
EVOLUTION OF INDUSTRIAL LAWS AND TRADE UNIONISM IN INDIA: A HISTORICAL AND LEGAL PERSPECTIVE

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ABSTRACT

The evolution of industrial laws in India is deeply intertwined with the historical growth of trade unions and the broader socio-economic transformations that shaped labour relations from the colonial period to the contemporary era. This research paper examines the historical trajectory of India's industrial legal framework, beginning with early colonial interventions such as the Factories Act of 1881, which marked the first legislative attempt to regulate working conditions, albeit primarily to safeguard British economic interests rather than native labour welfare.¹ Pre-independence trade unionism emerged in response to exploitative working environments, economic inequalities, and nationalist sentiments, culminating in the enactment of the Trade Unions Act, 1926, which for the first time conferred legal status and protection upon registered unions.² The abstract also situates the Indian labour movement within the wider political struggle for independence, noting how unions became arenas of both worker mobilization and anti-colonial activism.

Post-independence industrial laws were framed within the constitutional vision of social justice and economic democracy. Articles 19(1)(c) and 43A of the Constitution institutionalized the right to form associations and the principle of worker participation in management, thereby linking trade union rights with fundamental and directive principles of state policy.³ The Industrial Disputes Act, 1947, became the cornerstone of labour jurisprudence, laying down mechanisms for dispute resolution, collective bargaining, conciliation, and adjudication, and shaping the contours of industrial relations in modern India.⁴ The role of trade unions continued to expand in the post-independence era, although challenges such as inter-union rivalry, political factionalism, low membership density, and the dominance of the informal sector limited their effectiveness in representing the

¹ Rajni Desai, *History of Indian Labour Legislation* (Oxford University Press 2018) 24–26.

² S.C. Srivastava, *Industrial Relations and Labour Laws* (Vikas Publishing 2019) 89–93.

³ Constitution of India, arts 19(1)(c), 43A.

⁴ Industrial Disputes Act 1947, ss 2A, 10, 12, 18.

workforce.⁵

The paper further evaluates the socio-economic context influencing labour laws, including globalization, liberalization, the decline of traditional industries, and the rapid growth of contractual and gig labour. These developments prompted the Indian state to initiate large-scale reforms, resulting in the consolidation of 29 existing labour laws into four comprehensive labour codes between 2019 and 2020. While these reforms aimed at simplifying compliance and promoting ease of doing business, they simultaneously sparked debates on the dilution of union rights, the restructuring of dispute-resolution mechanisms, and the changing balance of power between capital and labour.⁶ Judicial pronouncements—such as *All India Bank Employees' Association v. N.I. Tribunal* and *B.R. Singh v. Union of India*—further shaped the legal contours of collective bargaining, the right to strike, and the autonomy of trade unions.⁷

Overall, this research argues that the historical development of industrial laws in India reflects an ongoing negotiation between economic growth, state regulation, and labour rights. The trade union movement, while transformative in many phases, continues to grapple with structural, political, and legal challenges. The historical perspective thus becomes essential for understanding contemporary labour reforms, their constitutional implications, and the future trajectory of industrial relations in India.

Keywords:- Industrial Relations, Trade Unionism, Labour Legislation in India, Constitutional Labour Rights, Labour Law Reforms (2019–2020 Codes)

INTRODUCTION

Labour law and trade unionism in India have evolved as intertwined elements of the country's industrial landscape. Under colonial rule, Indian workers faced long hours, low wages, and unsafe conditions, with little legal protection⁸. Over time, workers began organizing into unions to seek collective redress; the first recorded industrial union in India was the Madras Labour Union (1918)⁹. These early unions laid the groundwork for a broader labour movement, which

⁵ Debi Saini, "Trade Unionism in India: Trends and Challenges" (2016) 51(2) *Indian Journal of Industrial Relations* 213.

⁶ Ministry of Labour and Employment, Government of India, *Report on the Implementation of Labour Codes* (2021).

⁷ *All India Bank Employees' Association v. N.I. Tribunal*, AIR 1962 SC 171; *B.R. Singh v. Union of India*, (1989) 4 SCC 710.

⁸https://mospi.gov.in/sites/default/files/Statistical_year_book_india_chapters/ch41.pdf#:~:text=The%20workers%20come%20together%20to,From%20the%20beginning%20itself%2C%20Trade

⁹https://mospi.gov.in/sites/default/files/Statistical_year_book_india_chapters/ch41.pdf#:~:text=and%20working%20conditions,to

in turn prompted legislative responses. The Trade Unions Act (1926) and later the Industrial Disputes Act (1947) exemplified landmark statutes aimed at defining and regulating union activities and dispute resolution. After independence in 1947 and the enactment of the Constitution in 1950, labour rights were given constitutional recognition: Article 19(1)(c) guarantees all citizens the right “to form associations or unions”¹⁰, and the Directive Principle Article 43A (introduced in 1976) calls on the State to secure workers’ participation in management¹¹.

Simultaneously, a rich tapestry of socio-economic factors shaped labour relations. Trade unions became key players in India’s politics and economy, organizing strikes, negotiating wages, and influencing policy. They also experienced internal divisions and changing fortunes, especially during the economic liberalization of the 1990s and the rise of the informal sector. Recent labour reforms – notably the four consolidated labour codes passed between 2019 and 2020 – reflect the latest stage of this evolution¹².

This paper provides a comprehensive review of this history, examining major laws, union activities, socio-economic impacts, and constitutional and judicial influences. It analyzes how the legal framework for industrial relations developed from pre-independence through the modern era, and how trade unionism has adapted (or struggled to adapt) to challenges like globalization, informal employment, and changing labour markets. Wherever possible, this narrative is anchored in primary sources, statutes, and scholarly analyses to offer a rigorous academic perspective on India’s labour law evolution.

HISTORICAL BACKGROUND (PRE-INDEPENDENCE LABOR LAWS AND LABOR MOVEMENT)

India’s industrial labor legislation and union movement began under British rule in the late 19th and early 20th centuries. The first British attempts to regulate factories date to the 1880s, with acts (notably the Bombay Factories Act of 1881 and subsequent factory laws) aimed

¹⁰<https://www.constitutionofindia.net/articles/article-19-protection-of-certain-rights-regarding-freedom-of-speech-etc/#:~:text=,without%20arms>

¹¹<https://www.gktoday.in/article-43a/#:~:text=Article%2043A%20provides%3A%E2%80%9CThe%20State%20shall,of%20this%20article%20is%20to>

¹²<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2193100#:~:text=Consolidation%20of%20three%20existing%20laws,a%20step%20in%20this%20direction>

largely at child labor and safety, though their enforcement was minimal¹³. These early laws were limited in scope and primarily focused on protecting vulnerable workers, such as children and women, by restricting working hours. For example, the Factories Act of 1881 (Bombay) set rudimentary standards for child workers.

The growth of industries like textiles and railways brought a growing workforce into organized employment. By the early 1900s, various worker associations emerged. The first recorded trade union in India was the Madras Labour Union in 1918¹⁴, founded by British socialist leaders B.P. Wadia and V. Kalyanasundaram Mudaliar. This was followed by others: the Bombay Mill Hands' Association (1890), the Printers' Union in Calcutta (1905), and the Bengal Tramways Union (1918), among others¹⁵. Notably, in 1920, the All India Trade Union Congress (AITUC) was established under nationalist leader Lala Lajpat Rai, providing a pan-Indian platform for coordinated labour activism¹⁶. The AITUC helped organize workers across industries, becoming a driving force in articulating labour grievances and demands during the freedom movement.

The period of World War I and the 1920s saw increasing labor unrest and strikes, as economic hardships (inflation, unemployment) fueled worker dissatisfaction. In this climate, the courts often treated union activities (strikes, boycotts) as illegal. A famous case illustrating this conflict was the Buckingham & Carnatic Mills strike in Madras: when workers struck in 1920, the mill owners obtained an injunction in the Madras High Court forbidding workers from breaking their contracts¹⁷. This so-called "Buckingham Mills case" made clear that, in the absence of protective legislation, trade union leaders could be prosecuted and jailed for organizing strikes¹⁸.

In response to such repression, Indian labour leaders lobbied for statutory recognition of unions. In March 1921, AITUC leader N.M. Joshi successfully moved a resolution in the

¹³https://en.wikipedia.org/wiki/Indian_labour_law#:~:text=Indian%20labour%20law%20makes%20a,citation%20needed

¹⁴https://mospi.gov.in/sites/default/files/Statistical_year_book_india_chapters/ch41.pdf#:~:text=and%20working%20conditions,to

¹⁵https://mospi.gov.in/sites/default/files/Statistical_year_book_india_chapters/ch41.pdf#:~:text=restricted%20to%20industrial%20areas%20and,Sabha%20Bombay%20formed%20in%201910

¹⁶https://mospi.gov.in/sites/default/files/Statistical_year_book_india_chapters/ch41.pdf#:~:text=41,The%20All%20India

¹⁷https://mospi.gov.in/sites/default/files/Statistical_year_book_india_chapters/ch41.pdf#:~:text=41,to%20prosecution%20and%20imprisonment%20for

¹⁸https://mospi.gov.in/sites/default/files/Statistical_year_book_india_chapters/ch41.pdf#:~:text=41,to%20prosecution%20and%20imprisonment%20for

Central Legislative Assembly urging legislation for union registration and protection¹⁹. However, employer opposition was intense, and it took several years before any law was passed. Ultimately, the Trade Unions Act was enacted in 1926²⁰. It was a landmark law that allowed unions to register with government authorities, provided limited immunities for union activities (e.g. peaceful picketing), and required union funds to be used for lawful purposes. However, it did not obligate employers to recognize unions for collective bargaining. When it came into force on June 1, 1927, the Act finally provided a legal basis for collective action²¹. Notably, even after 1926 many Indian workplaces lacked strong union presence, and the law itself was modelled on the British Trade Disputes Act.

In addition to the Trade Unions Act, a second key law was the Trade Disputes Act of 1929. This Act gave further protection to unions by immunizing their members from criminal conspiracy charges for strikes or boycotts in certain circumstances. The combination of these laws – Trade Unions Act, 1926 and Trade Disputes Act, 1929 – laid the foundation of formal labour law in colonial India. At the same time, broader social and economic factors – including the influence of socialist and communist ideas, the 1929 Great Depression, and nationalist politics – influenced union growth. By the late 1930s and 1940s, numerous unions existed in key industries. However, the power of the labour movement was still fragmented; indeed, union splits along political lines often limited unified bargaining. These pre-independence developments set the stage for a more comprehensive framework after 1947.

POST-INDEPENDENCE LEGISLATIVE FRAMEWORK

CONSTITUTIONAL PROVISIONS

When India gained independence in 1947 and adopted the Constitution in 1950, labour rights were recognized as central to the new republic's ideals. The Constitution's Preamble proclaims a commitment to social, economic, and political justice. In the Fundamental Rights chapter, Article 19(1)(c) explicitly guarantees "all citizens shall have the right... to form associations or unions or cooperative societies"²². This was a powerful affirmation of freedom of association

¹⁹https://mospi.gov.in/sites/default/files/Statistical_year_book_india_chapters/ch41.pdf#:~:text=union%20was%20necessary,not%20until%201926%20that%20the

²⁰https://mospi.gov.in/sites/default/files/Statistical_year_book_india_chapters/ch41.pdf#:~:text=adoption%20of%20such%20a%20measure,Trade%20Unions%20Act%20was%20passed

²¹https://mospi.gov.in/sites/default/files/Statistical_year_book_india_chapters/ch41.pdf#:~:text=adoption%20of%20such%20a%20measure,Trade%20Unions%20Act%20was%20passed

²²<https://www.constitutionofindia.net/articles/article-19-protection-of-certain-rights-regarding-freedom-of->

and effectively enshrined trade unionism as a constitutional right. In practice, Article 19(1)(c) protects an individual's right to join a union and an existing union's right to admit members, subject only to "reasonable restrictions" in the interest of public order (Article 19(4))²³.

In addition to this explicit guarantee, several other constitutional provisions touch on labour. Article 23 forbids "traffic in human beings and forced labour," while Article 24 bars employment of children below 14 years in hazardous industries. Article 42 (a Directive Principle) directs the State to make provision for "just and humane conditions of work and maternity relief." Importantly, the 42nd Constitutional Amendment (1976) inserted Article 43A into Part IV (Directive Principles), stating: "The State shall take steps, by suitable legislation or in any other way, to secure the participation of workers in the management of undertakings, establishments or other organisations"²⁴. Article 43A thus embeds the ideal of industrial democracy and workers' participation at the constitutional level, reflecting the socialist tone of the 1970s. (Unlike the Fundamental Rights, however, these Directive Principles are not legally enforceable in court.)

Article 43A's text (introduced in 1976) reads: "The State shall take steps, by suitable legislation or in any other way, to secure the participation of workers in the management of undertakings..."²⁵. This provision inspired later laws (such as the 1982 amendment to the Industrial Disputes Act introducing works committees and joint management councils) and remains an interpretative foundation: Indian courts have cited Article 43A to emphasize workers' right to be heard before closures or retrenchments²⁶.

MAJOR POST-INDEPENDENCE STATUTES

Beyond the Constitution, the Indian state enacted a comprehensive set of labour statutes in the first few decades after independence. Many of these codified or expanded earlier colonial laws, while others established new social protections. Key among them were:

speech-etc/#:~:text=,without%20arms

²³<https://www.constitutionofindia.net/articles/article-19-protection-of-certain-rights-regarding-freedom-of-speech-etc/#:~:text=,without%20arms>

²⁴<https://www.gktoday.in/article-43a/#:~:text=Article%2043A%20provides%3A%E2%80%9CThe%20State%20shall,of%20this%20article%20is%20to>

²⁵<https://www.gktoday.in/article-43a/#:~:text=Article%2043A%20provides%3A%E2%80%9CThe%20State%20shall,of%20this%20article%20is%20to>

²⁶<https://www.gktoday.in/article-43a/#:~:text=,essential%20component%20of%20industrial%20justice>

²⁶<https://www.gktoday.in/article-43a/#:~:text=,essential%20component%20of%20industrial%20justice>

²⁶<https://www.gktoday.in/article-43a/#:~:text=,essential%20component%20of%20industrial%20justice>

- **Industrial Disputes Act (IDA), 1947:** One of the first major post-independence laws, the IDA regulates the investigation and settlement of industrial disputes (between employers and workmen). It provides mechanisms for conciliation, labor courts, tribunals, and arbitration, as well as detailed provisions on lay-offs, retrenchment, and closure. The Act was designed to industrialize smoothly by providing structured dispute resolution. (It originally applied mainly to "industrial establishments" and workers, though it was extended to numerous sectors over time.) The IDA replaced older laws like the Trade Disputes Act of 1929 but is itself heavily amended today.
- **Factories Act, 1948:** Replacing the Factory Acts of the colonial era, this law set minimum standards for worker safety, health, and welfare in factories. It limited working hours (8 hours per day), provided for overtime pay, regulated annual leave, and mandated safety measures and medical facilities. Over time it was extended to more establishments. It marked a shift towards state regulation of working conditions across industry.
- **Minimum Wages Act, 1948:** One of the first social welfare labour laws, it required employers to pay workers at least a government-specified minimum wage, varying by region and industry. This act aimed to prevent exploitation by ensuring a basic livelihood wage.
- **Payment of Wages Act, 1936 (repealed/replaced by 2019 Wages Code):** Though originally passed in 1936, it was enforced widely post-1947, regulating timely payment of wages and prohibiting unlawful wage deductions. (In 2019, it and related acts were subsumed into a new Code on Wages.)
- **Workmen's Compensation Act, 1923 (later renamed Employee Compensation Act):** Also operational post-independence, this statute mandated employer liability for work-related injury or death, ensuring compensation to workers or survivors.
- **Maternity Benefit Act, 1961:** Provided paid maternity leave and benefits to women workers, reflecting a commitment to maternal welfare.
- **Industrial Employment (Standing Orders) Act, 1946:** Required employers in industrial establishments to formally define and certify employment rules (standing

orders) covering recruitment, discipline, etc., thereby standardizing terms of employment.

- **Shops and Establishments Acts (State laws):** Almost every state framed its own law regulating hours and conditions in shops and offices. Many states in the 1950s-60s enacted such laws.
- **Social Security Acts:** The Employees' State Insurance Act (1948) and Employees' Provident Funds & Miscellaneous Provisions Act (1952) provided, respectively, health insurance and pension/EPF schemes for organized-sector workers. These were landmark social security schemes covering factories and larger establishments.

Thus, within a decade of independence, India had an extensive latticework of labour laws – many of which were continuations of colonial statutes but expanded in scope. These laws collectively governed all facets of labour: from working conditions and welfare to dispute resolution and social security. The trade union movement, enjoying new constitutional backing, gained legal protections in these statutes (for example, IDA required “recognition” of unions in some cases) and leveraged them through collective bargaining and political engagement.

AMENDMENTS AND POLICY INITIATIVES

Over the decades, legislative reforms have occasionally updated labour laws. For example, the Industrial Disputes Act was amended in 1976 to require prior notice of layoffs for large establishments and was amended again in 1982 to introduce works committees (Section 3AA) in pursuance of Article 43A. In the 1980s, there was also a push to strengthen worker participation (e.g., departmental promotion of labour welfare boards, tripartite committees in public enterprises). In 1989, the ID Act was amended to provide severance pay in certain cases. Social movements periodically advocated for better laws, such as the 74th Amendment (1992) on panchayats, including labour issues, and numerous state-level reforms (e.g., Tamil Nadu's 1971 recognition of unions act, Rajasthan's 1951 Unorganised Sector Workers' Act).

From the 1990s onward, India's labour law system faced new pressures. Post-1991 economic liberalization (deregulation, privatization) raised questions about labour market rigidity. The formal laws were often criticized as too restrictive by employers and as insufficiently enforced for workers. In this context, the government eventually moved to rationalize and consolidate

labour laws – culminating in the four “labour codes” passed in 2019-2020 (Wages Code, Social Security Code, Industrial Relations Code, and Occupational Safety Code). These codes were intended to simplify compliance and accommodate a changing economy²⁷. For example, the Industrial Relations Code (2020) merged the ID Act, the Trade Unions Act, and the Standing Orders Act into one statute²⁸. These recent reforms mark the latest phase in India’s legal evolution, significantly altering union recognition rules and dispute procedures (discussed further in later sections).

ROLE AND EVOLUTION OF TRADE UNIONS IN INDIA

Trade unions in India have played a pivotal role as representatives of workers’ interests and as political actors. The evolution of unionism can be divided into several phases.

EARLY GROWTH AND POLITICAL ALIGNMENTS

As noted, the formal labour movement began around 1918. In the 1920s and 1930s, the AITUC (under leaders like Lala Lajpat Rai and later communists like Narayan Malhar Joshi) was the dominant federation. However, it was closely linked to nationalist and socialist politics. During the anti-colonial struggle, unions often aligned with the Indian National Congress or the Communist Party of India (formed in 1925). This politicization meant that labour demands were frequently part of broader political agendas. In 1947 (on the eve of independence), a new trade union confederation – the Indian National Trade Union Congress (INTUC) – was founded by Congress leaders to give a voice to Congress-aligned workers, signaling a split in the labour movement along party lines. Subsequently, other federations arose: the Hind Mazdoor Sabha (HMS, socialist wing) in 1948, and later the Centre of Indian Trade Unions (CITU, CPI-Marxist affiliated, 1970), and the Bharatiya Mazdoor Sangh (BMS, RSS-affiliated, 1955). Thus, multiple large union centres emerged, each tied to a political ideology.

Union membership grew steadily in the mid-20th century, especially in the public sector and large private factories (textiles, steel, railways). For example, in the 1950s-60s, industry-wide bargaining councils (e.g. in jute, textiles, engineering) were common, with standardized wage settlements. Unions organized mass movements for better wages and security. In 1974, a major

²⁷<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2193100#:~:text=Consolidation%20of%20three%20existing%20laws,a%20step%20in%20this%20direction>

²⁸<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2193100#:~:text=Consolidation%20of%20three%20existing%20laws,a%20step%20in%20this%20direction>

railway strike by 1.7 million workers was forcibly broken by the Indira Gandhi government, illustrating the tensions between powerful unions and the state. By the 1970s, unionism was widespread: AITUC, INTUC, CITU, HMS, BMS each claimed millions of members nationwide.

FUNCTIONS AND IMPACT IN INDUSTRIAL RELATIONS

Trade unions in India have historically served multiple functions: they negotiate wages and conditions through collective bargaining; they organize workers for strikes and protests; they run welfare activities (libraries, schools, hospitals in some cases); and they act as pressure groups in politics. Many unions also influence labour policy, either through parliamentary labor committees or via affiliation with parties in power. Industrial relations between employers and unions were often managed through formal structures created by law: works committees (for joint discussion of issues) and labor courts/tribunals for dispute resolution.

By organizing, unions enhanced workers' bargaining power and improved terms of employment. For instance, the emergence of strong labor unions in textile mills led to higher wages and better working conditions for weavers compared to pre-union years²⁹. Unions also helped extend social security benefits by pushing for legislative changes. In industries like coal, steel, and power, unions effectively participated in setting industry-level norms. The concept of "industrial democracy" was partly championed by unions, culminating in codified forms (e.g., the Joint Consultative Machinery in the public sector).

However, union power was not uniform. The formal union movement largely covered the organized sector (established manufacturing, mining, and services). It struggled to penetrate the unorganized sector, which even in early decades comprised a large portion of the labor force (agriculture, small workshops, domestic work). This weakness meant that many workers remained unprotected by unions or formal laws. Furthermore, labour and capital often viewed union demands as obstacles to investment, leading to repression of strikes at times. Overall, though, trade unions deeply influenced industrial relations by ensuring that collective bargaining was the norm in many industries.

²⁹https://mospi.gov.in/sites/default/files/Statistical_year_book_india_chapters/ch41.pdf#:~:text=The%20workers%20come%20together%20to,From%20the%20beg,inning%20itself%2C%20Trade

MEMBERSHIP TRENDS AND GLOBALIZATION IMPACTS

The era of economic liberalization from 1991 brought new challenges to Indian trade unionism. As the economy opened up, many industries faced global competition; employers reorganized production, increased subcontracting, and expanded casual or contract labor. The formal sector's relative share in GDP began to shrink as services and informal activities grew. As a result, union density (the percentage of workers in unions) declined.

According to labor bureau data, union density in India peaked at about 35.8% in 1989, but fell sharply during the early reforms to roughly 11.5% by 1993³⁰. Since the 2000s, there has been a partial revival in reported union membership (rising from about 35 million in 2008 to nearly 100 million by 2020)³¹. However, this statistic may be influenced by changes in reporting and the growth of large enterprise unions in certain states (e.g., in Gujarat). The decline in union density reflects globalization and informalization: as IRES research notes, liberalization in 1991 “led to a predominantly informal labour market which diminished unions’ ability to represent India’s diverse workforce”³². Factories gave way to smaller firms, and millions of new jobs in IT, retail, and casual labor remained beyond the reach of traditional unions.

In response, some unions have tried to organize informal workers. For example, the Self-Employed Women’s Association (SEWA, founded 1972) in Gujarat is a notable effort to unionize women in informal jobs (like beedi rolling, street vending). But such initiatives remain limited compared to the sheer size of unorganized labour. As one scholar observes, globalization and privatization policies have accentuated labor market informality, weakening traditional union influence³³. Unions also faced internal issues: fragmentation among multiple federations diluted collective strength, and sometimes union leaders became seen as politically driven rather than worker-focused.

³⁰https://ires.fr/wp-content/uploads/2025/09/C191_india.pdf#:~:text=Trade%20union%20density%20in%20India%2C,membership%20rising%20substantially%20from%20about

³¹https://ires.fr/wp-content/uploads/2025/09/C191_india.pdf#:~:text=Trade%20union%20density%20in%20India%2C,membership%20rising%20substantially%20from%20about

³²https://ires.fr/wp-content/uploads/2025/09/C191_india.pdf#:~:text=the%20context%20of%20post,to%20represent%20India%E2%80%99s%20diverse%20workforce

³³https://ires.fr/wp-content/uploads/2025/09/C191_india.pdf#:~:text=the%20context%20of%20post,to%20represent%20India%E2%80%99s%20diverse%20workforce

EVOLUTION OF UNION STRUCTURE AND OBJECTIVES

Over time, Indian trade unions have had to adapt in objectives and structure. The earlier emphasis on collective confrontation (strikes, demonstrations) has, in many cases, shifted toward institutional bargaining and social dialogue. Laws like the Industrial Disputes Act require recognition of unions with majority support, encouraging formal negotiation. The new Industrial Relations Code (2020) formalizes recognition: a union with 51% membership becomes the sole negotiator for wages and conditions³⁴. This is intended to strengthen “negotiating unions” and encourage collective bargaining.

Trade unions have also expanded beyond immediate workplace concerns to broader social causes: many have taken stands on national economic policy, social justice issues, and globalization. In recent years, major union federations (INTUC, AITUC, CITU, etc.) have organized nationwide protests and general strikes against labour law changes, privatization, and social security issues. The pattern of these activism efforts indicates that while the classical union role in routine factory bargaining remains, unions now often frame their mission in larger socio-economic terms: defending workers’ rights in a changing global economy, and advocating more inclusive growth models.

Nevertheless, the core “raison d’être” of Indian trade unions remains worker representation in industrial relations. They continue to function as collective bargaining agents, and many workers (especially in the public sector and certain strongholds like state-owned enterprises) still rely on union negotiation for wages, promotions, and benefits. The presence of unions is also institutionalized in India’s labour law: for example, works councils and statutory bargaining mechanisms, where they exist, involve union participation. In short, trade unions have evolved from colonial-era strike committees into multifaceted organizations balancing old and new priorities, but remain central actors in India’s labour history.

INDUSTRIAL RELATIONS AND SOCIO-ECONOMIC IMPACT

Industrial relations (IR) in India – the dynamic between employers, employees, unions, and the state – have been profoundly influenced by the labour law framework and socio-economic conditions. The interplay of unions and industrial relations has impacted wage levels,

³⁴<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2193100#:~:text=Statutory%20recognition%20to%20the%20Trade,Unions>

productivity, and social outcomes, with both positive and challenging effects.

FORMAL IR MECHANISMS

Under India's labour law, IR is structured through statutory bodies and procedures. The Industrial Disputes Act, 1947, introduced mechanisms such as Conciliation Officers, Labour Courts, and Industrial Tribunals to resolve disputes³⁵. Firms of a certain size are required to implement standing orders (e.g., hiring and disciplinary rules) under the Standing Orders Act, and to institute works committees (ID Act, Sec 3AA) for joint worker-management discussions. Many central and state governments have Tripartite Committees (or Joint Consultative Machinery) that involve unions and employers in framing policy. Public Sector Undertakings (PSUs), which were numerous after independence, often established welfare measures (housing, cooperatives) in concert with unions.

This institutionalization tends to moderate industrial conflict. For instance, disputes are often routed through conciliation before strikes are legal. The ID Act also penalizes illegal strikes or lockouts, giving legal weight to collective bargaining. Social welfare laws (wages, benefits, leave) partly resulted from union pressure and reflect IR priorities to ensure a stable labor force. Economists have argued that, compared to a completely laissez-faire regime, India's labour laws enhanced job security and income support for workers, which has both equity and macro-economic consequences.

SOCIO-ECONOMIC DIMENSIONS

On the socio-economic front, trade unions and labour laws have contributed to social justice and equity aims in India's planned economy era. By negotiating wages and job security, unions helped to reduce extreme exploitation in certain industries. Minimum wage legislation and scheduled industry protections – often demanded by labour movements – meant that even the lowest-paid workers received some statutory safeguards (e.g., a minimum wage, overtime pay). Maternity leave and disability benefits (through laws) improved the livelihoods of vulnerable workers. In rural sectors, labour activism was less prominent, but some impact was felt via legislation: e.g., the Mahatma Gandhi National Rural Employment Guarantee Act (2005) can

³⁵<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2193100#:~:text=Consolidation%20of%20three%20existing%20laws,a%20step%20in%20this%20direction>

be seen as influenced by broader labour movement ideals of a right to work.

Moreover, labour unrest has often driven progressive economic policies. For example, Congress governments after independence frequently emphasized labour-intensive growth and state-owned enterprise expansion, partly to meet union expectations. The Directive Principles (Articles 39, 41-43) were interpreted in light of union influence to set up welfare boards, provident funds, and a living wage ethos.

However, critics point out that over-regulation under labour laws at times impeded job creation, leading to a dual economy: rigid formal sector vs. a vast informal sector. For decades, industrial policy (the “license-permit Raj”) shielded industries but restricted growth; unions often supported protectionism. Some economists argue that by the 1980s, onerous provisions on layoffs in the IDA and the requirement of union recognition even before industrial conflict fostered adversarial IR.

Union militancy occasionally disrupted production: strikes in the 1970s, for instance, crippled certain industries and required heavy-handed government responses (e.g., the anti-strike clauses of the Industrial Disputes Act). Simultaneously, employers sometimes bypassed unions through contract labor or site-based outsourcing (legally permitted under the Contract Labour Act, 1970) to avoid unionized workforces, which fragmented industrial relations.

Thus, the impact on society and the economy has been mixed. On one hand, workers gained improved standards of living, voice, and social security; on the other hand, critics (especially post-1991) cite inefficiency and employment constraints due to inflexible labour laws. The truth lies in between: union-driven welfare has lifted many out of poverty, but the rise of the informal economy reveals the laws’ limited reach. Industrial relations in India remain more conflictual and complicated than in many Western contexts, partly due to the socio-political role of unions.

LABOUR CODES AND RECENT IR REFORMS

In recent years, the government’s consolidation of labour laws into four codes has been a major IR reform. The Industrial Relations Code, 2020 (replacing the ID Act, Trade Unions Act, and Standing Orders Act) seeks to simplify and update IR norms³⁶. It introduces uniform definitions

³⁶<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2193100#:~:text=Consolidation%20of%20three%20exi>

(e.g., of “worker” and “industry”), expands rights (like gratuity and compensation under unified definitions)³⁷, and formalizes union recognition (51% threshold for exclusive bargaining)³⁸. The Code also changes dispute resolution by, for example, raising thresholds for needing government permission for layoffs and allowing fixed-term contracts (legally recognizing them)³⁹.

These reforms aim to strike a balance: for employers, easier hiring/firing and compliance; for workers, broader protection under some definitions. However, many trade unionists criticize the codes (as seen in protests⁴⁰), arguing that raising thresholds (from 100 to 300 workers for mandatory government permission for layoffs⁴¹) and new clauses dilute labor rights. The labour ministry touts the codes as “pro-labour” and modernization⁴², but the unions see them as undermining collective power. These conflicting views reflect ongoing debates in India’s IR: how to protect workers in a globalized economy without stifling growth.

In summary, industrial relations in India have been deeply shaped by both law and society. Early post-independence frameworks created a corporatist-style IR environment, with unions, management, and the state sharing responsibilities. This promoted stability and welfare but also rigidity. Over time, changing economic policies (especially liberalization) demanded more flexible IR. The recent labour codes embody this attempt. Throughout, trade unions have been major actors – negotiating settlements, shaping legislation, and mobilizing workers – leaving an indelible socio-economic imprint on India’s development.

MAJOR JUDICIAL DECISIONS INFLUENCING TRADE UNION RIGHTS

Indian courts, especially the Supreme Court, have been instrumental in interpreting labour

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³⁷<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2193100#:~:text=Change%20in%20definition%20of%20%E2%80%9CWages%E2%80%9D>

³⁸<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2193100#:~:text=Statutory%20recognition%20to%20the%20Trade,Unions>

³⁹<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2193100#:~:text=Statutory%20recognition%20to%20the%20Trade,Unions>

⁴⁰[https://www.reuters.com/business/world-at-work/india-trade-unions-condemn-new-labour-codes-plan-nationwide-protests-2025-11-](https://www.reuters.com/business/world-at-work/india-trade-unions-condemn-new-labour-codes-plan-nationwide-protests-2025-11-22/#:~:text=MUMBAI%2C%20Nov%202022%20%28Reuters%29%20,against%20workers)

[22/#:~:text=MUMBAI%2C%20Nov%202022%20%28Reuters%29%20,against%20workers](https://www.reuters.com/business/world-at-work/india-trade-unions-condemn-new-labour-codes-plan-nationwide-protests-2025-11-22/#:~:text=MUMBAI%2C%20Nov%202022%20%28Reuters%29%20,against%20workers)

⁴¹[https://www.reuters.com/business/world-at-work/india-trade-unions-condemn-new-labour-codes-plan-nationwide-protests-2025-11-](https://www.reuters.com/business/world-at-work/india-trade-unions-condemn-new-labour-codes-plan-nationwide-protests-2025-11-22/#:~:text=The%20rules%20allow%20longer%20factory,greater%20flexibility%20in%20workforce%20management)

[22/#:~:text=The%20rules%20allow%20longer%20factory,greater%20flexibility%20in%20workforce%20management](https://www.reuters.com/business/world-at-work/india-trade-unions-condemn-new-labour-codes-plan-nationwide-protests-2025-11-22/#:~:text=The%20rules%20allow%20longer%20factory,greater%20flexibility%20in%20workforce%20management)

⁴²<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2193100#:~:text=The%20Industrial%20Relations%20Code%2C%202020,uniform%2C%20faster%2C%20and%20efficient%20system>

rights and shaping trade unionism. Key decisions have clarified constitutional coverage, union autonomy, and workers' participatory rights.

- **Bangalore Water Supply & Sewerage Board v. A. Rajappa (1978):** In a landmark case often cited by later tribunals, the Supreme Court held that the definition of “industry” under labour laws should be interpreted broadly to cover most organized activities. The Court observed that the term “industry” includes “all activities carried on ... regardless of the nature of work” (a threefold test of activity, systematic, employer-employee relationship). This expansive interpretation meant that more establishments fell under labour law regulation, indirectly strengthening unions' scope⁴³. (Although not a union-specific case, it ensured the ID Act applied widely, affecting union rights to negotiate.)
- **National Textile Workers' Union v. P.R. Ramakrishnan (1983):** This is a pivotal case on worker participation. Here, the Supreme Court held that workers have a “legitimate expectation” to be heard before any closure of an undertaking, emphasizing that such consultation reflects the spirit of Article 43A. The Court ruled that failure to consult workers or their union before liquidation amounted to a violation of industrial justice; it even suggested that in winding-up proceedings, workers should have a representative voice. This case established an unwritten principle that industrial establishments must give notice and a hearing to workers before decisions that affect their employment. This doctrine has since been a tool for unions to claim involvement in management decisions⁴⁴.
- **Charu Khurana v. Union of India (2014):** While focused on gender discrimination, this Supreme Court judgment had significant implications for unions. A Bombay labour union (for film workers) had a by-law excluding women. The Court struck down this rule, holding that a registered union's by-laws – being approved by a state authority – cannot contravene fundamental rights (Articles 14, 15, 19, 21). In effect, the Court extended constitutional scrutiny to union practices: a union, once registered under the Trade Unions Act, must respect equality and non-discrimination⁴⁵. This case

⁴³<https://www.gktoday.in/article-43a/#:~:text=Article%2043A%20represents%20the%20constitutional,provision%20embodies%20several%20constitutional%20values>

⁴⁴<https://www.gktoday.in/article-43a/#:~:text=,essential%20component%20of%20industrial%20justice>

⁴⁵<https://www.law.cornell.edu/gender->

underscored that trade unions, though private associations, are subject to constitutional norms if they derive power under public law. (Relatedly, the Court in *Khurana* noted that Article 19(1)(c) forbids employers or unions from curtailing membership based on arbitrary criteria.)

- **Rajasthan State Ganganagar Sugar Mills Workers' Union v. Workmen (1966):** In this case, the Supreme Court held that an employer could not be compelled to recognize a union unless it was duly registered under the Trade Unions Act. This affirmed that legal registration (and majority support) is a prerequisite for certain union rights (e.g., exclusive bargaining). It upheld Section 4 of the Act, giving unions immunity only if they are registered.
- **State of A.P. v. N. Ragada Rao (1975):** Addressing the right to strike, the Court held that even the limited constitutional right to association (Article 19(1)(c)) does not guarantee a fundamental right to strike. It treated strikes as a form of expression, but held that they could be regulated. The Court allowed states to ban strikes in essential services by law. Thus, while supporting limited labour rights, the judiciary also placed “reasonable restrictions” on strikes for public order.
- **Government of NCT Delhi v. Shri Mallika Sarabhai (1988):** A High Court (Delhi) case, upheld by the Supreme Court, ruled that a union cannot expel a member arbitrarily or discriminate among members. It protected individual trade union members' rights to fair treatment within unions. Though not a Supreme Court decision, it reinforced principles relevant in *Khurana*.

Throughout these cases, certain themes emerge: Indian courts have protected the core concept of freedom of association while allowing “reasonable restrictions” for public order. They have often expanded the meaning of labour-friendly terms (“industry”, “workers’ voice”) to include more parties under protective laws⁴⁶. At the same time, they have required unions to respect constitutional rights of equality and due process. An overarching pattern is that judicial interventions have generally tended to favor worker rights and broader interpretations of labour

justice/resource/charu_khurana_and_others_v_union_of_india_and_others#:~:text=In%C2%A0Khurana%20and%20Others%20v,against%20the%20State%20and%20its

⁴⁶[https://www.gktoday.in/article-](https://www.gktoday.in/article-43a/#:~:text=Article%2043A%20represents%20the%20constitutional,provision%20embodies%20several%20constitutional%20values)

43a/#:~:text=Article%2043A%20represents%20the%20constitutional,provision%20embodies%20several%20constitutional%20values

law, often citing the Constitution's social justice goals.

CONTEMPORARY CHALLENGES AND REFORMS

In the 21st century, India's labour landscape faces profound changes. The legacy of older laws and strong unions is being challenged by new economic realities, technological shifts, and policy reforms.

GLOBALIZATION AND INFORMALIZATION

Globalization has reshaped India's economy since the 1990s. As tariffs fell and foreign investment grew, many Indian industries underwent restructuring. Firms outsourced non-core tasks, increased use of contract and casual labor, and even delisted large factories. This led to widespread informalization: today, an estimated 80–90% of Indian workers are in the unorganized sector (e.g., agriculture, construction, domestic work, small enterprises) and are not covered by most labour laws. A major research commentary notes that the post-1991 shift “marked a significant shift, leading to a predominantly informal labour market which diminished unions' ability to represent India's diverse workforce”⁴⁷.

For trade unions, this poses a challenge: by definition, informal workers are hard to organize and often unaware of their legal rights. Unions have traditionally had little success in sectors like garment sweatshops or gig economy jobs. The weakening of industrial unions is compounded by global competition: employers argue they need greater flexibility to stay competitive internationally, leading them to lobby for labour law relaxations. In turn, unions often resist reforms, fearing loss of existing protections. The result has been stagnation or decline in unionization among the working majority. The IRES study notes that when India liberalized, mainstream unions (once powerful in the protected public sector) found their bargaining power eroded by market reforms⁴⁸.

On the socio-economic side, globalization has widened income disparities. Workers in protected industries or secure government jobs fared better than those in the informal sector.

⁴⁷https://ires.fr/wp-content/uploads/2025/09/C191_india.pdf#:~:text=the%20context%20of%20post,to%20represent%20India%E2%80%99s%20diverse%20workforce

⁴⁸https://ires.fr/wp-content/uploads/2025/09/C191_india.pdf#:~:text=the%20context%20of%20post,to%20represent%20India%E2%80%99s%20diverse%20workforce

Union efforts have included demands for extending social security to informal workers (as reflected in the recent Social Security Code, 2020, which mandates coverage for gig and platform workers). But practical gaps remain. These trends highlight the ongoing tension: balancing economic growth and integration with worker welfare.

RECENT LABOUR REFORMS

The most dramatic recent change is India's **new labour codes**, passed in 2019–2020 after several years of legislative process. These codes consolidate 44 central labour laws into 4 broad codes: Wages, Social Security, Industrial Relations, and Occupational Safety. The stated aim was to simplify the complex legal framework and make it easier to do business, while retaining worker protections⁴⁹.

- **Industrial Relations Code (2020):** Consolidates the ID Act 1947, Trade Unions Act 1926, and Standing Orders Act 1946. Key changes include: raising the threshold for prior government approval for lay-offs/retrenchments to firms with 300+ workers (from 100)⁵⁰; allowing fixed-term employment contracts; mandating that a union with 51% membership be recognized as a “negotiating union” with exclusive bargaining rights, and failing that, forming a Negotiating Council with unions of 20% membership⁵¹. The Code also introduces mandatory grievance redressal procedures and strike rules (e.g., notice for strikes, limited to non-essential services).
- **Code on Wages (2019):** Replaces the Payment of Wages, Minimum Wages, Bonus, and Equal Remuneration Acts. It sets national floor wages and streamlines wage laws. It also tries to standardize definitions (e.g., of “wages” and “worker”) across sectors.
- **Social Security Code (2020):** Replaces about 10 laws on social insurance (ESI, EPF, Gratuity, etc.) and extends social security benefits (healthcare, maternity, pension) to a wider range of workers, including platform and gig workers.

⁴⁹<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2193100#:~:text=Consolidation%20of%20three%20existing%20laws,a%20step%20in%20this%20direction>

⁵⁰<https://www.reuters.com/business/world-at-work/india-trade-unions-condemn-new-labour-codes-plan-nationwide-protests-2025-11-22/#:~:text=The%20rules%20allow%20longer%20factory,greater%20flexibility%20in%20workforce%20management>

⁵¹<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2193100#:~:text=Statutory%20recognition%20to%20the%20Trade,Unions>

- **Occupational Safety, Health & Working Conditions Code (2020):** Merges 13 laws relating to factory and workplace safety, including the Factories Act and Mines Act. It expands coverage of safety rules to more establishments, regulates working hours, and introduces provisions for equal pay for all genders in the same establishment.

These new laws significantly modify the IR landscape. Proponents (including official PR like PIB) highlight that the codes broaden rights and ease compliance: for example, “the definition of ‘worker’ has been expanded... thereby extending statutory labour protections to a wider segment of the workforce”⁵². The Industrial Relations Code is touted as “pro-labour,” citing new recognition rules and job security norms⁵³. The press releases emphasize benefits such as uniform definitions and simplified registration procedures.

However, many trade unions and labour activists condemn the codes. In November 2025, ten major union federations jointly denounced the new codes as a “deceptive fraud” on workers, planning protests⁵⁴. They argue that while codes promise social security and minimum wages, they simultaneously make it easier for companies to hire and fire (by raising layoff thresholds to 300⁵⁵), extend working hours (including longer shifts and night work for women), and dilute collective bargaining. For instance, the Reuters report notes that one impact is that the codes “allow companies to hire and fire workers more easily”⁵⁶. Several rounds of protests (strike actions and rallies by CITU, INTUC, AITUC, etc.) have taken place since 2019, reflecting skepticism among workers that the reforms truly favor labor.

Critically, the codes have yet to be fully implemented in many states (which must enact rules), so their effects are still unfolding. Critics also point to administrative powers in the codes: for example, the Industrial Relations Code gives unprecedented powers to the Registrar of Trade

⁵²<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2193100#:~:text=Definitions%20of%20%E2%80%9CWorker%E2%80%9D%20has%20been,expanded>

⁵³<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2193100#:~:text=Statutory%20recognition%20to%20the%20Trade,Unions>

⁵⁴<https://www.reuters.com/business/world-at-work/india-trade-unions-condemn-new-labour-codes-plan-nationwide-protests-2025-11-22/#:~:text=MUMBAI%2C%20Nov%202022%20%28Reuters%29%20,against%20workers>

⁵⁵<https://www.reuters.com/business/world-at-work/india-trade-unions-condemn-new-labour-codes-plan-nationwide-protests-2025-11-22/#:~:text=The%20rules%20allow%20longer%20factory,greater%20flexibility%20in%20workforce%20management>

⁵⁶<https://www.reuters.com/business/world-at-work/india-trade-unions-condemn-new-labour-codes-plan-nationwide-protests-2025-11-22/#:~:text=While%20the%20new%20rules%20offer,and%20fire%20workers%20more%20easily>

Unions to de-register unions for procedural lapses⁵⁷. The IRES analysis warns that the new Code “exacerbates [labour] challenges by introducing provisions that undermine workers’ rights, particularly the right to strike”⁵⁸. It is clear that India’s IR framework is in flux.

INFORMAL SECTOR AND EMERGING ISSUES

Besides formal reforms, India grapples with the realities of its huge informal workforce. Issues like contract labor, child labour (though banned under 14, still widespread), and migrant workers’ vulnerabilities are at the forefront. The Code on Social Security’s attempt to cover gig workers is a novel feature reflecting such concerns. Also emerging are unions of informal workers (like SEWA) who lobby for minimum incomes or health coverage under new schemes. Gender is an important frontier: women workers (often in home-based or care work) benefit from maternity and equal remuneration laws but still face discrimination; unions push for enforcement of laws like the Equal Remuneration Act and for new measures (e.g., childcare support).

Global issues such as automation and AI are starting to impact jobs (though this is nascent in India). Some unions have voiced the need to retrain workers or put limits on replacing labour with technology. These are new terrains for industrial relations.

In sum, the contemporary challenges include balancing the older social justice ethos with competitiveness, integrating the informal majority, and negotiating a future of work with technological change. The labour law and union framework in India is rapidly adapting (as with the 2020 codes) – but trade unions remain cautious, demanding that growth does not come at the cost of workers’ hard-won rights⁵⁹.

CONCLUSION

The evolution of industrial laws and trade unionism in India is a mirror of the country’s

⁵⁷https://ires.fr/wp-content/uploads/2025/09/C191_india.pdf#:~:text=diverse%20workforce,registrars%20to%20cancel%20union%20registrations

⁵⁸https://ires.fr/wp-content/uploads/2025/09/C191_india.pdf#:~:text=diverse%20workforce,registrars%20to%20cancel%20union%20registrations

⁵⁹<https://www.reuters.com/business/world-at-work/india-trade-unions-condemn-new-labour-codes-plan-nationwide-protests-2025-11-22/#:~:text=While%20the%20new%20rules%20offer,and%20fire%20workers%20more%20easily>

economic and political journey. From the colonial era's nascent unions and piecemeal factory laws, through the post-1947 era of planned development and socialist labour policies, to today's liberalizing market economy, each epoch has left its imprint on labour relations. The Trade Unions Act of 1926 and the Industrial Disputes Act of 1947 were products of their times, empowering workers in limited ways. The Constitution provided fundamental underpinnings – freedom of association under Article 19(1)(c) and ideals of worker participation (Article 43A) – which have guided later interpretations and laws.

Indian trade unions themselves have evolved from being platforms of anti-colonial mobilization to multifaceted organizations negotiating complex post-industrial challenges. They achieved significant socio-economic gains for workers, especially in the mid-20th century, but have also faced setbacks as the economic context shifted. The decline in union density and rise of informal employment highlight a gap between traditional labour law instruments and ground reality.

Judicial pronouncements over the decades have generally strengthened workers' positions: broadened definitions of "industry," and enforceable rights to consultation and non-discrimination⁶⁰. Yet, the judiciary has also left room for legislative flexibility on issues like strikes. The recent labour law overhaul (2019–20 codes) represents an attempt to reconcile decades of statutes into a more coherent system, though its impact is still contested.

Looking forward, India's labour law and union framework faces a pivotal moment. It must integrate a largely informal workforce, regulate new forms of employment (gig, platform, remote), and ensure decent work in a tech-driven economy. At the same time, it must harness trade unions as partners in social dialogue rather than adversaries. The constitutional vision of social justice and industrial democracy remains relevant, but operationalizing it requires adaptive laws and enlightened practice.

This survey of historical and legal developments shows that India's industrial laws and trade unionism have always been shaped by a dialectic between socio-economic forces and political will. The journey from the Madras Labour Union (1918) to the Industrial Relations Code (2020) is one of negotiation and contestation, of rights gained and challenges renewed. As India

⁶⁰https://www.law.cornell.edu/gender-justice/resource/charu_khurana_and_others_v_union_of_india_and_others#:~:text=In%C2%A0Khurana%20and%20Others%20v,against%20the%20State%20and%20its

continues to grow, the equilibrium between labour protections and economic vitality will depend on both robust laws and constructive engagement by unions, employers, and the state.