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## COMPARATIVE ANALYSIS OF LABOUR LAWS IN INDIA, UK AND USA

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### ABSTRACT

Labour laws have always been a subject of discussion all around the world. The Indian labour laws are very different from the labour laws in other countries. India's labour laws, heavily influenced by colonial-era regulations, emphasize worker welfare but can be complex due to numerous statutes and varying state laws. In contrast, the UK operates under a more unified legislative framework, with a strong focus on employee rights such as fair wages, health and safety, and working hours, regulated primarily by the Employment Rights Act and the Health and Safety at Work Act. The USA follows a decentralized approach where federal and state laws interact, offering essential protections under the Fair Labour Standards Act and Occupational Safety and Health Act, but with fewer guaranteed worker protections compared to the UK and India.

This research paper aims at comparing how minimum wages affect the lower end of the working class, the review period for the minimum wages, relation of minimum wages to inflation, age related minimum wage rates, minimum wage rate and cost of living, across India, UK, and USA. This comparative analysis also examines labour laws in India, the UK, and the USA, focusing on key differences and similarities in employment rights, workplace standards, and dispute resolution.

While all three countries aim to protect worker rights, the extent and approach vary significantly. These differences highlight each country's unique socio-economic context and legal traditions, underscoring the challenges of achieving uniform labour standards globally.

**Keywords:** Wages, Working Hours, Labour Laws, Minimum Wage, Uniform Labour Standards, Workplace Standards

### INTRODUCTION

Labour laws are the filter of the socio-economic fabric of a nation due to their ability to regulate the employer-employee relationship and to defend the worker's rights. History, culture and economy of each nation testifies to the development of labour law. India, UK, USA, are each integrative expressions of the multitude of different paradigmatic approaches to labour law and at the same time concretizations of the most heterogeneous socio-political contexts and the different nature of labour markets in the respective countries.<sup>1138</sup>

With its considerable workforce, India has been operating under the premises of complex structures of the legislatures at central and state levels, which deal with employment security and regulation of wages and industrial relations. The labour laws of the United Kingdom, being a member of the European Union until its official accent in 2016, are focused on fairness, combating discrimination and recognizing collective bargaining rights. On the other hand the USA model is centred more on an employer; which is characterized by an at-will employment and a very limited federal regulation on paid leave policies. This study seeks to understand the commonality and the differences that exist in the labour laws within these three jurisdictions, stressing on important

<sup>1138</sup><https://anvpublication.org/Journals/HTMLPaper.aspx?Journal=International%20Journal%20of%20Reviews%20and%20Research%20in%20Social%20Sciences;PID=2019-7-1-11>

parameters such as the employment relationships, remuneration, working time and rehabilitation measures, conflict handling mechanisms, and equity.

By examining these legal frameworks, this study seeks to highlight the strengths and weaknesses of each system, offering insights into their adaptability to contemporary challenges in the globalized labour market.

Labour laws serve as the foundation for regulating employer-employee relationships, ensuring fair wages, safe working conditions, and social security. The evolution of labour laws across different countries has been shaped by their unique socio-economic conditions, industrial development, and historical influences. This study presents a comparative analysis of labour laws in India, the United Kingdom (UK), and the United States of America (USA), highlighting key similarities and differences in their legal frameworks.

India's labour law regime is extensive, consisting of multiple legislations governing wages, social security, industrial relations, and occupational safety. Recent reforms, including the codification of labour laws into four major codes, aim to simplify compliance and enhance worker protection. In contrast, the UK follows a hybrid system influenced by both statutory laws and European Union (EU) regulations, emphasizing collective bargaining and employee rights. The USA, on the other hand, has a decentralized system where federal and state laws interact, with significant variations in labour protections across states.

This comparative study examines critical areas such as minimum wages, working hours, trade union rights, dispute resolution mechanisms, and employee benefits. By analyzing these frameworks, the research aims to identify best practices that can contribute to strengthening labour policies. Understanding these differences is crucial for multinational corporations, policymakers, and legal professionals navigating cross-border employment laws. Ultimately, this study seeks to provide insights

into how different legal systems balance economic growth with workers' rights, fostering a fair and equitable work environment.<sup>1139</sup>

## **CONSTITUTIONAL AND LEGAL ASPECTS**

The three countries derive their labour laws in the following sources:

### **India**

Within the Constitution of India, Labour finds itself place on the Concurrent List, thereby providing powers and authorities to both the centre and the state governments to make laws on the matter. The Constitution of India guarantees a number of rights pertinent to labour including Article 14 (right to equal protection of the law), Article 16 (right to equal opportunity for employment), and Article 19(1)(c) (right to form trade unions). Forced employment is also prohibited under Article 23 and the Directive Principles of State Policy, for instance, Articles 39, 41, 42 and 43 provide for the welfare of the workforce, adequate remuneration, and decent working conditions. The legal frame is not uniform since separate legislations exist in relation to various facets of industrial relations like the Industrial Disputes Act, 1947, which is concerned with settlement of disputes, the Factories Act, 1948, through which conditions of work at places of employment are administered, and the Minimum Wages Act, 1948, which sets wage standards.

### **United Kingdom**

Labour law in the UK has been largely influenced by the EU until recently, however this legislative framework is in flux following Brexit. The Employment Rights Act 1996 is a cornerstone act which secures the employee rights referred to, including the protection from unfair dismissal, redundancy, and parental leave. In addition, through enforcing anti-discrimination clauses in the Equality Act 2010, it ensures equality due to the following reasons concerning race, gender, disability and so on. Work safety is regulated by the Health and

<sup>1139</sup> [https://www.researchgate.net/figure/Evolution-of-Labor-Law-in-India-UK-and-the-US\\_fig1\\_228268819](https://www.researchgate.net/figure/Evolution-of-Labor-Law-in-India-UK-and-the-US_fig1_228268819)



Safety at Work Act 1974, and by statutory provision, this Act imposes on the employer a duty to provide a safe working environment.

### **United States of America**

The structure of labour regulation under the U.S. legal system is most widely recognized for the dual governance construct (federal/state/state and federal regulation enhancement) which provides the regulatory framework. They are governed by the Fair Labour Standards Act (FLSA) and include minimum wage, overtime and child labour, etc. The National Labour Relations Act (NLRA) covers both the collective bargaining and union activity, on one hand, and on the other hand, the workplace safety under the Occupational Safety and Health Act (OSHA), 1970. Across the USA employment is "at-will" which means it can be terminated for any reason, by either party, no matter the fault, including but not limited to, discrimination, or as a matter of contract. However, these frameworks provide the back-bone of socio-economic conditions of the source countries and allow a deeper analysis of their labour structure.<sup>1140</sup>

### **WAGES AND WORKING HOURS**

Wages and working hours are essential aspects of labour law, however, their regulation differs in varying degrees in India, UK and USA. Minimum Wages Act, 1948 in India is the law that establishes among other factors, the lowest paid employment in the countries.

The Factories Act, 1948, lays down the hours of work as eight hours a day and forty-eight hours a week, but with provisions accompanying extra hours' wages. But India has a large informal economy where many eras lack such framework, which is a problem for enforcement. In the UK there is the National Minimum Wage Act of 1998 that provides for a standard minimum wage for the UK with special rates according to ages and whether or not they are apprentices. Employment hours have been

provided under The Working Time Regulations 1998 which sets the maximal limit of 48 hours per week but which the employee may are not prohibited from opting out of. This state is evident in all the UK laws of employment that provides for employee protection; provisions for rest periods and paid breaks are mandatory. In the USA, however, the independent FLSA combines state minimum wages with a federal floor and individual state rates that may even surpass it. The normal working week is forty hours and any working time above this attracts a one and a half times the normal wage. Nevertheless, there are some exceptions relating to particular segments of workers, for example, the executives and the professionals. Employment regulation is observed to reflect each country's socio economic environment: India's priority is to protect vulnerable workers; the welfare and fairness of the workers is important to the UK; while flexibility and foremost employer prerogative is important to the USA.

### **Wages and Working Hours: A Comparative Analysis of Labour Laws in India, UK, and USA**

Wages and working hours form the cornerstone of labour laws worldwide, ensuring fair compensation and preventing worker exploitation. While India, the UK, and the USA have established legal frameworks governing these aspects, their approaches differ based on economic structures, industrial needs, and historical developments. This section examines the wage regulations, minimum wage policies, and working hour limitations in these three jurisdictions, highlighting their similarities and differences.

### **Wages and Minimum Wage Regulations**

In India, wage regulation is governed by the Code on Wages, 2019, which consolidates previous laws such as the Minimum Wages Act, 1948, and the Payment of Wages Act, 1936. The law establishes a national floor-level minimum wage, but actual minimum wages vary by state, sector, and skill level. India follows a tripartite system where wages are revised periodically

<sup>1140</sup> <https://ijlr.com/wp-content/uploads/2023/03/A-COMPARATIVE-SCRUTINY-OF-MINIMUM-WAGES-IN-INDIA-USA-AND-UK.pdf>

based on economic factors, inflation, and living costs. Despite these legal provisions, wage disparities persist, especially in the informal sector, where enforcement remains a challenge.

In contrast, the UK follows a well-defined structure under the National Minimum Wage Act, 1998, which mandates different wage rates based on age groups and employment types. The National Living Wage applies to workers aged 23 and above, ensuring a fair income level that aligns with economic conditions. The UK government regularly reviews and updates minimum wages through the Low Pay Commission, ensuring workers receive a reasonable standard of living.

The USA has a decentralized wage regulation system under the Fair Labour Standards Act (FLSA), 1938, which sets the federal minimum wage. However, individual states have the autonomy to establish higher wage rates, leading to significant variations. For example, states like California and New York have higher minimum wages than the federal baseline, while others adhere strictly to federal laws. The presence of wage differentials across states reflects the country's flexible economic policies but also raises concerns about disparities in worker earnings.<sup>1141</sup>

### Working Hours and Overtime Regulations

Working hour regulations are crucial in preventing worker exploitation and maintaining a healthy work-life balance. India's labour laws, under the Occupational Safety, Health, and Working Conditions Code, 2020, set the standard workweek at 48 hours, with a daily limit of 8-9 hours. Overtime work is allowed but must be compensated at twice the regular wage rate. However, enforcement varies across industries, and informal workers often face excessive working hours without adequate compensation.

In the UK, working hour regulations are governed by the Working Time Regulations, 1998, which limit the standard workweek to 48 hours, averaged over 17 weeks. Employees can voluntarily opt out of this limit, except for certain industries like transport and healthcare. Additionally, workers are entitled to rest breaks, paid leave, and night work regulations, ensuring better work-life balance and well-being.

The USA's FLSA mandates a 40-hour workweek, with overtime pay at 1.5 times the regular wage for hours exceeding this limit. However, exemptions exist for certain employees, such as professionals and executives, leading to potential disparities in working conditions. Unlike the UK, the USA lacks federally mandated paid leave, making work-life balance more challenging for employees.

While all three countries have established legal frameworks for wages and working hours, their effectiveness varies based on enforcement and socio-economic conditions. The UK offers a well-structured system with strong worker protections, while the USA's decentralized approach allows flexibility but creates inconsistencies. India's evolving labour laws aim to balance worker rights with economic growth, though challenges persist in implementation. Strengthening enforcement and adapting best practices can help ensure fair wages and reasonable working hours globally.

### BASIS OF PAYMENT OF MINIMUM WAGES

Minimum wage policies are designed to make a change in the income of low-paid workers. However, these policies may sometimes be negative in their effects. In the case where the labour market is competitive perfect, raising the minimum wage may lead to a fall in the demand for labour and hence, unemployment. There may be workers who are willing to work at a lower wage and the others who are paid higher wages but are not working. These effecting factors are more severe in third world economies especially under developing economies with a large informal economy where labour laws are likely not to apply, which

<sup>1141</sup> [https://www.cmpdi.co.in/sites/default/files/2024-07/471history\\_of\\_labour\\_laws.pdf](https://www.cmpdi.co.in/sites/default/files/2024-07/471history_of_labour_laws.pdf)

worsens income inequality. They claim that higher minimum wages increase the cost of production, resulting in a drastic drop in employment in unregulated industries that lack written agreements or unionization.

In India this was set in motion by Article 43 of the Constitution which enjoined the state to make laws which would eventually lead to a minimum standard working common under the Directive principles of state policy, thus leading to the laws that led to the developing of what is today known as the Minimum Wages Act, 1948. Chapters 3 and 4 of the Act provide rules for wage setting across various classes of employment. The Act seeks to redress inequities in wages and provide the workers with protection against exploitation in the interest of justice, liberty and equality of opportunity for promotion.

On the other hand, in the USA, more than 30 empirical researches conducted from the 1970s to the present have analyzed minimum wage effects, showing that low-wage employment is likely to decrease in the light of rising wages. In the UK, the Dynamic Volatility Minimum Wage Act of 1998 has been enhanced and rehearsed over the years. Even though the power of unions is declining, the minimum wage in the UK is well protected with state regulation on employment health and safety as well as wages. The effectiveness and enforcement of wage inspection, as well as the nature of minimum wage regulations, are affected by the shifts in workplace relations and regulatory framework that occurs over time.

Minimal wages reflect the regulations of a particular country; they embody the socio-economic realities of specific labour market orientation resulting in basic practices among India, the UK and the USA.

In India, the government's role in formulating minimal wages is one reinforced by the Minimum Wages Act of 1948, which allows both centres and states to fix minimum rates of wages. The consequence is a patchy structure that has the potential for regional or state,

industrial and even skill differentials. For example, agricultural minimum wages might vary with those of the manufacturing sector or the service sector and within each of them, there are lower and upper capability levels' differentiation. The aim is to suit the Indian workforce market's fragmented character but enforcements are problematic particularly in the informal sector which constitutes a large portion of the workforce.

Conversely, the UK operates under the National Minimum Wage Act of 1998 in which a minimum wage is uniformly enforced across the entire country and this applies nationwide – across all age groups with different minima applicable to younger workers and apprentices – for instance, NMW for workers aged 23 and above is £11.44 in 2024. Importantly, such a system is clear, just, and flexible as the monetary amounts are changed with inflation and cycles. The aim at this instance is to enhance the living standards and as such, compliance is controlled, and this reduces the number of conflicts relating to payments made to workers.

In United States' laws, the Benchmark Federal Minimum Wage law is set by the Fair Labour Standards Act also known as FLSA as currently at \$7.25 per hour (last changed in 2009). On the other hand, provinces and states have the right to set higher minimum wages, which results in variation across geography. For instance, state of California and Washington have set their minimum wages above \$15 an hour whereas other states follow the federal standard. This being an un-centralized system, states are able to tackle the different economic situations at the local level, however, this has caused inequalities in that low wage workers in states where minimums are static have been disadvantaged. Many has been the arguments for the effectiveness of a higher federal rate because of the higher cost of living, advocates for an increase, Jovena Fashion et al have



supported this cause in that it enables low payment.<sup>1142</sup>

## COMPARATIVE INSIGHTS

The main discrepancies are:

- **Centralization:** The United Kingdom has a more centralized system that is uniform, whilst the USA and India utilize a more decentralized system which creates disparities across the regions.
- **Adequacy:** The UK's minimum wage is thought to be a living wage, but in India the wages one earns are sometimes below an acceptable level, and in the USA, the federal level is below inflation figures.
- **Flexibility:** The U.S. system permits the states and cities to alter depending on the local set up, but this elasticity has a consequence of wage imbalance. India has many diverse rates due to regional and industrial differentials, which have been difficult to enforce.
- **Enforcement:** There are constitutional provisions for self-monitoring in UK but there are non-compliance issues in India and certain regions in the USA.

India's system emphasizes inclusivity in a large and diverse labour force, the UK system promotes equity and standards of business, and USA system demonstrates versatility as well as minimal federal involvement.

## CHILD LABOUR LAWS

Legislations surrounding child labour laws differ amongst India, the UK and the USA as they need to adhere to their socio-economic conditions and their legislative preferences. All three countries have provisions to protect children from exploitation as well as enable them to go to school, however, these provisions differ in their reach and their effectiveness.

Child labour laws vary significantly across India, the UK, and the USA, reflecting their distinct socio-economic contexts and legal frameworks. India, with a history of widespread child labour, has enacted strict regulations under the **Child and Adolescent Labour (Prohibition and Regulation) Act, 1986**, which prohibits the employment of children below 14 years in hazardous occupations while allowing adolescents (14–18 years) to work in non-hazardous sectors. Additionally, the **Right to Education Act, 2009**, mandates free education for children up to 14 years, aiming to reduce child labour. In contrast, the UK enforces stringent laws under the **Children and Young Persons Act, 1933**, and the **Education Act, 1996**, which restrict child employment to light work and mandate compulsory education until 16. Work hours and conditions are strictly regulated, ensuring that child employment does not interfere with education. The USA follows a robust federal framework under the **Fair Labour Standards Act (FLSA), 1938**, which sets a minimum working age of 14 for non-agricultural jobs and 16 for hazardous work, with strict hour limitations for minors. Additionally, each state can impose stricter regulations, creating variations in enforcement. While the UK and USA focus on regulating permissible child employment with safeguards, India still battles widespread child labour due to socio-economic challenges, despite legal prohibitions. A comparative analysis reveals that while all three nations have strong legislative frameworks, effective implementation and socio-economic factors largely determine the success of child labour laws in protecting children's rights and ensuring their education and welfare.<sup>1143</sup>

## India

The laws regarding child labour are mainly regulated by the Indian Act known as Child and Adolescent Labour (Prohibition and Regulation) Act passed in 1986 and modified in 2016.

<sup>1142</sup> <https://www.legalserviceindia.com/legal/article-8384-comparative-analysis-of-minimum-wage-laws-in-india-v-s-united-states-of-america-united-kingdom-and-australia.html>

<sup>1143</sup> <sup>1143</sup> <https://ijlmh.com/paper/a-comparative-analysis-of-child-labour-laws-in-us-india/>



Children below the age of 14 years cannot be allowed to work at any workplace, other than the family business and the arts (partially). Employment of persons between fourteen and eighteen years is banned and they can work in the hazardous occupations only. Also, the Right to Education Act 2009, specifically provides free and compulsory education to children of the age of 6 to 14 year of age so that child labour can be prevented by forcing children to go to school. However, these laws' implementation is a problem because many workers are in the informal sector, and for various socio-economic reasons, such as poverty and illiteracy.

### United Kingdom

The British has very well formulated laws dealing with child labour enacted under the Children and Young Persons Act of 1933 and the Employment rights act of 1996. It is forbidden for children under 13 to work employment with the following exceptions the restriction does not apply to child actors, models or sportspersons for work with children below the age of 13 a local authority permit is required. For 13-16 year-olds, lighter work is allowed, but it cannot conflict with the child's schooling or health. Working time is strictly controlled, especially time at the start of the day and in the evening. These both make the UK's welfare system very strong, and the free education polices deter child labour as well.

### United States

Child Labour Laws in the USA is governed under the FLSA-Federal, and supported by individual state laws. Basically, the FLSA restricts most employment of children under the age of fourteen, except in family or domestic work, in agricultural enterprises, or if the child is performing in a live production. Pupils, who are 14 and 15, are permitted to work, but the restrictions are put on hours of work and kinds of employment. Those who specifically are 16 and 17 years old can work during unrestricted hours but they are prohibited to work in hazardous jobs. They get to determine their own rules thus setting different rules relating to child labour laws all over the states. Enforcement is

generally strong, though the agricultural sector remains an area of concern due to exemptions allowing younger children to work.

### Comparative Analysis

#### 1. Age Restrictions:

- India allows children to work in non-hazardous family enterprises at a younger age, whereas the UK and USA impose stricter minimum age limits for employment.
- The USA and UK permit limited, regulated work for children over 13 or 14, emphasizing education and safety.

#### 2. Sector-Specific Exceptions:

- India and the USA allow exceptions for family businesses and specific industries, while the UK is more restrictive.
- In agriculture, the USA has broader exemptions, often criticized for exposing children to unsafe conditions.

#### 3. Education Linkage:

- India mandates education for children up to 14, aiming to combat child labour through schooling, but gaps remain in implementation.
- The UK and USA integrate education requirements with work permissions, ensuring child employment does not interfere with schooling.

#### 4. Enforcement:

- Enforcement in India is weaker due to socio-economic challenges and a large informal sector.
- The UK and USA have robust enforcement mechanisms,

though the USA faces criticism for loopholes in agricultural work.<sup>1144</sup>

## CONCLUSION

The comparative analysis of the labour law system in the United Kingdom, The United State, and India shows remarkable differences, stemming from the socio-economic, historical, and political backgrounds of these countries. Although the UK and India draw from a common law system, the systems' principles differ as India has sought to balance the interest of the employer and labour as a result of its post-colonial development requirements. On the other hand, he pointed out that the labour laws of the US as decentralized and market-oriented with negligible government interference.

The comparative analysis of labour laws in India, the UK, and the USA highlights the diverse approaches these nations take in regulating employer-employee relationships, worker rights, and labour market dynamics. While all three countries have established legal frameworks to ensure fair wages, safe working conditions, and social security, their implementation and effectiveness vary due to socio-economic factors, industrial structures, and historical influences.

India's labour laws, though comprehensive, have historically been complex and fragmented, leading to recent reforms aimed at simplification and ease of compliance. The UK follows a balanced approach, combining statutory regulations with strong collective bargaining mechanisms to protect workers' interests. The USA, with its decentralized legal system, offers flexibility in labour regulations, allowing states to impose additional protections beyond federal laws.

A key takeaway from this study is that while each system has its strengths, challenges persist in areas such as informal employment, worker exploitation, and evolving workplace

dynamics. Best practices from these countries, such as the UK's strong social security measures and the USA's flexible labour market policies, can offer insights for policy improvements in India. Similarly, India's recent labour reforms could serve as a model for emerging economies striving to balance worker protection with economic growth.

Ultimately, a robust and dynamic labour law system must adapt to technological advancements, globalization, and the changing nature of work. Strengthening enforcement mechanisms and promoting fair labour practices can help ensure a more equitable and sustainable work environment across all three nations.

<sup>1144</sup> <https://blog.ipladers.in/present-indian-labour-law-scenario-comparative-analysis/>