score reduces future allocation, which reduces earnings. That is a punishment imposed without a charge, a hearing or a finding. The standing orders regime was designed to prevent exactly this, requiring the grounds of misconduct to be written down and certified so that a worker knew in advance what could be punished.¹⁵ A rating algorithm is a disciplinary code that has never been published.

D. Deactivation

Deactivation ends a worker's livelihood without ending an employment relationship, because on the platform's contractual arrangement there was none to end. It is often automatic, triggered by an accumulation of scores or flags, and frequently unexplained.

For the worker the consequence is total and immediate: no notice, no compensation, no re-skilling contribution and no forum, because retrenchment law is not engaged.

The law's response, at the centre, is nothing. Indian law protects a worker elaborately when a factory reduces its workforce by forty, and not at all when a platform ends the engagement of forty thousand, one account at a time.

¹³Rights of Persons with Disabilities Act, 2016, ss. 3, 20 and 21.

¹⁴NITI Aayog, *supra* n. 3.

¹⁵Industrial Employment (Standing Orders) Act, 1946, ss. 3 and 5 and the Schedule; now Industrial Relations Code, 2020, Chapter IV.

E. The two statutes that might have helped

The Digital Personal Data Protection Act, 2023 and its 2025 Rules confer rights over the worker's data and none over the decision taken about the worker. There is no Indian equivalent of a right to an explanation of, or human intervention in, a solely automated decision producing a significant effect. The Act is also weaker in employment than elsewhere, permitting processing for employment purposes without consent.¹⁶

F. The common defect

Across all four decisions the defect is the same, and it is not opacity. It is the absence of a duty to give reasons.

Indian law regards that duty as fundamental. Reasons link material to conclusion; their absence makes review impossible and invites arbitrariness, and the requirement has been extended well beyond courts.¹⁷

Private employers were never bound by that duty under constitutional law. But the law still gave workers some practical safeguards: certified standing orders, a charge and enquiry before dismissal, and notice before important changes were made. Automated management has taken away much of that protection without putting anything similar in its place. The worker is not asking for the algorithm to be perfect. They are simply asking to know why a decision was made.

V. WHAT PARLIAMENT OMITTED, THE STATES SUPPLIED

The preceding section described a gap at the centre. It is no longer accurate to describe it as a gap in Indian law.

Labour is in the Concurrent List. While the Union was consolidating twenty-nine enactments into four Codes without mentioning algorithmic management, five States legislated on that subject. Rajasthan was first, in 2023; Karnataka, Bihar and Jharkhand followed in 2025, and Telangana in 2026.¹⁸ The Rajasthan Act established a welfare board, a registration system and a welfare fee. Its ambition was social security rather than algorithmic accountability: it gave the platform worker an identity and a fund, but did not say why a deactivation had occurred.

The Karnataka Act is a different kind of statute, and it is the most important development in this field in India. On exit, Section 14 requires that a gig worker not be terminated or deactivated without valid reasons recorded in writing and fourteen days' prior notice, with the principles of natural justice to be observed; immediate termination is confined to cases involving bodily harm.¹⁹

On the algorithm itself, Section 13 requires the platform to inform workers how to obtain information about the automated monitoring and decision-making systems that determine their fares, earnings and customer feedback, in a language the worker reads. Section 13(2) requires measures to prevent those systems discriminating on grounds of religion, race, caste, gender, place of birth or disability.²⁰

The significance is structural rather than local. Section 14 restores the duty to give reasons at exactly the point where automated management had removed it, and does so by ordinary State legislation. Section 13(2) appears to be the first Indian statutory provision imposing a non-discrimination obligation on an algorithm.

The Act has weaknesses and they should be stated. It does not recognise gig workers as workers, so the Industrial Relations Code machinery remains closed to them. It permits unilateral variation of

¹⁶Digital Personal Data Protection Act, 2023, s. 7(i); Digital Personal Data Protection Rules, 2025.

¹⁷S.N. Mukherjee v. Union of India, (1990) 4 SCC 594; Kranti Associates Pvt. Ltd. v. Masood Ahmed Khan, (2010) 9 SCC 496, para 47.

¹⁸Rajasthan Platform Based Gig Workers (Registration and Welfare) Act, 2023; Karnataka Act 72 of 2025; Telangana Platform Based Gig Workers (Registration, Social Security and Welfare) Act, 2026 (Telangana Act 21 of 2026).

¹⁹Karnataka Act 72 of 2025, s. 14(2). Assent 11 September 2025; published in the Karnataka Gazette Extraordinary on 12 September 2025; deemed in force from 30 May 2025.

²⁰Ibid., s. 13(1) and (2); Karnataka Platform Based Gig Workers (Social Security and Welfare) Rules, 2025, notified 19 November 2025.

contract terms subject only to notice. And what must be disclosed about the automated systems is left substantially to delegated rule-making.²¹

Telangana legislated in 2026 with a comparable framework of registration, welfare fee and transparency obligations.²²

The platforms have challenged the Karnataka provisions on the ground of repugnancy: that Parliament has occupied the field through the Code on Social Security, 2020, so that a State cannot layer its own procedure upon it. The argument has practical force, since a platform operating in twenty States cannot readily comply with twenty deactivation procedures.

It also has a doctrinal answer. Repugnancy under Article 254(1) requires an actual inconsistency, not merely that both laws occupy the same subject.²³ The Code says nothing whatever about reasons for deactivation, and a State law requiring reasons does not contradict a central law that is silent; it supplements it. Occupation of a field is inferred from an intention to make exhaustive provision, and a Code whose Chapter IX rules the Union told the Supreme Court were still under consideration is not easily described as exhaustive.²⁴

Whether the courts accept that reasoning is not for this article to predict. What matters is the sequence: the question of who may regulate the algorithm has reached the courts before the legislature has decided whether it should be regulated at all.

Three things follow. The obligations are workable, since written reasons, notice and disclosure of decision parameters are in force in Karnataka and have not made platform operation impossible. They require no new jurisprudence, Section 14 being the ordinary law of natural justice applied to a new kind of employer. And what Karnataka did by statute, the Union may do by scheme and rule under a Code already enacted.

VI. SUGGESTIONS

Four reforms are proposed. None requires fresh primary legislation.

First, the rule-making power under Chapter IX of the Code on Social Security, 2020 should be exercised, in framing schemes for gig and platform workers, to require an aggregator to disclose the general basis on which work is allocated and engagements are ended, and to require that deactivation be preceded by written reasons and notice and be subject to human review.²⁵ The Karnataka provisions supply a tested model and the statutory vehicle already exists.

Secondly, a duty of disclosure should be introduced through rules or standing orders under the Industrial Relations Code, 2020, requiring an employer to inform workers where an automated system is used in recruitment, allocation, performance assessment or discipline. Disclosure of the fact of use is a modest obligation and a precondition of every other remedy.

Thirdly, a tiered framework of accountability should be adopted, on the model already reflected in the instruments of the financial regulators: minimal obligation for internal administrative uses, and, for systems materially affecting recruitment, remuneration, continuation or termination, pre-deployment testing for discriminatory effect, documented human oversight and periodic validation.²⁶ That a borrower and an investor are each protected by binding obligations addressed to automated systems while a worker is not reflects the presence of an active sectoral regulator, not any difference in the gravity of the interest at stake.

Fourthly, rules under the Digital Personal Data Protection Act, 2023 should confer a right to be informed of the principal grounds of a solely automated decision producing a significant effect,

²¹Ibid., ss. 12(3) and 26.

²²Telangana Act 21 of 2026.

²³M. Karunanidhi v. Union of India, (1979) 3 SCC 431; Deep Chand v. State of Uttar Pradesh, AIR 1959 SC 648.

²⁴IFAT v. Union of India, supra n. 12.

²⁵Code on Social Security, 2020, Chapter IX, ss. 112-114.

²⁶Reserve Bank of India, Report of the Committee on Framework for Responsible and Ethical Enablement of Artificial Intelligence (FREE-AI), 2025; SEBI (Intermediaries) regulatory framework on the use of artificial intelligence tools.

together with a right to seek human review. In the employment context this single provision would do more than any other to convert existing rights from formal into usable ones.²⁷

VII. CONCLUSION

This article opened with two documents of the same government, eleven days apart. The Paris address answered displacement with the assurance of history, that work changes its nature and returns in new forms. The Economic Survey answered it with a warning about what a labour-surplus economy can absorb. Both were addressed to the question of how many jobs there will be. Neither was addressed to the question of how the jobs that remain will be governed, and it is the second question on which the statute book is silent.

India has taken the first question seriously. The Survey stated the displacement problem plainly, the Labour Codes modernised a body of law that badly needed it, and the extension of social security to gig and platform workers is a real achievement.

On the second, the hypothesis is made out. Indian employment law protects the worker where the employer acts visibly, at the wage, at the notice and at the retrenchment, and falls silent where the employer acts through a model. The worker who is never shortlisted, who receives fewer assignments, or who is deactivated by a system nobody will explain stands outside every protection the central framework provides.

Olga Tellis holds that livelihood is part of the right to life, and that its deprivation must answer to a procedure that is fair. That guarantee cannot be enforced against an aggregator directly. But it is the value the legislature is bound to serve when it legislates, and it is difficult to describe a procedure as fair when the person it removes is never told what was decided or on what material.

That is so not because the law considered the position and rejected it, but because the law was written for an employer who could be asked to give reasons. Karnataka has shown that the requirement can be restored by ordinary legislation without disabling the industry it regulates. Restoring it at the centre, in the modest form of disclosure, explanation and human review, would not impose a new philosophy of labour regulation upon India. It would apply the existing one to an employer who has learned to act without appearing to decide.

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