

Automation-Induced Redundancy: Does Chapter V-B of the Industrial Disputes Act Provide Adequate Safeguards in the Era of Generative AI?

ABSTRACT

The rapid development of Artificial Intelligence, especially Generative AI, is really changing how we work and what employment looks like. While these AI technologies can boost productivity and enhance decision-making, they might also lessen the need for human workers in some roles, leading to layoffs and job losses. This shift has sparked worries about job security, potential layoffs, the need for reskilling, and whether current labor laws are adequate.

This research examines whether the safeguards provide under Chapter V-B of the Industrial Disputes Act from 1947 are enough to protect employees whose jobs are impacted by automation and tech advancements. It focuses specifically on key legal protections related to layoffs, notice periods, compensation, required government approvals, and other employee safeguards. Additionally, it looks at the challenges posed by Generative AI, especially how tech changes can shift job roles, cut down the demand for certain skills, or even render some positions obsolete.

The study takes a doctrinal and qualitative approach, pulling from a variety of sources like legislation, court rulings, academic research, government documents, and insights into AI, automation, and employment. It also examines the Industrial Relations Code of 2020 to grasp how India's labor law framework is evolving in light of technology.

The findings indicate that while current labor laws do offer crucial protections during layoffs, they might not fully tackle the issues brought on by AI-related job changes. There is a strong suggestion that more focus is needed on reskilling, redeploying, transparency, and providing support during transitions before any layoffs occur. Therefore, the study advocates for a more employee-centered approach, encouraging employers to prioritize reskilling and redeployment ahead of layoffs, while also balancing tech advancements, business demands, and employee rights.

1. Introduction

Artificial Intelligence (AI) is quickly changing the landscape of work and employment. More and more, organizations are turning to technologies like

Generative AI, automation, and smart software to handle tasks that human workers used to do. This shift can boost productivity, aid in decision-making, and alter how work gets organized in different settings. However, AI also raises concerns about job displacement, as some tasks become automated. The International Labour Organization points out that while Generative AI is likely to change many jobs, it is not necessarily going to wipe them out entirely. That said, certain tasks and roles are definitely more vulnerable to being automated.

When technology automates certain tasks or roles, employees can find themselves facing redundancy or shifts in their jobs. It is not just about cost-reduction strategies; sometimes, it is because the way work gets done is evolving due to AI. For instance, a company might roll out an AI system that takes over tasks once handled by multiple staff members. In these cases, workers might need to learn new skills or transition to different roles, and some jobs could even disappear altogether. Research on AI and the labour market indicates that AI can change the tasks performed by workers and consequently alter the skills demanded by employers.³ The rise of AI therefore creates an important question regarding how existing labour laws can protect employees whose employment is affected by technological change.

In India, the **Industrial Disputes Act, 1947** contains provisions relating to lay-off, retrenchment, and closure. Chapter V-B provides additional requirements for certain industrial establishments, including requirements concerning prior permission, notice, and compensation in cases covered by the relevant provisions.⁴ These rules were put in place before we really saw the rise of Generative AI and the massive changes it is bringing to technology. Right now, the framework mainly tackles the legal side of things around layoffs and similar employment actions, but it does not establish a clear path for reskilling or redeploying workers before they're impacted by tech changes.

The emergence of Generative AI raises fundamental questions regarding whether the usual labor laws are enough to deal with the new kinds of job losses we are seeing. Sure, protections like notice, compensation, and government oversight help during layoffs, but they don't necessarily cover the need for reskilling, redeployment, or the shifts in job roles that AI brings along.

This research looks into whether Chapter V-B of the Industrial Disputes Act from 1947 really safeguards employees facing redundancy due to AI. It also takes a look at the Industrial Relations Code from 2020, pointing out some gaps when it comes to handling technological displacement, especially around reskilling, redeployment, and support during transitions. Ultimately, the study aims to find a way to balance technological progress with the rights and job security of employees.

2. Problem Statement

- **Risk of AI-Induced Job Loss**
 - The increasing adoption of AI and automation may lead organizations to restructure jobs, reduce the requirement for certain human roles or replace particular tasks with AI-based systems. While technological development can benefit businesses by improving productivity and efficiency, employees affected by such changes may face unemployment, loss of income and difficulties in adapting to new skill requirements.
- **Difference Between Traditional and AI-Related Redundancy**
 - The existing legal framework provides certain safeguards against retrenchment and employment termination. However, it is important to examine whether these safeguards adequately address the new form of redundancy that may arise from AI and automation. AI-related job loss may be different from traditional redundancy because the reason for reducing jobs may be the replacement or modification of human tasks through technology.
- **Adequacy of Existing Legal Protection**
 - This research mainly focuses on examining whether Chapter V-B of the Industrial Disputes Act, 1947 really offers sufficient legal protection to employees whose jobs are impacted by AI-driven automation. It also looks into whether additional safeguards may be required in the era of Generative AI, where technology can perform increasingly complex tasks.
 - Another important concern is what happens to employees before they lose their jobs. If AI changes the nature of a particular job, employees may need new skills to continue working. Therefore, reskilling and training may help employees adapt to technological changes instead of immediately facing retrenchment.
- **Lack of Focus on Reskilling and Redeployment**
 - The study also considers whether employees can be redeployed into other suitable roles within the organization. Where an employee's existing role is reduced because of automation but other suitable work is available, providing an opportunity to move to another role may offer greater protection than immediate termination.
- **Challenges of Employee Transition**
 - Finally, this research examines issues such as notice periods, compensation, government approvals, reskilling and redeployment. The broader objective is to understand how labour law can strike a balance between encouraging technological advancement and ensuring that

employees affected by AI-induced redundancy receive adequate protection.

3. Research Questions

1. What is the impact of AI and automation on employee employment and job security?
2. What legal safeguards are provided under Chapter V-B of the Industrial Disputes Act, 1947 for employees affected by retrenchment and closure?
3. Does Chapter V-B of the Industrial Disputes Act, 1947 provide adequate protection to employees affected by automation-induced redundancy?
4. What legal issues could come up if employers decide to use Generative AI to replace or reduce human jobs?
5. Should employers be more accountable for providing reskilling, redeployment, and transition support before laying off workers because of AI and automation?

4. Research Methodology

This study takes a doctrinal and qualitative approach to explore the legal challenges that come from job losses caused by AI. The doctrinal method analyses labour-law provisions governing retrenchment, closure, notice, compensation and related worker safeguards. Particular attention is given to Chapter V-B of the Industrial Disputes Act, 1947, which prescribed additional requirements for retrenchment, lay-off and closure in specified establishments, including prior government permission in applicable cases.¹ The study also examines the Industrial Relations Code, 2020, which consolidates and modifies provisions relating to industrial relations, retrenchment and closure.²

The research relies primarily on secondary legal and academic sources, including statutes, judicial decisions, government reports, academic articles, research papers, books and scholarly studies on Artificial Intelligence, automation and employment. This study looks at how tech advancements could impact employment relationships, job security, and the rights of workers affected by these changes. It digs into whether the current legal protections are enough to handle job losses caused by AI and automation. Key areas of focus include retrenchment procedures, notice periods, compensation, government approvals, and other protections that workers can rely on under the law. There is also a discussion around whether existing labor laws effectively tackle the challenges brought on by AI systems and automation.

In the end, the research points out potential gaps in the current legal setup and suggests ways to enhance worker protections as technology evolves. These suggestions cover things like reskilling, redeployment, support during transitions, and putting more accountability on employers for managing changes in the workforce. By taking this approach, the study aims to explore how labor laws can adapt to the shifts caused by AI while striking a fair balance between technological progress, organizational needs, and the protection of employees.

5. Objectives of the Study

This study aims to achieve a few important goals:

1. First, to examine how Artificial Intelligence and automation are impacting job security and employment for workers.
2. Next, we'll take a closer look at Chapter V-B of the Industrial Disputes Act from 1947, focusing in on topics like layoffs, retrenchment, and closures.
3. We'll also evaluate if the current legal protections are enough for employees who find themselves facing redundancy because of AI.
4. Another aim is to identify the legal and practical challenges that Generative AI poses to employee rights.
5. Lastly, we'll suggest some legal and policy solutions that can help protect workers while still allowing companies to adopt new technologies.

6. Scope of the Study

This study looks into how AI-driven automation affects employee redundancy and labor laws in India. It specifically zooms in on Chapter V-B of the Industrial Disputes Act of 1947, which lays out legal protections around layoffs, retrenchment, and closures in certain industries. The inquiry specifically evaluates whether the current employment laws are doing enough to tackle potential job losses that could come from today's Generative Artificial Intelligence technologies.

It is important to note that this research does not operate on the assumption of complete workforce displacement. Instead, it dives into the legal issues that pop up when technological advancements render some positions obsolete, lessen the need for specific types of work, or significantly change existing roles. We pay special attention to those workers whose jobs might be diminished, replaced, or notably transformed due to AI automation.

So, the focus here is really on the connection between AI-driven automation, employee redundancy, and labor law protections in India. We are not getting into the nitty-gritty of how AI works or trying to forecast the entire future of employment. The main concern is to evaluate whether the current legal framework is sufficient to deal with the employment-related challenges that come with technological change.

Generative Artificial Intelligence, or Generative AI, is all about tech that can create new stuff—think text, images, software code, reports, and various other digital outputs. Unlike traditional automation that sticks to set and repetitive tasks, Generative AI dives into a wider range of cognitive and knowledge-based activities. Its reach spans areas like customer service, content creation, data analysis, administrative tasks, and software development.

In this research, we are not really asking if Generative AI will take over all human jobs. Instead, we are looking at whether its use might lessen the need for certain positions or dramatically shift the nature of existing roles. For instance, if AI can generate reports, analyze routine data, or handle simple customer inquiries, companies might rethink the number and kind of employees they need. This could mean that workers have to pick up new skills, switch roles, or, in some cases, face job loss.

So, this study analyses the legal challenges that might generate from these AI-driven employment changes. It also weighs in on whether current labor laws are sufficient to protect those impacted. Additionally, the research explores options like reskilling, redeploying, and providing transition support as potential responses to this tech shake-up.

7. Legal Safeguards Against Automation-Induced Job Loss

The Industrial Disputes Act of 1947 sets the legal framework for handling industrial disputes, such as layoffs, retrenchments, and closures. Chapter V-B adds extra requirements for specific types of industrial establishments regarding these issues. These rules are especially important when a company plans to downsize or shut down a part of its operations.

The legal framework lays out some important procedural safeguards, like giving notice and compensation, and in certain cases, getting prior approval from the relevant government body. These protections are meant to oversee things like retrenchment, layoffs, and closures, ensuring that affected workers have some level of support. But with the rise of AI and automation, there is a crucial question to consider: are these traditional safeguards still enough when

employees find themselves out of work because their roles are diminished, significantly changed, or even taken over by technology?

7.1 Prior Permission for Retrenchment

Section 25-N of the Industrial Disputes Act, 1947 deals with retrenchment in industrial establishments covered by Chapter V-B. Subject to the statutory conditions, an employer must give the prescribed three months' written notice stating the reasons for retrenchment, or pay wages in lieu of notice, and obtain prior permission from the appropriate Government or specified authority before carrying out retrenchment.

This becomes especially important with the rise of AI and automation, where machines might take over jobs and lead to fewer workers being needed. For instance, if a manufacturing firm rolls out AI-powered equipment and wants to downsize its staff, it still has to adhere to the requirements laid out in Section 25-N before making any retrenchment. Just having a tech-based reason for reducing the workforce does not exempt them from following these legal procedures.

However, This research looks into whether procedural safeguards like notice, compensation, and prior government approval are enough to tackle the broader impacts of job loss due to technology. When AI significantly alters or removes certain roles, the workers affected might need reskilling, redeployment, or additional support to transition smoothly. So, it raises a key question: should these measures be included in the legal approach to job redundancy caused by AI?

7.2 Redundancy and Retrenchment

Technological progress can sometimes render specific jobs unnecessary or reduce the number of workers needed for certain tasks. With the rise of AI and automation, companies can often handle operations with fewer staff or significantly change how work gets done. Here, redundancy refers to a scenario where a job or the need for labor disappears because of these organizational or technological shifts.

On the other hand, retrenchment has a more specific meaning in the context of Indian labor law. According to Section 2(oo) of the Industrial Disputes Act, 1947, retrenchment is when an employer ends a worker's service for any reason, with certain exceptions noted in the law. So while redundancy focuses on the decrease in the need for a specific job, retrenchment is about the legal process of terminating someone's employment as defined by the law.

This distinction is critical when we analysing AI and automation. While new technology might lessen the need for certain jobs, it does not always mean that every affected worker will have to be let go. Organizations can choose to adjust job roles, offer reskilling options, or even shift employees to different positions. If keeping someone on isn't feasible and the legal requirements are met, then termination might happen, but it has to follow the proper guidelines. This brings up a key question for research: should labor-law protections focus solely on the final step of termination, or should they also cover the workforce changes that happen before layoffs?

7.3 Government Scrutiny

Another safeguard under Chapter V-B of the Industrial Disputes Act, 1947 is the requirement of prior government permission for retrenchment and closure in establishments to which the relevant provisions apply. The employer must submit an application to the appropriate Government or specified authority and comply with the prescribed procedure. The authority considers the application and relevant circumstances before granting or refusing permission.¹

This requirement adds an extra layer of legal oversight when it comes to major layoffs or closures. With AI and automation in play, it is particularly important when a company plans to reduce jobs because tech advancements have decreased the need for certain kinds of work. Just because there is a tech-related reason for downsizing does not exempt the employer from fulfilling the necessary legal obligations.

But these safeguards also bring up concerns about the wider impact of technology on jobs. The existing approval framework primarily operates within the legal requirements governing retrenchment and closure. It is therefore necessary to examine whether greater consideration should be given to measures such as reskilling, redeployment and transition support before employees are displaced. This forms an important part of the research into the adequacy of labour-law protection in cases of AI-induced redundancy.

7.4 Limitations in the AI Era

Existing labour laws provide important protections in cases involving lay-off, retrenchment and closure, including notice, compensation and, where applicable, prior government permission. However, these provisions were developed mainly around recognized forms of employment termination and do not specifically address the gradual changes that may occur when AI and automation are introduced into the workplace.

Generative AI may affect employment without immediately eliminating an entire job. It can automate particular tasks, modify responsibilities and change the skills required for a position. As a result, some employees may remain employed but require new skills or training to perform their modified roles.

The International Labour Organization has observed that Generative AI is more likely to transform many jobs by changing the tasks performed by workers rather than simply eliminating entire occupations. [Citation: ILO, 2025]

Therefore, an important limitation of the existing framework is that it provides clearer safeguards when retrenchment or termination occurs than for the period of technological transition that may precede it.

7.5 Is Existing Law Enough for AI-Induced Redundancy?

Existing labour laws provide legal protection when technological changes ultimately result in retrenchment, provided that the relevant statutory conditions are satisfied. Notice, compensation and prior approval requirements can therefore remain applicable where the law covers the particular employment action.

However, the adequacy of these protections in the AI era requires consideration of what happens before retrenchment. Technological change may alter job responsibilities or reduce the need for particular skills without immediately resulting in termination.

Accordingly, this research examines whether labour-law protection should extend beyond the final stage of termination to include measures that help employees adapt to significant technological changes. The issue of reskilling, redeployment and transition support is therefore considered separately in the later analysis.

8 Judicial Approach / Case Laws

8.1 Workmen of Meenakshi Mills Ltd. v. Meenakshi Mills Ltd. (1992)

In the case of *Workmen of Meenakshi Mills Ltd. v. Meenakshi Mills Ltd.* (1992), the Supreme Court ruled that Section 25-N of the Industrial Disputes Act, 1947, is constitutionally valid. This section mandates that certain businesses must get government approval before laying off employees. The Court saw these rules as essential safeguards to protect workers from the fallout of job losses.

Relevance to AI-Induced Redundancy: This case is significant because if AI or automation leads to job cuts that qualify as retrenchment, the necessary legal protections still apply. That said, the ruling does not specifically touch on AI,

reskilling, or redeployment. So, while it reinforces the existing termination protection aspect of this research, the need for transition protection is a separate conversation altogether.

8.2 Lal Mohammad v. Indian Railway Construction Co. Ltd. (1998)

In the case of Lal Mohammad v. Indian Railway Construction Co. Ltd. (1998), the Supreme Court ruled that employers need to follow Section 25-N of the Industrial Disputes Act, 1947 before letting go of any workers. Since the employer didn't stick to these legal requirements, the retrenchment was deemed illegal. This case highlights that employers can't skip over retrenchment protections just because they're down-sizing for operational or project reasons.

Relevance to AI-Induced Redundancy: This ruling reinforces the idea that just because a workforce is being reduced due to technology or operational needs, it does not mean the legal protections for workers are rendered inapplicable. So, if AI or automation leads to job cuts, the mandated legal steps still need to be taken.

8.3 Workmen of Subong Tea Estate v. The Outgoing Management of Subong Tea Estate (1963)

In the case of Workmen of Subong Tea Estate v. The Outgoing Management of Subong Tea Estate from 1963, the Supreme Court looked into whether the layoffs that happened after a management change met the rules set out in the Industrial Disputes Act of 1947. The Court decided that these layoffs were invalid because the necessary legal steps hadn't been properly followed.

Relevance to AI-Induced Redundancy: This case highlights that when there is a shift in management or business conditions, employers still have to stick to the labour laws in place. So, if AI or automation prompts a restructuring of the workforce, employers are required to follow the legal protections that apply if those terminations qualify as retrenchment.

9. AI and Labor Law Analysis

9.1 Current Legal Context

The Industrial Relations Code, 2020 consolidates and amends several areas of Indian industrial-relations law, including provisions relating to industrial disputes, conditions of employment, retrenchment and closure. It provides a basis for comparison with the Industrial Disputes Act, 1947 and its provisions concerning retrenchment and worker protection.

The Code contains provisions concerning retrenchment compensation, notice requirements and prior permission for retrenchment in specified establishments.¹

The Code therefore continues to provide statutory safeguards when workers are affected by workforce reductions. At the same time, the research examines whether these safeguards sufficiently address employment changes arising from AI and automation, particularly issues such as reskilling, redeployment and transition support.

9.2 Is the Current Law Adequate?

The existing legal framework provides important safeguards where AI or automation ultimately results in retrenchment. However, the question of adequacy is broader than whether the employer has complied with the formal requirements for termination.

AI may change the nature of work before a worker is actually retrenched. For example, certain tasks may become automated, responsibilities may change, or employees may require different skills to continue performing their roles.

The central issue examined in this research is therefore whether existing labour law should address not only the termination of employment but also the transition caused by significant technological change. This includes examining possible measures such as reskilling, redeployment and other forms of transition support.

9.3 Does Labour Law Specifically Address AI-Related Redundancy?

Existing labour laws address retrenchment, lay-off, closure, notice and compensation, but they do not establish a specific and comprehensive framework dealing with AI-related redundancy.

A relevant provision of the Industrial Relations Code, 2020 is the **Worker Re-Skilling Fund under Section 83**. It requires the appropriate Government to establish the fund. For every retrenched worker, the employer must contribute an amount equivalent to fifteen days of the worker's last-drawn wages, or such other number of days as may be notified by the Central Government. The amount is intended to be credited to the retrenched worker's account within forty-five days of retrenchment.¹

This provision is relevant to technological displacement because it recognizes the need for reskilling support following retrenchment. However, Section 83 does not itself establish a general requirement that employers must reskill or redeploy employees **before** retrenchment because of technological change.¹

Thus, the Worker Re-Skilling Fund provides an important post-retrenchment measure, while this research considers whether additional preventive and transitional measures could operate before employment is terminated.

9.4 Legal Gap

Consider, for illustration, a company with 100 employees. This situation highlights a potential disconnect between the usual protections for workers and the shifts in employment brought about by AI.

Issue	Current Labour Protection	AI-Related Gap
Job Loss	Retrenchment rules are in place.	AI can lead to large-scale job losses.
Notice	Legal notice requirements might apply.	But notice does not really prevent job cuts due to tech advancements.
Compensation	Workers who are retrenched may get some compensation.	However, that does not ensure they'll find jobs in the future.
Re-skilling	There is a Worker Re-Skilling Fund under the IR Code.	the ongoing need for AI-related skills might need more comprehensive support.
AI Decision-Making	General labour protections usually cover this area.	But there is no specific framework for decisions about workforce reductions driven by AI.

9.5 Analysis

The legal issue is therefore not limited to whether an employer has followed the required retrenchment procedure. A technological change may affect employment in stages: tasks may first be automated, job responsibilities may change, skills may become outdated, and only later may the employer decide that fewer employees are required.

For example, a company employing 100 workers may introduce an AI system that performs tasks previously carried out by 30 employees. The existing legal framework can become relevant if the employer subsequently retrenches workers. However, the law does not necessarily provide a detailed process for what should happen **between the introduction of the technology and the final decision to retrench**.

This is where measures such as employee consultation, skill assessment, reskilling, redeployment and transition support become relevant to the research. These measures could potentially operate alongside existing retrenchment protections rather than replacing them.

The proposed reforms in Section 10 therefore focus on developing a gradual approach in which retrenchment is considered after reasonable alternatives have been examined.

10. Research Gap and Proposed Reforms

10.1 What Previous Studies Have Discussed

Previous research has examined how automation and Artificial Intelligence influence employment, skills and the labour market. Studies have also considered the challenges faced by workers when technological developments change the nature of work and increase the need for updated skills.

Legal research has examined the relationship between AI and labour law, including possible job displacement and the need for measures such as advance notice, alternative employment, reskilling and redeployment.

Research concerning the Industrial Relations Code, 2020 has also examined issues relating to job security, retrenchment, compensation and industrial relations.

However, there remains scope for further examination of how AI-related workforce changes fit within India's existing labour-law framework, particularly concerning the period before retrenchment. This study addresses that gap by examining whether existing protections adequately respond to technological displacement and whether additional measures could strengthen worker transition.

10.2 Gaps in Previous Research

This study identifies the following areas for further consideration:

1. AI-Specific Redundancy

Current labour laws provide protections relating to employment termination, but they do not establish a specific framework dealing comprehensively with redundancy arising from AI and automation.

2. Reskilling Before Termination

AI can change the skills required for existing jobs. This raises the question of whether employers should have greater responsibility for providing relevant training before termination is considered.

3. Redeployment

Where automation reduces the need for a particular position but suitable alternative work exists, redeployment may provide an alternative to immediate termination.

4. Transparency in AI-Related Decisions

Where technology contributes to workforce decisions, employees may require information about the changes affecting their roles and the reasons for the proposed employment action.

5. Long-Term Employability

Compensation can provide short-term financial assistance following job loss, but it does not necessarily address an employee's future employability. Skill development and transition assistance may therefore be relevant additional measures.

10.3 Proposed Reforms

A. Mandatory Reskilling

When companies introduce AI systems that significantly alter job roles, they should, wherever feasible, provide reskilling and upskilling opportunities to employees before considering layoffs. The introduction of AI can change the skills required for various positions, making training and continuous skill development increasingly important as workplaces evolve.

For instance, if AI takes over routine data-entry tasks, affected employees could be retrained for roles such as supervising AI systems, data analysis, or customer service. This approach could help employees adapt to technological changes while reducing the immediate risk of job loss.

Currently, the Worker Re-Skilling Fund under the Industrial Relations Code, 2020 provides financial support following retrenchment. Under Section 83, employers are required to contribute an amount equivalent to fifteen days of the

last-drawn wages of each retrenched worker, as provided under the Code. The contribution is intended to support the worker's re-skilling after retrenchment. However, this provision does not itself require employers to provide reskilling before retrenchment. Therefore, a more proactive approach could be considered, focusing on reskilling and upskilling within the workplace before redundancies occur.

B. Redeployment Before Retrenchment

Before retrenching employees because of automation, employers should consider whether affected workers can be moved into suitable alternative roles within the organization.

For example, employees whose routine administrative tasks have been automated could, after appropriate training, be considered for customer service, technical support or quality-control positions where suitable vacancies exist.

C. Stronger Safeguards for Technology-Related Job Loss

Where AI or automation is a significant factor in workforce reduction, employers could be required to provide appropriate information regarding:

- the technology being introduced;
- how the technology affects the employee's existing role;
- whether suitable alternative positions were considered;
- whether reskilling or training opportunities were considered; and
- the basis on which affected positions or employees were selected.

Greater transparency could provide employees with a clearer understanding of the employment decision and support accountability.

D. Human Oversight of AI Decisions

AI systems should not be the sole basis for major employment decisions such as termination, performance assessment or workforce reduction. Where AI-generated recommendations contribute to such decisions, appropriate human review should take place.

This is particularly relevant because automated systems may produce inaccurate or biased outcomes depending on their data and design. Human review can provide an additional layer of accountability.

E. Improved Compensation and Transition Support

Where retrenchment resulting from automation cannot reasonably be avoided, support should extend beyond statutory compensation where appropriate. Possible measures include career counselling, skill-development programmes, job-search assistance and guidance regarding alternative employment.

The Worker Re-Skilling Fund under Section 83 provides one existing example of post-retrenchment support. The proposed reform would complement this by considering transition assistance that begins before or during the employment transition.

10.4 Proposed Model

When AI or automation is likely to significantly affect jobs, retrenchment should not necessarily be treated as the immediate response. The proposed model consists of five stages:

Step 1 – Employee Consultation

Employers should explain how the proposed technology may affect existing jobs and allow affected employees to raise concerns and understand possible changes.

Step 2 – Skill Assessment and Reskilling

The organization should assess the skills of affected employees and identify whether they can adapt to changing requirements. Where feasible, relevant training and reskilling should be provided.

Step 3 – Redeployment

Where suitable vacancies exist, employers should consider redeploying affected employees into alternative roles, particularly where appropriate training can enable them to perform the new work.

Step 4 – Retrenchment as a Last Resort

Where reskilling and redeployment are not reasonably practicable, retrenchment may become necessary. In such cases, the employer must comply with the applicable legal requirements concerning notice, compensation and other worker protections.

Step 5 – Transition Support

Where retrenchment occurs, affected employees should receive the statutory benefits available to them. Additional support may include career counselling, skill development and job-search assistance. Section 83 of the Industrial Relations Code, 2020 provides for the Worker Re-Skilling Fund as an existing post-retrenchment mechanism.

11. Findings and Discussion

1. Labour Laws Offer Existing Protection

Chapter V-B of the Industrial Disputes Act, 1947 provides important statutory safeguards in applicable establishments, including requirements relating to notice, retrenchment compensation and prior government permission.

2. AI Creates Employment Changes Beyond Termination

Generative AI may affect employment by automating particular tasks, changing responsibilities and altering skill requirements. Consequently, the employment impact of AI may begin before formal retrenchment takes place.

3. Existing Protection Does Not Specifically Address AI

The existing framework does not contain a comprehensive AI-specific system dealing with technological workforce changes, including employer responsibilities relating to reskilling, redeployment and transition planning.

4. The Worker Re-Skilling Fund Provides Post-Retrenchment Support

Section 83 of the Industrial Relations Code, 2020 provides for the Worker Re-Skilling Fund. However, this mechanism operates following retrenchment rather than establishing a general requirement for reskilling before termination.

5. Potential Additional Safeguards

The study identifies several measures for consideration:

- **Reskilling:** Providing training before retrenchment where reasonably possible.
- **Redeployment:** Considering suitable alternative positions within the organization.

- **Transparency:** Providing relevant information about technology-related workforce decisions.
- **Human Oversight:** Ensuring appropriate human review of AI-supported employment decisions.
- **Transition Support:** Providing career counselling, training and job-search assistance where appropriate.

12. Conclusion

AI and automation are changing the nature of work by automating tasks, modifying job responsibilities and creating demand for new skills. These developments create new questions for labour law, particularly when technological change results in workforce reduction.

This study examined the safeguards provided under Chapter V-B of the Industrial Disputes Act, 1947 and considered their relevance to automation-induced redundancy. The existing framework provides important protections concerning matters such as notice, compensation and prior government permission in applicable cases.

The study also examined the Industrial Relations Code, 2020, including the Worker Re-Skilling Fund under Section 83. The Fund provides a mechanism for supporting retrenched workers with reskilling after retrenchment.

The research identifies an area for further legal and policy consideration: the existing framework does not specifically establish a comprehensive process for managing employment changes caused by AI before retrenchment occurs. Technological change may involve altered tasks, changing skill requirements and possible redeployment before it ultimately results in termination.

Accordingly, the study proposes consideration of measures such as reskilling, redeployment, transparency, human oversight and transition support. The proposed model places these measures within a gradual process of consultation, skill assessment, reskilling, redeployment and, where necessary, retrenchment followed by transition support.

The objective is not to prevent technological development but to consider how labour-law protections can respond to technological change while recognizing both organizational requirements and employee interests. A framework that considers the transition period, rather than only the final stage of termination, may provide a broader basis for addressing the employment challenges associated with AI and automation.

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