THE INDUSTRIAL RELATIONS CODE, 2020

[Act No. 35 of 2020, dated 29.9.2020, w.e.f. 21.11.2025]

An Act to consolidate and amend the laws relating to Trade Unions, conditions of employment in industrial establishment or undertaking, investigation and settlement of industrial disputes and for matters connected therewith or incidental thereto.

Be it enacted by Parliament in the Seventy-first Year of the Republic of India as follows:

COMMENTARY

This Act is outcome of the merger of the three main Acts which is essential to maintain the Industrial Relation in any establishment and industry. These Acts are the Trade Unions Act, 1926, the Industrial Employment (Standing Orders) Act, 1946, and The Industrial Disputes Act, 1947.

The Industrial Relations Bill was introduced in the Lok Sabha on 19th September, 2020 and on 20th September, 2020, Lok Sabha passed it, and on 23rd September, 2020, Rajya Sabha passed it. Bill received the President's assent on 23rd Semptember, 2020 and was published as an Act on 29th September, 2020 as an Act No. 35 of 2020. This Act came into force w.e.f. 21.11.2025.

CHAPTER I

PRELIMINARY

1. Short title, extent and commencement

(1) This Act may be called the Industrial Relations Code, 2020.

(2) It shall extend to the whole of India.

(3) It shall come into force on such date[1] as the Central Government may, by notification in the Official Gazette appoint; and different dates may be appointed for different provisions of this Code and any reference in any such provision to the commencement of this Code shall be construed as a reference to the coming into force of that provision.

2. Definitions

In this Code, unless the context otherwise requires,—

(a) "appellate authority" means an authority appointed by the appropriate Government to exercise such functions in such area as may be specified by that Government by notification in the Official Gazette;

(b) "appropriate Government" means,—

1 Enforced w.e.f. 21-11-2025 vide SO 5320(E), dt. 21-11-2025.

(i) in relation to any industrial establishment or undertaking carried on by or under the authority of the Central Government or concerning any such controlled industry as may be specified in this behalf by the Central Government or the establishment of railways including metro railways, mines, oil fields, major ports, air transport service, telecommunication, banking and insurance company or a corporation or other authority established by a Central Act or a central public sector undertaking, subsidiary companies set up by the principal undertakings or autonomous bodies owned or controlled by the Central Government including establishments of the contractors for the purposes of such establishment, corporation, other authority, public sector undertakings or any company in which not less than fifty-one per cent. of the paid-up share capital is held by the Central Government, as the case may be, the Central Government.

Explanation : For the purposes of this clause, the Central Government shall continue to be the appropriate Government for central public sector undertakings even if the holding of the Central Government reduces to less than fifty per cent. equity in that public sector undertaking after the commencement of this Code;

(ii) in relation to any other industrial establishment, including State public sector undertakings, subsidiary companies set up by the principal undertaking and autonomous bodies owned or controlled by the State Government, the State Government:

PROVIDED that in case of a dispute between a contractor and the contract labour employed through the contractor in any industrial establishment where such dispute first arose, the appropriate Government shall be the Central Government or the State Government, as the case may be, which has control over such industrial establishment;

(c) "arbitrator" includes an umpire;

(d) "average pay" means the average of the wages payable to a worker,—

(i) in the case of monthly paid worker, in three complete calendar months;

(ii) in the case of weekly paid worker, in four complete weeks;

(iii) in the case of daily paid worker, in twelve full working days,

preceding the date on which the average pay becomes payable, if the worker had worked for three complete calendar months or four complete weeks or twelve full working days, as the case may be, and where such calculation cannot be made, the average pay shall be calculated as the average of the wages payable to a worker during the period he actually worked;

(e) "award" means an interim or a final determination of any industrial dispute or of any question relating thereto by any Industrial Tribunal referred to in section 44 or National Industrial Tribunal referred to in section 46 and includes an arbitration award made under section 42;

(f) "banking company" means a banking company as defined in section 5 of the Banking Regulation Act, 1949 (10 of 1949), and includes the Export-Import Bank of India, the Industrial Reconstruction Bank of India, the Small Industries Development Bank of India established under section 3 of the Small Industries Development Bank of India Act, 1989 (39 of 1989) the Reserve Bank of India, the State Bank of India, a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970), a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980);

(g) "certifying officer" means any officer appointed by the appropriate Government, by notification, to perform the functions of a certifying officer under the provisions of Chapter IV;

(h) "closure" means the permanent closing down of a place of employment or part thereof;

(i) "conciliation officer" means a conciliation officer appointed under section 43;

(j) "conciliation proceeding" means any proceeding held by a conciliation officer under this Code;

(k) "controlled industry" means any industry the control of which by the Union has been declared by any Central Act to be expedient in the public interest;

(l) "employee" means any person (other than an apprentice engaged under the Apprentices Act, 1961) (52 of 1961) employed by an industrial establishment to do any skilled, semi-skilled or unskilled, manual, operational, supervisory, managerial, administrative, technical or clerical work for hire or reward, whether the terms of employment be express or implied, and also includes a person declared to be an employee by the appropriate Government, but does not include any member of the Armed Forces of the Union;

(m) "employer" means a person who employs, whether directly or through any person, or on his behalf or on behalf of any person, one or more employee or worker in his establishment and where the establishment is carried on by any department of the Central Government or the State Government, the authority specified by the head of the department in this behalf or where no authority is so specified, the head of the department, and in relation to an establishment carried on by a local authority, the chief executive of that authority, and includes,—

(i) in relation to an establishment which is a factory, the occupier of the factory as defined in clause (n) of section 2 of the Factories Act, 1948 (63 of 1948) and, where a person has been named as a manager of the factory under clause (f) of sub-section (1) of section 7 of the said Act, the person so named;

(ii) in relation to any other establishment, the person who, or the authority which has ultimate control over the affairs of the

establishment and where the said affairs are entrusted to a manager or managing director, such manager or managing director;

(iii) contractor; and

(iv) legal representative of a deceased employer;

(n) "executive", in relation to a Trade Union, means the body by whatever name called, to which the management of the affairs of a Trade Union is entrusted;

(o) "fixed term employment" means the engagement of a worker on the basis of a written contract of employment for a fixed period:

PROVIDED that—

(a) his hours of work, wages, allowances and other benefits shall not be less than that of a permanent worker doing the same work or work of similar nature;

(b) he shall be eligible for all statutory benefits available to a permanent worker proportionately according to the period of service rendered by him even if his period of employment does not extend to the qualifying period of employment required in the statute; and

(c) he shall be eligible for gratuity if he renders service under the contract for a period of one year;

(p) "industry" means any systematic activity carried on by co-operation between an employer and worker (whether such worker is employed by such employer directly or by or through any agency, including a contractor) for the production, supply or distribution of goods or services with a view to satisfy human wants or wishes (not being wants or wishes which are merely spiritual or religious in nature), whether or not,—

(i) any capital has been invested for the purpose of carrying on such activity; or

(ii) such activity is carried on with a motive to make any gain or profit, but does not include—

(i) institutions owned or managed by organisations wholly or substantially engaged in any charitable, social or philanthropic service; or

(ii) any activity of the appropriate Government relatable to the sovereign functions of the appropriate Government including all the activities carried on by the departments of the Central Government dealing with defence research, atomic energy and space; or

(iii) any domestic service; or

(iv) any other activity as may be notified by the Central Government;

(q) "industrial dispute" means any dispute or difference between employers and employers or between employers and workers or between workers and workers which is connected with the employment or non-employment or the terms of employment or with the conditions

of labour, of any person and includes any dispute or difference between an individual worker and an employer connected with, or arising out of discharge, dismissal, retrenchment or termination of such worker;

(r) "industrial establishment or undertaking" means an establishment or undertaking in which any industry is carried on:

PROVIDED that where several activities are carried on in an establishment or undertaking and only one or some of such activities is or are an industry or industries, then,—

(i) if any unit of such establishment or undertaking carrying on any activity, being an industry, is severable from the other unit or units of such establishment or undertaking which is not carrying on or aiding the carrying on of any such activity, such unit shall be deemed to be a separate industrial establishment or undertaking;

(ii) if the predominant activity or each of the predominant activities carried on in such establishment or undertaking or any unit thereof is an industry and the other activity or each of the other activities carried on in such establishment or undertaking or unit thereof is not severable from and is, for the purpose of carrying on, or aiding the carrying on of, such predominant activity or activities, the entire establishment or undertaking or, as the case may be, unit thereof shall be deemed to be an industrial establishment or undertaking;

(s) "insurance company" means a company as defined in section 2 of the Insurance Act, 1938 (4 of 1938);

(t) "lay-off" (with its grammatical variations and cognate expressions) means the failure, refusal or inability of an employer on account of shortage of coal, power or raw materials or the accumulation of stocks or the break-down of machinery or natural calamity or for any other connected reason, to give employment to a worker whose name is borne on the muster rolls of his industrial establishment and who has not been retrenched.

Explanation : Every worker whose name is borne on the muster rolls of the industrial establishment and who presents himself for work at the establishment at the time appointed for the purpose during normal working hours on any day and is not given employment by the employer within two hours of his so presenting himself shall be deemed to have been laid-off for that day within the meaning of this clause:

PROVIDED that if the worker, instead of being given employment at the commencement of any shift for any day is asked to present himself for the purpose during the second half of the shift for the day and is given employment then, he shall be deemed to have been laid-off only for one-half of that day:

PROVIDED FURTHER that if he is not given any such employment even after so presenting himself, he shall not be deemed to have been laid-off for the second half of the shift for the day and shall be entitled to full basic wages and dearness allowance for that part of the day;

(u) "lockout" means the temporary closing of a place of employment, or the suspension of work, or the refusal by an employer to continue to employ any number of persons employed by him;

(v) "major port" means a major port as defined in clause (8) of section 3 of the Indian Ports Act, 1908 (15 of 1908);

(w) "metro railway" means the metro railway as defined in sub-clause (i) of clause (1) of section 2 of the Metro Railways (Operation and Maintenance) Act, 2002 (60 of 2002);

(x) "mine" means a mine as defined in clause (j) of sub-section (1) of section 2 of the Mines Act, 1952 (35 of 1952);

(y) "National Industrial Tribunal" means a National Industrial Tribunal constituted under section 46;

(z) "negotiating union or negotiating council" means the negotiating union or negotiating council referred to in section 14;

(za) "notification" means a notification published in the Official Gazette of India or the Official Gazette of a State, as the case may be, and the expression "notify" with its grammatical variation and cognate expressions shall be construed accordingly;

(zb) "office-bearer", in relation to a Trade Union, includes any member of the executive thereof, but does not include an auditor;

(zc) "prescribed" means prescribed by rules made under this Code;

(zd) "railway" means the railway as defined in clause (31) of section 2 of the Railways Act, 1989 (24 of 1989);

(ze) "registered office" means that office of a Trade Union which is registered under this Code as the head office thereof;

(zf) "registered Trade Union" means a Trade Union registered under this Code;

(zg) "Registrar" means a Registrar of Trade Unions appointed by the State Government under section 5;

(zh) "retrenchment" means the termination by the employer of the service of a worker for any reason whatsoever, otherwise than as a punishment inflicted by way of disciplinary action, but does not include—

(i) voluntary retirement of the worker; or

(ii) retirement of the worker on reaching the age of superannuation; or

(iii) termination of the service of the worker as a result of the non-renewal of the contract of employment between the employer and the worker concerned on its expiry or of such contract being terminated under a stipulation in that behalf contained therein; or

(iv) termination of service of the worker as a result of completion of tenure of fixed term employment; or

(v) termination of the service of a worker on the ground of continued ill-health;

(zi) "settlement" means a settlement arrived at in the course of conciliation proceeding and includes a written agreement between the employer

and worker arrived at otherwise than in the course of conciliation proceeding where such agreement has been signed by the parties thereto in such manner as may be prescribed and a copy thereof has been sent to an officer authorised in this behalf by the appropriate Government and to the conciliation officer;

(zj) "standing orders" means orders relating to matters set-out in the First Schedule;

(zk) "strike" means a cessation of work by a body of persons employed in any industry acting in combination, or a concerted refusal, or a refusal, under a common understanding, of any number of persons who are or have been so employed to continue to work or to accept employment and includes the concerted casual leave on a given day by fifty per cent. or more workers employed in an industry;

(zl) "Trade Union" means any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workers and employers or between workers and workers, or between employers and employers, or for imposing restrictive conditions on the conduct of any trade or business, and includes any federation of two or more Trade Unions:

PROVIDED that the provisions of Chapter III of this Code shall not affect—

(i) any agreement between partners as to their own business; or

(ii) any agreement between an employer and those employed by him as to such employment; or

(iii) any agreement in consideration of the sale of the goodwill of a business or of instruction in any profession, trade or handicraft;

(zm) "Trade Union dispute" means any dispute relating to Trade Union arising between two or more Trade Unions or between the members of a Trade Union *inter se*;

(zn) "Tribunal" means an Industrial Tribunal constituted under section 44;

(zo) "unfair labour practice" means any of the practices specified in the Second Schedule;

(zp) "unorganised sector" shall have the same meaning as assigned to it in clause (l) of section 2 of the Unorganised Workers' Social Security Act, 2008 (33 of 2008);

(zq) "wages" means all remuneration, whether by way of salary, allowances or otherwise, expressed in terms of money or capable of being so expressed which would, if the terms of employment, express or implied, were fulfilled, be payable to a person employed in respect of his employment or of work done in such employment, and includes,—

(i) basic pay;

(ii) dearness allowance;

(iii) retaining allowance, if any,

but does not include—

(a) any bonus payable under any law for the time being in force, which does not form part of the remuneration payable under the terms of employment;

(b) the value of any house-accommodation, or of the supply of light, water, medical attendance or other amenity or of any service excluded from the computation of wages by a general or special order of the appropriate Government;

(c) any contribution paid by the employer to any pension or provident fund, and the interest which may have accrued thereon;

(d) any conveyance allowance or the value of any travelling concession;

(e) any sum paid to the employed person to defray special expenses entailed on him by the nature of his employment;

(f) house rent allowance;

(g) remuneration payable under any award or settlement between the parties or order of a court or Tribunal;

(h) any overtime allowance;

(i) any commission payable to the employee;

(j) any gratuity payable on the termination of employment; or

(k) any retrenchment compensation or other retirement benefit payable to the employee or any *ex-gratia* payment made to him on the termination of employment:

PROVIDED that, for calculating the wage under this clause, if any payments made by the employer to the employee under sub-clauses (a) to (i) exceeds one half, or such other per cent. as may be notified by the Central Government, of all remuneration calculated under this clause, the amount which exceeds such one-half, or the per cent. so notified, shall be deemed to be remuneration and shall be accordingly added in wages under this clause:

PROVIDED FURTHER that for the purpose of equal wages to all genders and for the purpose of payment of wages the emoluments specified in sub-clauses (d), (f), (g) and (h) shall be taken for computation of wage.

Explanation : Where an employee is given in lieu of the whole or part of the wages payable to him, any remuneration in kind by his employer, the value of such remuneration in kind which does not exceed fifteen per cent. of the total wages payable to him, shall be deemed to form part of the wages of such employee;

(zr) "worker" means any person (except an apprentice as defined under clause (aa) of section 2 of the Apprentices Act, 1961) (52 of 1961) employed in any industry to do any manual, unskilled, skilled, technical, operational, clerical or supervisory work for hire or reward, whether the terms of employment be express or implied, and includes working journalists as defined in clause (f) of section 2 of the

Working Journalists and other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955 (45 of 1955) and sales promotion employees as defined in clause (d) of section 2 of the Sales Promotion Employees (Conditions of Service) Act, 1976 (11 of 1976), and for the purposes of any proceeding under this Code in relation to an industrial dispute, includes any such person who has been dismissed, discharged or retrenched or otherwise terminated in connection with, or as a consequence of, that dispute, or whose dismissal, discharge or retrenchment has led to that dispute, but does not include any such person—

(i) who is subject to the Air Force Act, 1950 (45 of 1950), or the Army Act, 1950 (46 of 1950), or the Navy Act, 1957 (62 of 1957); or

(ii) who is employed in the police service or as an officer or other employee of a prison; or

(iii) who is employed mainly in a managerial or administrative capacity; or

(iv) who is employed in a supervisory capacity drawing wage of exceeding eighteen thousand rupees per month or an amount as may be notified by the Central Government from time to time:

PROVIDED that for the purposes of Chapter III, "worker"—

(a) means all persons employed in trade or industry; and

(b) includes the worker as defined in clause (m) of section 2 of the Unorganised Workers' Social Security Act, 2008 (33 of 2008).

COMMENTARY

Section 2(b) – Section 2(b) of the Industrial Relations, Code, 2020 defines the term "Appropriate Government" which determines, which government, Central or State have jurisdiction of settlement of industrial disputes conciliation, approval of standing orders, oversight of the establishment and enforcement provisions under the Code. This definition is crucial because the entire administrative and disputes resolution mechanism depend on identifying the correct "appropriate government". This section states that the Central Government is the appropriate Government for the Central Government establishment, such as railway, Mines, Major Ports, Air Transportation, Telecom Banking and Insurance Companies, Corporation or Authorities established by a Central Act, Central Public Sector undertaking. Besides this the Central Government is the appropriate Government of that establishment in which the Central Government has substantial financial control. The State Government is appropriate Government, under the Shop and Establishment Act, private industries, factories and manufacturing units, State PSU and the establishment controlled by the State Government. In the case of *Heavy Engineering Mazdoor Union v. State of Bihar (AIR 1970 (SC) 82)*. The Court held that appropriate Government determined by ownership and control. If the Central Government do not have pervasive control, the State Government is appropriate Government.

In the case of *AIR India Statutory Corporation v. United Labour Union – (1997) (9 SCC 377),* the Court held that the establishment is a Central Government undertaking, the Central Government is the appropriate Government.

In the case of *Hindustan Aeronautics Ltd. v. Workmen – (1975) (4 SCC 679)*, the Court held that if the company is incorporated under the Companies Act, and if it is wholly owned and controlled by the Centre, the Central Government is the appropriate Government.

Section 2(e) – Award is the final determination of any industrial disputes, given by the Industrial Tribunal or National Industrial Tribunal and includes an interim award. The award represents the Tribunal's authoritative decision on the issue referred to it for wages, dismissal, retrenchment, reinstatement, bonus, service condition, etc. Once award published it becomes binding on employer, employee and Union. Though the IR Code is new concept, and the concept of award is inherited from the Industrial Disputes Act. Therefore, earlier judicial interpretation remain relevant.

Section 2(m) – This section defines "employer" as any person who employs one or more employees in the industrial establishments and includes—

(1) Person or authority with ultimate control over the affairs of the establishment.

(2) in case of –

Government Department – Head of Department

Local Authority – Chief Executive of that authority

Factory – Occupier under the Factories Act

Plant/undertaking/Department – Person responsible for supervision and control.

- A manager, managing director or any person entrusted with Management

- Principal Employer in relation to employees engage through contractor

- Contractor and legal representative of the deceased employer

Section 2(p) – Section 2(p) of the Industrial Relations Code, 2020 (IRC) defines 'Industry" substantially on the line of celebrated Supreme Court's Judgement in *Banglore Water Supply and Sewage Board v. A. Rajappa, (AIR 1978 (SC) 548)*. This case, decided by 7 judge bench in the Supreme Court and Supreme Court formulated the 'Triple Test Formula' to decide the 'Industry'. The Three triple Test is -

(1) Systematic activity

(2) Organised by co-operation between employer and employee

(3) For production or distribution of goods or services to satisfy human want or wishes (excluding spiritual or religious wants)

If these three elements exist the activity is an industry and also held that hospital, clubs, research institute and educational institution, etc. were industries because they satisfy the triple test.

Now, the definition under the IR Code, 2020 is narrower and excluded from the definition following—

1. Agricultural operation (expect when carried on in Commercial or Industrial Manner)

2. Hospitals

3. Educational, Scientific, research or training institute
4. Charitable, social or philanthropic institutions
5. Sovereign functions of the Government (defence, atomic energy, space, currency, mint, Judiciary, etc.)
6. Domestic services
7. Professions practiced by individuals or group employing less than 10 persons
8. Activities notified by the government as non-industrial

These exclusions show that the IR Code, 2020 attempts to narrow the extremely wide net as was in Banglore Water Supply case, but still retains the essential spirit.

Section 2(q) section 2(q) substantially retains the definition of Industrial disputes from the Industrial Disputes Act, 1947. As per definition the industrial disputes may be between

(i) Employers Vs Employers

(ii) Employers Vs Workers

(iii) Workers Vs Workers

The disputes must relate to, employment, non-employment, terms of employment, condition of labour. Thus, the matter such as dismissal, retrenchment, wage fixation, leave rules, seniority, promotion, disciplinary action, transfer, etc. all fall within this definition.

In the case of *Workmen of Dimakuchi Tea Estate v. Management, (AIR 1958 (SC) 353)*, the Supreme Court held that, the dispute raised by a workman on behalf of a person is an 'Industrial dispute' only if the person concerned is a workman under the Act and the dispute is taken up by the substantial or representative number of workmen.

In the case *Shambhu Nath Goel v. Bank of Baroda, (AIR 1984 (SC) 289)*, the Supreme Court held that even an industrial dispute becomes an industrial dispute if espoused by a union or substantial body of workmen.

Section 2(t) – This section of the I.R. Code, 2020 defines lay-off substantially on the same line as the Industrial Disputes Act, 1947. A person is considered to be laid-off only when his name is in muster roll and he presents himself for work at the appointed time and the employer is unable to give him work. In the lay-off employment relationship does not end. The worker remains employee, but, is temporarily denied work due to business condition. The laid–of worker is entitled to 50% of basic wage plus dearness allowance. The Code places the lay-off provision mainly on factories, mines, plantations, employing 300 or more workers (threshold increased from 100 which was under Industrial Disputes Act, 1947).

In the case of *Workmen of Firestone Tyre Rubber Company v. Management, (AIR 1976 (SC) 1775)*, the Supreme Court held that the lay-off is a temporary inability not a disciplinary action. Employer must prove the existence of genuine reasons such as raw material shortage. This case confirmed the scope of permissible lay-off reasons under section 2 (t).

In the case of *Express News Papers Ltd. v. Workers, (AIR 1963 (SC) 569)*, the Supreme Court held that no lay-of is valid unless the worker presents himself for

work and the employer refuses employment. The Code followed this principle by requiring workers' presence on muster roll.

In the case of *Management of Kairbetta Estate v. Rajamanickam, (AIR 1960 (SC) 893)*, the Supreme Court held that worker not present at the workspot cannot claim lay-off compensation. This case supports the "appearance for work" condition implicit in section 2(f).

In case of *Hindustan Antibiotics Ltd. v Workmen, (AIR 1967 (SC) 948)*, the Supreme Court held that, if the employer's own management causes the stoppage it cannot justify lay-off.

Section 2(u): lockout – This section is substantiatively the same as the definition under the Industrial Disputes Act, 1947 maintaining continuity with long standing jurisprudence. The key component of section 2(u) are –

(1) when the employer shuts down the entire establishment or unit temporarily, it amounts to lockout

(2) even without physical closure, if the employers stop the work process deliberately it constitutes lockout

(3) if the employer refuses to give work to workers collectively without terminating employment. It amounts to lockout, not retrenchment.

A lockout is the management's Industrial weapon in collective bargaining, just as strike is the worker's weapon. A 14 days' prior notice is required for lockout. No lockout during conciliation, arbitration, or tribunal proceeding.

A lockout cannot be permanent. If the employment is ended permanently it becomes (i) retrenchment or (ii) closure

Lockout is not against single employee. It is directed at a group or class of workers.

In the case of *Indian Hume Pipe Co. v. Their Workmen, (AIR 1960 (SC) 261)*, the Supreme Court held that, if an employer refuses to give work due to workers' go-slow, sabotage or illegal strikes lockout may be justified. In *Kirabetta Estate v. Rajamanickam, (AIR 1960 (SC) 893),* the Supreme Court held that a lockout is justified only when it is reasonable response to workers improper behaviour (i.e., violence, indiscipline, illegal strikes). The case determined the justified Vs Unjustified lockout under the Code.

In the case of *Management of Express Newspapers Ltd. v. Workers, (AIR 1963 (SC) 569*), the Supreme Court held that a valid lockout must not be motivated by victimization or anti-union animus. This case in relevant that the employer must show genuine reasons for lockout.

Section 2(zh) – This section defines the retrenchment as follows—

"Retrenchment means termination by the employer of the services of the worker for any reasons whatsoever other than as punishment by way of disciplinary action". But the definition excludes the certain kind of termination they do not count as retrenchment

(1) Voluntary retirement of the worker

(2) Retirement on superannuation

(3) Termination on expiry/non-renewal of a fixed term contract, or any termination stipulated in the contract's terms.

(4) Termination due to the end of fixed term employment (upon completion of contract tenure)

(5) Termination on account of continued bad health.

This definition provides clarity and certainty about what constitutes as retrenchment, adaptable to modern labour markets with contract fixed term employment recognizing reality in many services/IT sectors.

By this definition, fixed term and contract based worker will loose retrenchment protection on expiry of contract and open the door to possible misuse by employers to circumvent obligations by restoring to fixed term contracts rather than permanent employment – workers relying solely on contract – employment have less job security, and no statutory protection given after the end of contract.

In the case of *M. Venugopal v. Divisional Manager LIC of India (1994) (2 SCC 323)*, the Supreme Court held that termination of Service during probation under a contract that provided for such possibility does not amount to the retrenchment. Thus termination on account of non-confirmation or non-renewal under the stipulated contract is excluded from retrenchment.

In the case of *Bhav Nagar Municipal Corporation v. Salimbhai Umarbhai Mansuri, (AIR 2013 (SC) 2762)*, the Supreme Court held that, termination of service as a result of non-renewal of contract on expiry does not amount to retrenchment Section 2 (zi) defines the 'settlement' under the Code is—

(i) settlement arrived at in the course of conciliation proceeding conducted by the conciliation officer. This settlement has binding force and binds all workers of the establishment (present and future), employer and successor, all parties to the disputes. Where settlement in conciliation for particular worker, then it will be binding only on that worker not to all workers.

(ii) a settlement arrived at otherwise than conciliation binds only the parties who sign it and not all workers

(iii) settlement outside conciliation (private/bipartite) settlement binding only on the parties who sign it, and a copy of this to be sent to conciliation officer.

Once settlement executed properly, it has statutory force and becomes part of service condition. In the case of *Tata Engineering and Locomotive Co. Ltd. v. Their Workmen (AIR 1965 (SC) 400*), the Supreme Court held that a conciliation settlement has binding effect on all workers, even, those, who are not members of the union that signed it.

In the case of *Workmen of Delhi Cloth and General Mills v. Management (1970) (SCC 103)*, the Supreme Court held that a settlement arrived at during conciliation is presumed to be fair and reasonable unless provided otherwise. Thus Court gives recognition of settlement through statutory conciliation.

In the case of *National Engineering Industries Ltd. v. State of Rajasthan (AIR 2000 (SC) 469)*, in this case the Supreme Court has held that Private Settlement outside conciliation binds only, the parties to the agreement and not the entire

workforce. Thus this case confirms the distinction between conciliation settlement and private settlement.

Section 2(zi) This section provides that standing orders are mandatory for establishment with 300 or more workers. The standing orders regulate the entire services conditions, including misconduct, suspension and discharge. Employer must ensure consistency with model standing orders and the First Schedule. Any disciplinary action outside standing order is void, and the certifying standing order are binding on both employers and employees. In the case of *Western India Match Co. Ltd. v. Workmen (1973) (4 SCC 516)*, the Supreme Court held that the standing orders once certified override all private contracts of employment or appointment letters. Certified standing orders have statutory force. In the case of *Salem Erode Electricity Distribution Co. v. Employees' Union (AIR 1966 (SC) 808),* the Supreme Court held that, the standing orders are statutory terms not contractual terms, violation of standing orders results in illegality of disciplinary action. In the case of *Glaxo Laboratories (India) Ltd. v. Presiding Officer, Labour Court (1984) (1 SCC 1)*, the Supreme Court held that Employer cannot punish a worker for misconduct not listed under the standing orders. Any penalty imposed outside standing order is invalid.

In the case of *Management of Karnataka State Road Transportation Corp. v. KSRTC Staff Union, (2005) (1 SCC 336)*, the Supreme Court held that Model Standing Orders apply automatically if certified standing orders are not framed, employer cannot escape obligations.

In the case of *Rajasthan State Transport Corporation v. Krishna Kant, (1995) (5 SCC 75)*, the Supreme Court held that dispute arising from violation of standing order must be resolved under labour laws and not under civil law.

Section 2(zk) – This section defines strike as cessation of work by a body of persons employed in any industry acting in combination or a concentrated refusal or refusal under a common understanding not to continue work or accept employment. It also includes concerted casual leave by 50% or more workers (A new addition under IRC, 2020) is deemed to be strike. This Code retains the distinction between lawful and illegal strikes.

The strike is a statutory right but not a fundamental right. Worker may loose wages for illegal strike and may lead to suspension of service, benefits and possible disciplinary action.

In the case of *All India Bank Employees' Association v. National Industrial Tribunal – (AIR 1962 (SC) 17)*, the Supreme Court held – that workers have a right to strike but it is not a fundamental right. The right can be regulated and restricted by legislation. In the case of *Crompton Greaves Ltd. v. Workmen (1978) (3 SCC 155)*, the Supreme Court held that – a strike is legal only when it complies with notice requirements and not in violation of pending conciliation/Tribunal proceeding.

CHAPTER II

BI-PARTITE FORUMS

3. Works Committee

(1) In the case of any industrial establishment in which one hundred or more workers are employed or have been employed on any day in the preceding twelve months, the appropriate Government may by general or special order require the employer to constitute a Works Committee, in such manner as may be prescribed, consisting of representatives of employer and workers engaged in the establishment:

PROVIDED that the number of representatives of workers in such Committee shall not be less than the number of representatives of the employer.

(2) The representatives of the workers shall be chosen, in such manner as may be prescribed, from among the workers engaged in the establishment and in consultation with their Trade Union, if any, registered in accordance with the provisions of section 9.

(3) It shall be the duty of the Works Committee to promote measures for securing and preserving amity and good relations between the employer and workers and, to that end, to comment upon matters of their common interest or concern and endeavour to compose any material difference of opinion in respect of such matters.

COMMENTARY

This section provides that IR Code, 2020 empowers the "Appropriate Government" to require any industrial establishment, with 100 or more workers (on one day in the preceding 12 Months) to constitute works committee, consisting of employers and workers representative. The workers' representatives should not be less than employers' representatives.

The duty of the works committee is to promote and preserve amity and good relations between employer and workers, to comment on matters of common interest or concern and to attempt to settle any material difference of opinion on such matter.

In the case of *Metal Box Company of India Ltd. v. Their Workmen – (1961) (1 SCR 750)*, the Supreme Court emphasized that agreement reached between works committee and the management should be given "great weight" specially in matters such as classification, grades, and scales of workers which are often within the specialized knowledge of the members of the works committee.

4. Grievance Redressal Committee

(1) Every industrial establishment employing twenty or more workers shall have one or more Grievance Redressal Committees for resolution of disputes arising out of individual grievances.

(2) The Grievance Redressal Committee shall consist of equal number of members representing the employer and the workers to be chosen in such manner as may be prescribed.

(3) The chairperson of the Grievance Redressal Committee shall be selected from among persons representing the employer and the workers alternatively on rotational basis every year.

(4) The total number of members of the Grievance Redressal Committee shall not exceed ten:

PROVIDED that there shall be adequate representation of women workers in the Grievance Redressal Committee and such representation shall not be less than the proportion of women workers to the total workers employed in the industrial establishment.

(5) An application in respect of any dispute referred to in sub-section (1) may be filed before the Grievance Redressal Committee by any aggrieved worker in such manner as may be prescribed within one year from the date on which the cause of action of such dispute arises.

(6) The Grievance Redressal Committee may complete its proceedings within thirty days of receipt of the application under sub-section (5).

(7) The decision of the Grievance Redressal Committee on any application filed under sub-section (5) shall be made on the basis of majority view of the Committee, provided more than half of the members representing the workers have agreed to such decision, otherwise it shall be deemed that no decision could be arrived at by the Committee.

(8) The worker who is aggrieved by the decision of the Grievance Redressal Committee or whose grievance is not resolved in the said Committee within the period specified in sub-section (6), may, within a period of sixty days from the date of the decision of the Grievance Redressal Committee or from the date on which the period specified in sub-section (6) expires, as the case may be, file an application for the conciliation of such grievance to the conciliation officer through the Trade Union, of which he is a member, in such manner as may be prescribed.

(9) Where any employer discharges, dismisses, retrenches, or otherwise terminates the services of an individual worker, any dispute or difference between that worker and his employer connected with, or arising out of, such discharge, dismissal, retrenchment or termination shall be deemed to be an industrial dispute notwithstanding that no other worker nor any Trade Union is a party to the dispute.

(10) Notwithstanding anything contained in this section or section 53, any worker as is specified in sub-section (5) may, make an application directly to the Tribunal for adjudication of the dispute referred to therein after the expiry of forty-five days from the date he has made the application to the conciliation officer of the appropriate Government for conciliation of the dispute, and on receipt of such application the Tribunal shall have powers and jurisdiction to adjudicate upon the dispute, as the Tribunal has in respect of the application filed under sub-section (6) of section 53.

(11) The application referred to in sub-section (10) shall be made to the Tribunal before the expiry of two years from the date of discharge, dismissal, retrenchment or otherwise termination of service as specified in sub-section (9).

COMMENTARY

This section introduces a “statutory internal mechanism” for timely and effective resolution of individual grievances within an industrial establishment. It is intended to reduce disputes, avoid litigation and promote harmonious employer - employee relation, and maintain industrial peace.

The committee shall be constituted to resolve the grievances. The committee shall consist of representative of the employer, and workers. The number of workers' representative shall not be less than the employer's representatives, ensuring balance titled slightly in favour of employees. Where there is registered trade union the employer must consult while nominating the workers' representative. At least one woman member must be included and there shall be adequate representation of women workers. The Chairperson of Grievances Redressal Committee shall be selected from among persons representing employer. The total number of members in committee should not exceed ten. The committee must resolve the grievances within 30 days.

The Grievances Redressal Committee may attempt to resolve any disputes arising out of Individual worker's grievances including leave, overtime, allegation of misconduct, transfer, disciplinary proceedings, wage anomalies, promotion confirmation issue, any other employment related grievances.

An employee dissatisfied with GRC's decision can appeal to the employer whose decision is final.

Thus, Grievances Redressal Committee is a "non-adjudicatory consultative body" not like a judicial tribunal.

"In the case of *Cipla Ltd. v. Jaykumar, (2013) (6 SCC 551)*, the Supreme Court emphasized that the internal company grievances mechanism must be fair, unbiased and provide reasonable opportunity.

In the case of *Syndicate Bank v. Venkatesh Gururao Kusati (2006) (3 SCC 150)*, the Supreme Court emphasized that employer must provide a proper internal grievance procedure and adhere to it strictly.

In the case of *Scooters India Ltd. v. Labour Council, Lucknow, (1989 (59) FLR 284 SC)*, the Supreme Court held that internal grievances inquiry must follow natural justice and fair hearing. Thus, GRC process must be transparent giving both sides, opportunity to be heard.

CHAPTER III

TRADE UNIONS

5. Registrar of Trade Unions

(1) The State Government may, by notification, appoint a person to be the Registrar of Trade Unions, and other persons as Additional Registrar of Trade Unions, Joint Registrar of Trade Unions and Deputy Registrar of Trade Unions, who shall exercise such powers and perform such duties of the Registrar as the State Government may, by notification, specify from time to time.

(2) Subject to the provisions of any order made by the State Government, where an Additional Registrar of Trade Unions or a Joint Registrar of Trade Unions or a Deputy Registrar of Trade Unions exercises the powers and performs the duties of the Registrar in an area within which the registered office of a Trade Union is situated, such Additional Registrar of Trade Unions or a Joint Registrar of Trade Unions or a Deputy Registrar of Trade Unions, as the case may be, shall be deemed to be the Registrar in relation to that Trade Union for the purposes of this Code.

COMMENTARY

This section provides for Registrar of Trade Unions. The Registrar, Additional Registrar, Joint Registrar and Deputy Registrar of a trade union shall be appointed by the State Government by notification and their respective powers and duties shall be specified in the notification and the other officers shall be deemed to be Registrar subject to the order of the State Government in relation to the trade union, office of which exist within the area of jurisdiction.

6. Criteria for registration

(1) Any seven or more members of a Trade Union may, by subscribing their names to the rules of the Trade Union and by otherwise complying with the provisions of this Code with respect to registration, apply for registration of the Trade Union under this Code.

(2) No Trade Union of workers shall be registered unless at least ten per cent. of the workers or one hundred workers, whichever is less, engaged or employed in the industrial establishment or industry with which it is connected are the members of such Trade Union on the date of making of application for registration.

(3) Where an application has been made under sub-section (1) for registration of a Trade Union, such application shall not be deemed to have become invalid merely by reason of the fact that, at any time after the date of the application but before the registration of the Trade Union, some of the applicants, but not exceeding half of the total number of persons who made the application, have ceased to be members of the Trade Union or have given notice in writing to the Registrar dissociating themselves from the application.

(4) A registered Trade Union of workers shall at all times continue to have not less than ten per cent. of the workers or one hundred workers, whichever is less, subject to a minimum of seven, engaged or employed in an industrial establishment or industry with which it is connected, as its members.

COMMENTARY

This section provides for the criteria for registration of a Trade Union. Seven or more members of a trade union may apply for its registration and the trade union connected with the establishment or industry shall be registered only at least ten per cent. of the workers or one hundred workers of the establishment or industry or the member of the trade union. The application of registration shall not be invalid for the fact that after filing the application and before registration not exceeding half of the total number of persons who made the application have ceased to be members or dissociated from the application. After registration not less than ten per cent. of the workers or one hundred workers, whichever is less of such establishment or industry subject to a minimum of seven shall at all times continue to be the members of the trade union.

7. Provisions to be contained in constitution or rules of Trade Union

A Trade Union shall not be entitled to registration under this Code, unless the executive thereof is constituted in accordance with the provisions of this Code, and the rules of the Trade Union provide for the following matters, namely:—

(a) the name of the Trade Union;

(b) the whole of the objects for which the Trade Union has been established;

(c) the whole of the purposes for which the general funds of the Trade Union shall be applicable, all of which purposes shall be purposes to which such funds are lawfully applicable under this Code;

(d) the maintenance of a list of members of the Trade Union and adequate facilities for the inspection thereof by the office-bearers and members of the Trade Union;

(e) the admission of ordinary members (irrespective of their craft or category) who shall be persons actually engaged or employed in the industrial establishment, undertaking or industry, or units, branches or offices of an industrial establishment, as the case may be, with which the Trade Union is connected, and also the admission of such number of honorary or temporary members, who are not such workers, as are not permitted under section 21 to be office-bearers to form the executive of the Trade Union;

(f) the payment of a subscription by members of the Trade Union from such members and others, as may be prescribed;

(g) the conditions under which any member shall be entitled to any benefit assured by the rules and under which any fine or forfeiture may be imposed on any member;

(h) the annual general body meeting of the members of the Trade Union, the business to be transacted at such meeting, including the election of office-bearers of the Trade Union;

(i) the manner in which the members of the executive and the other office bearers of the Trade Union shall be elected once in a period of every three years and removed, and filling of casual vacancies;

(j) the safe custody of the funds of the Trade Union, an annual audit, in such manner as may be prescribed, of the accounts thereof, and adequate facilities for the inspection of the account books by the office-bearers and members of the Trade Union;

(k) the manner in which the rules shall be amended, varied or rescinded; and

(l) the manner in which the Trade Union may be dissolved.

COMMENTARY

Section 7 is the fundamental provision ensuring that every Trade Union's constitution should be democratic, transparent and professionally structured. This section also prescribed the mandatory elements that must be included in the constitution (Rules) of every Trade Union seeking registration.

Mandatory contents under section 7

(1) Official name of the Trade Union and address of its registered office

(2) The object of Trade Union must be clearly defined i.e. primary objective, organizational objectives and functions related to the workers.

(3) The purpose for which funds of trade union shall be used such as administrative expenses, legal proceeding, welfare of members, collective bargaining activities.

(4) List of Members, and their admission and resignation/termination procedure must be specifying. Constitution must specify, eligibility for membership, minimum subscription fee, etc.

(5) Authority and duties of office bearer must be defined.

(6) Mandatory requirement also includes to the appointment of treasurer, method of maintaining account, annual audit by certified auditor, and to keep in safe custody funds and annual audit report.

(7) must conduct Annual General Meeting for internal democracy.

(8) must specify how and when union can be dissolved and provide distribution of fund after dissolution only among members.

In the case of *TT Rangarajan v. Registrar of Trade Unions (AIR 1962 (Mad), 200)*, the Madras High Court held that – a Trade Union's name must not be identical or deceptively similar to existing trade union.

In the case of *Babu Josepth v. State of Kerala (1994) (ILJ 289 Kerala)*, the Court held that the objective must be genuine and related to industrial relation, not political or unrelated activities.

In the case of *Balmer and Lawrie Workers' Union v. Balmer Lawrie and Co. Ltd. (AIR 1985 (SC) 311)*, the Supreme Court emphasized that membership verification is essential for transparency and recognition.

In the case of *Cipla Ltd. v. Maharashtra General Managers' Union (2001) (1 SCC 141)*, the Court held that union leadership must reflect actual representation of workers not outsiders.

8. Application for registration, alteration of name and procedure thereof

(1) Every application for registration of a Trade Union shall be made to the Registrar electronically or otherwise and be accompanied by—

(a) a declaration to be made by an affidavit in such form and manner as may be prescribed;

(b) copy of the rules of the Trade Union together with a copy of the resolution by the members of the Trade Union adopting such rules;

(c) a copy of the resolution adopted by the members of the Trade Union authorising the applicants to make an application for registration; and

(d) in the case of a Trade Union, being a federation or a central organisation of Trade Unions, a copy of the resolution adopted by the members of each of the member Trade Unions, meeting separately, agreeing to constitute a federation or a central organisation of Trade Unions.

Explanation : For the purposes of this clause, resolution adopted by the members of the Trade Union means, in the case of a Trade Union, being a federation or a central organisation of Trade Unions, the resolution adopted by the members of each of the member Trade Unions, meeting separately.

(2) Where a Trade Union has been in existence for more than one year before the making of an application for its registration, there shall be delivered to the Registrar, together with the application, a general statement of the assets

and liabilities of the Trade Union prepared in such form and containing such particulars, as may be prescribed.

(3) The Registrar may call for further information for the purpose of satisfying himself that the application complies with the provisions of this Code and the Trade Union is entitled for registration under this Code, and may refuse to register the Trade Union until such information is furnished.

(4) If the name under which the Trade Union is proposed to be registered is identical with that of an existing registered Trade Union or in the opinion of the Registrar so nearly resembles the name of an existing Trade Union that such name is likely to deceive the public or the members of either Trade Union, the Registrar shall require the persons applying for altering the name of the Trade Union and shall refuse to register the Trade Union until such alteration has been made.

COMMENTARY

Section 8 of the I.R. Code, 2020 deals with

(1) Application for registration of Trade Union

(2) Application for Alternation of the name of the Trade Union

(3) Duty of Registrar to process and grant or reject registration

(4) Requirement of Compliance with sections 6 and 7 before registration

The Trade Union seeking registration must submit, the application in the prescribed format/form containing the union's name, address, office bearer, object, etc. Code requires 10% of the total strength of workers or 100 workers, whichever is less and to form Trade Union at least 7 workers must be members on the date of the application.

In the case of *T.T. Rangarajan v. Registrar of Trade Unions (AIR 1962 (Mad) 200)*, the Madras High Court held that Registrar cannot grant registration unless all statutory conditions are fulfilled.

In the case of *Rohtas Industrial Staff Unions v. State of Bihar (AIR 1963 (SC) 161)*, the Supreme Court held that, the Registrar must verify authentication of Union formation.

In the case of *Balmer Lawrie Workers' Union v. Balmer Lawrie and Co. (1984 14 SC (410)),* the Supreme Court held that accurate membership data is necessary to justify registration. The Registered Trade Union may also apply for alteration of its name. The condition for the alteration is that, the proposal must be approved by the 2/3rd majority of the members and the Registrar must ensure that new name is not identical to any existing union, and the new name does not mislead or confuse to the workers. After approval, Registrar records alteration in the register.

In the case of *Registrar of Trade Unions v. R. Singh (1963 ILLJ 343 All. HC)*, the Allahabad High Court held that Registrar can refuse the name if it resembles another union.

In the case of *Municipal Employees' Union v. State of Rajasthan (1997 Lab IC 1453 Raj.)*, the High Court held that union continues with same rights and liabilities after name's change.

Registrar may grant registration or reject the registration with reasons in writing.