TRADE UNIONS AND LABOUR CODE REFORMS IN INDIA: AN ANALYSIS UNDER INDUSTRIAL RELATIONS CODE, 2020.

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Abstract

In India, labour unions are essential in safeguarding workers' rights, enhancing working conditions, and guaranteeing negotiations as a group. Unions have a significant impact on people's lives outside of the workplace and provide employees with a voice at work. Trade union laws guarantee their steady expansion, minimise their variety, and foster internal democracy in the economy and industrial organisation. In India, to simplify and modernise employment standards, labour laws were consolidated into four labour codes. The Trade Unions Act of 1926 and the Industrial Disputes Act of 1947 were superseded by the Industrial Relations Code of 2020, one of the most significant codes on trade unions.

This research investigates how changes in labour laws in India affect the operations, entitlements, and acknowledgement of labour unions. It analyses major reforms relating to the recognition of negotiating unions, regulations governing strikes and lockouts, and mechanisms for dispute resolution under the Industrial Relations Code, 2020. The research evaluates whether these reforms strengthen or weaken trade unions' role in safeguarding workers' interests. Furthermore, the study highlights the challenges faced by trade unions in adapting to the new labour codes. By analysing relevant labour law concepts, policy trends, and legislative provisions through a doctrinal and analytical approach, the study examines the impact of labour code reforms in modern India.

It concludes by evaluating whether these reforms achieve an appropriate balance between promoting industrial growth and safeguarding the collective rights of workers.

Key Words: Trade Union, Industrial Relations, Labour Reform, Union Rights, Collective Bargaining.

Introduction

A labour union is an entity created by employees to safeguard their rights and enhance their working environment, among other objectives. Accountable unions are essential in fostering positive relationships between management and workers. Trade unions represent a valid structure for mobilising workers to express their rights, concerns, and grievances.[1] The current trade union environment is fragmented and diverse, and it faces challenges.

An organisation founded by employees to protect their rights and improve working conditions is known as a trade union. Trade unions serve as a legitimate framework for organizing workers to express their rights and concerns. Responsible unions are crucial in fostering positive relationships between management and labour. Smaller unions may encounter challenges in obtaining recognition. Labour unions have been adapting by reaching out to sectors that were previously not well represented, like the informal economy and the growing gig economy. New types of organizations, such as cooperatives, digital projects, and worker groups, have been created to address the needs of workers in unstable situations. The government worked together

[1] The Changing Roles of Trade Unions in India: A Case Study of National Thermal Power Corporation (Ntpc), Unchahar Piyali Ghosh1*, Shefali Nandan1 and Ashish Gupta2 Asian Academy of Management Journal, Vol. 14, No. 1, 37–57, January 2009

with labour unions to create labour laws. Unions grew stronger as a result of this process, and they began to assert themselves by organising numerous strikes at both the national and enterprise levels, rather than contributing to economic performance. The implementation of new labour codes, although presented as a reform, has raised valid concerns about the erosion of worker protections and collective bargaining rights. The Industrial Relations Code consolidated the following three significant laws into a single unit, which is a significant change in labour jurisprudence in India

• *The Industrial Disputes Act, 1947.*

• *The Trade Unions Act of 1926.*

• *The Industrial Employment (Standing Orders) Act, 1946.*

The Industrial Relations Code applies to industrial facilities that satisfy specific conditions:

- Manufacturing plants with 100 or more workers who have been employed at any point in the last year (Mandatory for such plants to establish a Works Committee consisting of both employer and employee representatives).
- Industrial Establishments with a staff of 20 or more employees (Mandatory for these establishments to have one or more Grievance Redressal Committees to handle disputes arising from individual complaints).
- Any labour union with a minimum of 7 members is qualified for registration under the Code.
- A factory with 300 or more employees who have worked within the previous year (Criterion for regulations related to Standing Orders).[2]

The Code, 2020, introduced several changes:

[2] https://www.taxmann.com/analysis-the-industrial-relations-code

- Acknowledgement of Bargaining Union/Council: A union that has 51% backing can be acknowledged as the exclusive negotiating union.
- Striking Rules: Employees are required to provide 14 days' notice before a strike, potentially restricting abrupt industrial action.
- Streamlining the Registration Process: Procedures for registering trade unions are simplified.
- Fixed-term Employment: Employers can employ individuals for a set duration with comparable advantages to those of permanent employees.[3]

After gaining independence in 1947, trade unions became pivotal to India's industrial relations system, particularly within the public sector, influencing wage regulations, labor legislation, and workplace standards. The trade union movement took place in the United Kingdom between 1750 and 1850. Operations in Bombay's textile mills started in 1851, with Calcutta's jute mills following suit in 1854.[4] Mr Lokhandey established an organisation for Bombay Mill Workers in the year 1890. It was known as the Bombay Mill Workers Association, frequently considered the origin of the Indian Labour Movement. It was the initial labour organization in India.[5] In 2015, India had 12,420 officially recognized labor unions, each with an average membership of 1,883 individuals.[6]

[3] FROM COLONIAL RESISTANCE TO CONTEMPORARY CHALLENGES: THE EVOLUTION OF TRADE UNIONS IN INDIA Diksha Patel, Amity University Chhattisgarh Volume V Issue IV | ISSN: 2583-0538
[4] The Role of Trade Unions in India: An analysis Bhawna Hinger1* International Journal of Social Impact ISSN: 2455-670X ISBN: 978-1-365-68610-8 Volume 2, Issue 1, DIP: 18.02.019/20170201 www.ijsi.in |January-March, 2017
[5] Evolution of Trade Unions in India Dr. Sanjay UpadhyayaV.V. GIRI NATIONAL LABOUR INSTITUTESenior Fellow, V.V. Giri National Labour Institute, NOIDA. Printed at: Chandu Press, D-97, Shakarpur, Delhi-110092
[6] Pocket Book of Labour Statistics, Labour Bureau, 2017.

Article 19(1)(c) of the Indian Constitution from 1950 grants citizens the essential freedom of speech and expression, as well as the right to establish or join associations or unions, such as trade unions. [7] The members of the union have the right to assemble, to travel freely, to address their issues and share their opinions, and to own property. This entitlement includes the authority of the State to enforce reasonable limitations.[8]

Following India's initiation of economic liberalization in 1991, there arose an increasing call for extensive labour reforms, commonly known as second-generation reforms, starting from the late 1990s and early 2000s. Nonetheless, despite significant discussion, there was minimal tangible action until 2017, when the Central government presented four labour Codes in Parliament. These labour codes encompass four main areas: wages, industrial relations, social security, and safe and healthy working conditions. They combined 29 existing labour laws, which Parliament approved in 2019 and 2020, but were only announced on 21 November 2025.[9] The law must neither favour one side nor be a pro-labour code; rather, it must balance the interests of both parties. There are several provisions in the IR Code, 2020, that allow both employers and employees to settle disputes amicably. In this research paper, the researcher highlighted Trade Unions and Labour Code Reforms in India with specific reference to the Industrial Relations Code, 2020, by examining the impact of labour code reforms on the functioning, rights, and recognition of trade unions in India, to evaluate whether reforms strengthen or weaken trade unions' role in safeguarding workers' interests and to identify the challenges faced by trade unions in adapting to the new labour codes

[7]Constitution of India, 1950
[8] All India Bank Employees' Association v. N.I.Tribunal, AIR 1962 SC 171
[9] Trade Unions and Collective Bargaining© Nishith Desai Associates 2019

Recently, the new labour code reforms have been introduced, which have a ***positive impact*** on the functioning, rights, and recognition of trade unions in India. Reforms implement a "sole negotiating union" system in which a union that secures 51% worker support obtains exclusive bargaining privileges, likely simplifying negotiations and enhancing recognition for leading unions. Thresholds for standing orders increase to 300 employees (up from 100), simplifying operations while establishing councils to expedite dispute resolution through tribunals. Unions in the gig and unorganised sectors acquire fresh leverage as social security expands to include platform workers, indirectly broadening their advocacy reach.[10] The updated meaning of the term "Strike" in the Industrial Relations Code (IRC), 2020, Section 2(zk) has been broadened to encompass the scenario where "mass casual leave" is taken by at least half of the employees on a particular day. The revision in the definition of a strike aims to deter sudden strikes and foster a positive working environment in industries. The Industrial Relations Code, 2020, includes compulsory guidelines to be followed before a strike is initiated, ensuring a swift resolution of conflicts, minimizing disputes, and preventing sudden work stoppages. Additionally, the code imposes limitations on conducting strikes while conciliation or tribunal procedures are ongoing.

The regulation stipulates that a significant industrial enterprise with 300 or more staff must obtain consent from the appropriate Government agency prior to implementing layoffs, retrenchments, or closures. This threshold has been increased from 100 to 300 employees, and States are permitted to raise this limit even more. To ensure quick resolution of conflicts, a time-bound process has been introduced. Industrial tribunals will now include a judicial and an administrative member, enhancing their expertise and efficiency. Having two members on the Industrial

[10] https://www.isas.nus.edu.sg/papers/indias-new-labour-codes-decline-of-trade-union-influence/

Tribunal will help in swiftly settling labor disputes. This initiative aims to encourage growth by establishing a more consistent, speedy, and efficient method of handling industrial disagreements. If issues are not resolved by the conciliation officer within 90 days, the concerned party can directly seek assistance from the tribunal without needing government referral, which used to be time-consuming. This approach reduces delays in resolving industrial disputes and legal matters. These adjustments emphasise industrial stability by requiring advance notice universally and safeguarding dispute resolution mechanisms from interference, decreasing unexpected halts while maintaining employee rights, such as the legality of subsequent strikes. Basically, the new labour law reform introduces a major impact on the following points;

- Simplification and consolidation of labour laws.
- Clear framework for collective bargaining.
- Recognition of a single negotiating union may reduce inter-union rivalry.

While dealing with ***the negative impacts*** of the new labour code with respect to trade unions, the analysis that the Higher strike notice (14 days) and 75% worker vote requirements dilute unions' protest power, hindering spontaneous action.[11] The IRC strengthens procedural hurdles before a strike can legally proceed, which critics argue “neuters” the strike weapon. Workers must give a 60-day prior notice of strike (up from 14 days under the Industrial Disputes Act), and any conciliation or adjudication process can extend this period to several months. Failure to comply with notice or restrictions can attract heavy penalties (up to ₹50,000 and imprisonment), compared to earlier modest fines. Imposing strict timelines (e.g., 30

[11] https://www.civilsdaily.com/discuss-the-merits-and-demerits-of-four-labour-codes-in-context-of-labour-market-reforms-in-india-what-has-been-the-progress-so-far/

days for grievance committees, 3 months for conciliation, 12 months for tribunals). Enshrining unfair labour practices (ULPs) as a codified list for the first time, with penalties for both employers and unions.[12] Layoff approvals are waived for firms under 300 workers, reducing unions' leverage against retrenchment and favouring employers.[13] This can hamper the trade union movement in India, largely diminished the power of trade unions compared to the period before the reforms, transferring authority to employers via tougher regulations and less bargaining power.

Impact of New Labour Codes on Workers

Although the recently enacted labour laws promise to overhaul the labour market, t hey have serious flaws, including limited collective bargaining rights, insufficient s ocial security benefits, gender inequality, and inadequate minimum wage provision s.

To guarantee adherence to international labour standards, these concerns require a comprehensive reevaluation. In cases where only one trade union operates within an industrial establishment, the employer is required to acknowledge it as the exclusive negotiating union representing the workers. Conversely, in situations where multiple trade unions are present, the union that secures the backing of at least 51% of the workers listed on the muster roll, as confirmed by established verification methods, will be recognised as the negotiating union by either the central or state government. There is a need for clarification to delineate the differences between the floor wage

[12] Sharma, A. (2023). Brief Analysis of the Industrial Relations Code, 2020. IJLRA

[13] https://legacypartners.in/insights-and-research/the-impact-of-indias-new-labour-codes-on-employees-a-new-era-of-rights-and-reforms

and the minimum wage, as well as to elucidate the objectives and criteria for determining the floor wage.[14]

Comparison between Pre- reform and Post-reform of Trade Union

Aspect	Pre-Reforms	Post-Reforms
Union Recognition	Multiple unions per workplace	Single union with 51% support
Strike Ease	Shorter notice, fewer barriers	14-day notice, 75% vote required
Layoff Threshold	100 workers needed approval	300 workers exempt
Membership Trends	Formal sector peak, political clout	Stagnant, informal shift
Overall Influence	Higher militancy, public support	Reduced leverage, employer-favoured

Analyses indicate that the IRC enhances the bargaining power of employers, particularly in larger organisations. The 51% majority requirement for recognition can sideline minority unions and limit diversity, but it also undermines smaller unions that might historically advocate for vulnerable groups (e.g., women, informal workers). Fixed-term employment (FTE) regulations offer statutory benefits to FTE workers but do not change their status to "permanent" employees, allowing employers to maintain a significant portion of the workforce on short-term contracts and reducing long-term union presence.[15]

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[14] Analysis of the Industrial Relations Code, 2020. Taxmann 2025.

[15] Rajalakshmi, K. (2020). Imbalancing Act: India's Industrial Relations Code, 2020. PMC.Imbalancing Act: India's Industrial Relations Code, 2020 Aishwarya Bhuta [1,✉] PMCID: PMC9409614 PMID: 36042793

Reforms aim to decrease "regulatory cholesterol" for formal sectors, thereby improving the rights of gig workers and MSMEs to foster goodwill. However, formal unions are confronted with risks of monopoly and potential obsolescence. In India's enterprise sector, trade union membership and density are relatively low in comparison to total employment; as of 2010, over 98% of workers were not affiliated with any trade union, and the scope of collective bargaining was limited. The majority of enterprises in India, particularly small and medium-sized ones, lack trade unions entirely, indicating that the number of firms with even a single union is minimal. If a dominant trade union possesses more than 51% of the membership, smaller unions may effectively become redundant, as employers may cease to acknowledge them. This situation could hinder their growth prospects. Generally, trade unions need time to establish their presence within an organization. The larger trade union, serving as the exclusive bargaining representative, may monopolize trade union rights, even if it does not sufficiently safeguard the rights of workers.

Trade Union Recognition and Bargaining

The IRC establishes a formal negotiating union structure at the establishment level, shifting from the primarily voluntary and state-specific recognition system under the previous Trade Unions Act. When an establishment has only one registered trade union, the employer is required to acknowledge it as the exclusive negotiating union. In cases with several unions, the union that secures at least 51% of workers on the muster roll is designated as the exclusive negotiating union; if not, a negotiating council is established comprising unions that have a minimum of 20% membership.[16] A major concern is that the IRC's emphasis on flexible hiring (via FTE and increased retrenchment limits) might worsen informalization and split the

[16] "Impact of the Industrial Relations Code, 2020 on the Trade Union in India." European Journal of Employment Law and Labour Relations, 2025.

workforce. FTE employees have a right to statutory benefits proportional to their length of service, but they are not automatically "regularized," complicating unions' efforts to establish stable, long-term bargaining groups. The increasing number of contract and fixed-term employees diminishes the percentage of unionizable permanent workers, potentially undermining collective bargaining power as time goes on.[17]

Strikes, Lockouts and Dispute Resolution

The IRC imposes additional procedural obstacles that must be overcome before a strike can legally take place, which critics claim effectively diminishes the effectiveness of the strike as a tool. Workers are now required to provide a 60-day advance notice of their intention to strike (an increase from the previous 14 days mandated by the Industrial Disputes Act), and any processes of conciliation or adjudication may prolong this notice period to several months. Noncompliance with the notice requirements or other restrictions may result in severe penalties (up to ₹50,000 and imprisonment), in contrast to the previously minor fines. However, the Code guarantees faster resolution of disputes by imposing strict timelines (for example, 30 days for grievance committees, 3 months for conciliation, and 12 months for tribunals). It additionally formalises unfair labour practices (ULPs) as an officially acknowledged list for the first time, enforcing penalties on employers and unions alike. In this regulatory context, carrying out legal strikes becomes extremely challenging. The necessity to give notice encourages state participation, and once the state gets involved, the viability of a strike might be jeopardised. These stringent

[17] The Industrial Relations Code, 2020. India Code, Ministry of Law and Justice.

regulations greatly limit the ability of workers and employers to commence strikes and lockouts.[18]

Whether these reforms strengthen or weaken trade unions' role in safeguarding workers' interests?

The Code requires a 14-day notice for any strike and prohibits strikes during conciliation or tribunal processes, effectively making spontaneous walkouts illegal and limiting unions' main negotiating leverage. Additionally, the threshold for implementing standing orders has been raised from 100 to 300 employees. As a result, businesses with fewer than 300 workers can set their own employment terms, reducing union influence over working conditions in smaller workplaces.[19] Moreover, the threshold requiring government approval for layoffs, retrenchments, and plant closures has increased from 100 to 300 workers, simplifying the process for employers. The legislation also restricts the number of non-employees referred to as 'outsiders' who can serve in leadership roles within trade unions, a move that may undermine unions dependent on external support or specialized knowledge.[20]

The Code sets out a clear legal basis for recognising a "Negotiating Union" if it has at least 51% membership, or, where no such union exists, a "Negotiating Council" authorised to conduct formal talks with employers. By requiring unions to reach a 51% membership threshold to gain exclusive bargaining rights, the Code aims to promote the development of larger, more representative unions and minimise the division that arises from having

[18] Sharma, A. (2023). Brief Analysis of the Industrial Relations Code, 2020. IJLRA
[19] Overview of Labour Law Reforms Ministry: Commerce and Industry
[20] Impact of Industrial Relations Code, 2020 on Employers: Fixed Term Employment and Trade Unions Published On - November 1, 2021 Anirudh Articles

numerous smaller ones.[21]. The Code also requires the formation of Grievance Redressal Committees in every workplace that employs 20 or more workers, establishing a formal structure for resolving workplace disputes with the involvement of union representatives. Moreover, the broader definition of "worker" now covers a wider range of employees, which may extend the reach of trade union participation and associated benefits to more individuals.[22]

Challenges faced by trade unions in adapting to the new labour codes

Raising the retrenchment threshold to 300 employees would allow management to restructure more freely, making it harder for unions to thwart plans for layoffs.[23] A sizable portion of the workforce switched to contract or fixed-term positions, which, under the IRC, offer few benefits but no assurance of permanence, making them more difficult to unionise and easily replaceable.[24] Unions were forced to participate in protracted negotiations and arbitration rather than start strikes due to the 60-day notice requirement and the possibility of fines.[25] The changes in labour laws primarily focused on formal units based on establishments, despite a large number of workers remaining migrant, informal, or engaged in gig work, such as construction and logistics. The Code concerning Safety, Health, and Working Conditions imposes stringent standards for fundamental

[21] https://chambers.com/articles/india-s-new-labour-codes-a-comprehensive-overview-for-employers
[22]https://www.jsalaw.com/author/jsa/
[23] Migration Letters Volume: 21, No: S7 (2024), pp. 1965-1970 ISSN: 1741-8984 (Print) ISSN: 1741-8992 (Online) www.migrationletters.com The Impact of the COVID-19 Pandemic on Trade Unions in India: Challenges, Adaptations, and Future Prospects Dr Shweta Sethi
[24] Trade Unions in Contemporary India: Revitalisation Strategies and Migrant Workers Pranita Kulkarni Volume 18, Issue 1 https://doi.org/10.1177/09737030241250113
[25] https://www.drishtiias.com/daily-updates/daily-news-editorials/implementing-labour-reforms-in-india

workplace facilities.[26] Employers are excused from providing creches, canteens, and welfare officers if th e number of female or total workers falls below set thresholds, essentially forcing s maller enterprises out of compliance. There is now more reliance on contract labour due to labour laws and economic factors. The percentage of temporary workers in factories increased from 26% in 2004–05 to 36% in 2017–18, in contrast to the percentage of permanently hired workers. [27] The IRC presents the idea of a "negotiating trade union" (or negotiating unions in bigger organizations) as the conduit for collective bargaining. Although this decreases competition among unions in theory, in reality, it intensifies competition among unions relying on this recognition and could sideline smaller or recently established unions. This may result in heightened competition, political affiliations, and weak accountability within unions. The IRC does not directly address these structural issues, and without internal reforms, unions could struggle to effectively involve their members, despite the Code formally recognizing their role.[28] The Code favours arbitration and conciliation as primary means for settling industrial disputes, often placing them ahead of rights-based litigation. This preference may reduce the adversarial nature of union strategies and shift power toward employers and specialized dispute resolution authorities.[29] The IRC is part of a larger policy change aiming to improve business conditions and flexibility in the labour market. Some assessments suggest a purposeful effort to diminish the influence of

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[26] International Journal for Multidisciplinary Research (IJFMR) E-ISSN: 2582-2160 Challenges Facing Indian Trade Unions in A Changing Labour Market Akriti Shukla1, Ayush Kumar Gupta2, Aryan Shukla3, Ananya Gupta4

[27] Steel Authority of India Limited vs. National Union Water Front Worker's, Supreme Court, AIR 2001 SC 3527.

[28] https://www.scribd.com/document/251456949/Problems-of-Trade-Union#google_vignette

[29] Aishwarya Bhuta, 2022. "Imbalancing Act: India's Industrial Relations Code, 2020," The Indian Journal of Labour Economics, Springer;The Indian Society of Labour Economics (ISLE), vol. 65(3), pages 821-830, September.

opposition-affiliated unions. By favoring its own associated central trade union like Bharatiya Mazdoor Sangh, the government restricts room for dissenting union opinions.[30]

Following the analysis, the paper can suggest the subsequent policy and institutional recommendations:

1. Enhancing Union Representation for Informal Workers

- Promote sector-specific and multi-employer unions to organise informal, contract, and platform employees.

- Provide legal and financial assistance for unionisation efforts in sectors with high levels of informality, such as construction, textiles, and logistics.

2. Improving the 51% Rule and Recognition Process

- Consider a lower minimum recognition threshold for industries with significant labour turnover to prevent situations where bargaining becomes all or nothing.

- Grant minority unions a limited role in grievance committees or multi-union councils.

3. Safeguarding the Right to Strike and Demonstrate

- Uphold procedural protections while avoiding conditions that hinder the practicality of strikes.

- Ensure that penalties for unauthorized strikes are reasonable and do not stifle legitimate labour protests.

4. Extending Code Protection to Informal and Platform Labour

[30] https://www.isas.nus.edu.sg/papers/indias-new-labour-codes-decline-of-trade-union-influence/

- Revise or clarify the Code to offer substantial protection to gig workers, home-based workers, and platform labour.

- Implement mechanisms for setting sectoral minimum wages and conditions that complement negotiations at the enterprise level.

5. Strengthening Trade Unions' Capacities

- Provide support for union education in adhering to labour laws, utilising data analytics, and enhancing negotiation skills.

- Encourage unions to leverage grievance committees and ULP provisions to provide tangible benefits to members, thus boosting retention rates.

Conclusion

The Industrial Relation Code, 2020, modifies labour regulations to simplify adherence requirements and enhance positive employer relationships. It enhances job stability, negotiation between groups of employees, and the resolution of disputes by introducing more reliable and clear procedures. The Code establishes consistent definitions for employees while providing companies with greater flexibility in their operations. Overall, it encourages harmony in the workplace, increases efficiency, and promotes a well-rounded, progress-driven work environment. Prioritizing the improvement of effective representation for freelance and informal workers within future labour policies, alongside enhancing legal understanding, is crucial. The 51% threshold for registration as the Sole Negotiating Union under the Industrial Relations Code, 2020, presents conflicting effects on the strength of collective bargaining. Moreover, it is essential to ensure that bargaining rights encompass more than just formalities and address the shortcomings in administrative units that are reliant on management.