

DAILY NEWS ANALYSIS

Industrial Relations Code 2020: Supreme Court, AITUC & UPSC

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The Supreme Court has reportedly agreed to examine a challenge brought by the Tamil Nadu unit of the All India Trade Union Congress (AITUC) against the definition of "industry" under Section 2(p) of the Industrial Relations Code, 2020. The dispute raises important questions about workers' legal protections, the exclusion of certain activities, constitutional equality and the limits of judicial review. This Civil Service Gurukul analysis explains the legal background, the landmark 1978 Bangalore Water Supply judgment and the implications for UPSC Prelims and Mains.

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A comprehensive UPSC analysis of the reported AITUC petition, Section 2(p), workers' rights, the landmark Bangalore Water Supply judgment and constitutional judicial review.

**Executive Summary**

The Supreme Court has reportedly agreed to examine a challenge to the definition of "industry" under Section 2(p) of the Industrial Relations Code, 2020. The petition has been brought by the Tamil Nadu unit of the All India Trade Union Congress (AITUC).

At the centre of the dispute is whether statutory exclusions may leave certain establishments and their workers outside important industrial-relations protections.

The controversy also raises constitutional questions concerning equality, freedom of association, social justice and the appropriate limits of judicial intervention in legislative policy.

2020

Industrial Relations Code

Section 2(p)

Definition Under Challenge

1978

Bangalore Water Supply Judgment

UPSC Syllabus Relevance

GS Paper II: Judiciary, constitutional rights, social justice and government policies.

GS Paper III: Employment, labour reforms, industrial relations and economic development.

GS Paper IV: Justice, fairness, accountability and ethical dimensions of public policy.

Prelims: Industrial Relations Code, Article 14, Article 19(1)(c), AITUC and landmark Supreme Court judgments.

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Why Is the Industrial Relations Code in the News?

According to reports dated 29 October 2026 described in the supplied article, the Supreme Court agreed to examine a petition challenging the statutory definition of "industry" in the Industrial Relations Code, 2020.

The petition was reportedly filed by the Tamil Nadu unit of AITUC, a trade-union federation.

The dispute concerns the legal boundaries of industrial relations and the categories of establishments that may come within the statutory framework.

Important Legal Clarification

The Supreme Court agreeing to examine a challenge does not mean that it has declared the provision unconstitutional.

The final judicial outcome must be distinguished from the admission or hearing of a petition.

What Is the Industrial Relations Code, 2020?

The Industrial Relations Code, 2020 forms part of India's labour-law consolidation framework.

It brings together legal provisions concerning trade unions, industrial disputes and standing orders.

Its subject matter includes the relationship between workers, employers and the institutional mechanisms used to address industrial disagreements.

Three Important Areas

- Trade unions and their recognition within the statutory framework.
- Industrial disputes and mechanisms for their settlement.
- Standing orders governing conditions of employment in covered establishments.

The precise application of any particular protection depends on the definitions, coverage provisions and other requirements of the relevant law.

Why Does the Definition of "Industry" Matter?

A statutory definition is not merely a matter of terminology. It can determine which institutions and activities fall within the scope of particular legal obligations and remedies.

Section 2(p) of the Industrial Relations Code, 2020 defines "industry" for the purposes of the Code.

The supplied article identifies exclusions relating to sovereign functions and certain charitable or philanthropic activities as central to the reported dispute.

Practical Importance

Where an establishment falls outside a statutory definition, the applicability of industrial-relations provisions may be affected.

This may influence the legal pathways available for disputes and the obligations imposed on covered institutions.

However, exclusion from one statutory framework does not necessarily eliminate every employment right or remedy available under other applicable laws.

Concept for UPSC

The definition of "industry" affects the scope of a particular legal framework. It should not be treated as an automatic determination of every worker's constitutional or statutory rights.

Bangalore Water Supply Judgment, 1978

A major judicial development in Indian labour jurisprudence was the Supreme Court's decision in Bangalore Water Supply and Sewerage Board v. A. Rajappa (1978).

A seven-judge Bench adopted a functional approach to the meaning of "industry" under the earlier statutory framework.

The Triple Test

The judgment is widely associated with three important elements:

- Systematic activity.
- Cooperation between employer and employee.
- Production or distribution of goods or services calculated to satisfy human wants or wishes, subject to the judgment's qualifications.

The approach focused on the nature of the activity rather than relying solely on the legal identity or profit motive of the organisation.

Why the Precedent Matters

The 1978 decision provides an important historical reference for understanding how courts have approached industrial coverage.

However, a judicial interpretation of an earlier statute and the wording of a later legislative definition must be analysed separately.

What Is the AITUC Challenge?

The petitioners reportedly question whether the definition and its exclusions could narrow the scope of protection for workers engaged in certain establishments.

Concerns Raised by the Petitioners

- Potential exclusion of workers from industrial-relations protections.
- Uncertainty about the classification of social-service institutions.

- The possibility that broad exclusions could weaken access to statutory remedies.
- The need to examine the compatibility of the classification with constitutional principles.

Arguments Supporting a Narrower Definition

A different policy perspective may emphasise that genuine sovereign functions and certain non-commercial activities should not automatically be regulated in the same manner as ordinary industrial establishments.

Supporters of such distinctions may argue that Parliament has legislative discretion to design appropriate rules for different categories of activities.

Balanced UPSC Analysis

The constitutional question is not simply whether the law should be broad or narrow. It is whether the chosen classification is legally sustainable, sufficiently clear and consistent with applicable constitutional requirements.

Constitutional Dimensions of the Dispute

Provision	Relevance
Article 14	Equality before the law and equal protection of the laws.
Article 19(1)(c)	Freedom to form associations or unions, subject to constitutional limitations.
Article 21	Protection of life and personal liberty; relevant to broader constitutional discussions of dignity.
Article 38	Directive Principle concerning promotion of welfare and social justice.
Article 42	Directive Principle concerning just and humane conditions of work and maternity relief.
Judicial Review	Judicial examination of legislation against constitutional standards.

Equality and Reasonable Classification

Article 14 does not prohibit every legislative distinction. The constitutional validity of a classification depends on the applicable standards of equality review.

In labour legislation, courts may examine whether distinctions between categories of establishments are constitutionally justifiable.

Freedom of Association

Article 19(1)(c) protects the freedom to form associations or unions.

This constitutional freedom should not be confused with an automatic entitlement to every particular statutory benefit or bargaining arrangement.

Directive Principles

The Directive Principles reflect constitutional commitments to social and economic justice.

They guide public policy and legal interpretation but are not directly enforceable in the same manner as Fundamental Rights.

Potential Implications for Workers and Employers

For Workers

A clear definition can help workers understand whether particular industrial dispute mechanisms apply to their employment.

Ambiguous exclusions may create uncertainty and increase the cost of pursuing legal remedies.

For Employers

Legal certainty helps organisations assess their obligations and manage industrial relations consistently.

Clear classification rules can also reduce avoidable litigation.

For Social-Service Institutions

Institutions involved in charitable, philanthropic or public service activities may face difficult classification questions.

The legal treatment of an establishment should be assessed under the actual statutory text and applicable judgments, not merely by its name.

For Labour Governance

The controversy highlights the importance of precise legislative drafting and accessible dispute-resolution institutions.

Way Forward: Balancing Worker Protection and Legal Clarity

- Clarify the scope of statutory exclusions through precise legal language.
- Ensure that workers can obtain timely decisions on disputed classification questions.
- Study how exclusions affect different types of establishments.
- Maintain an appropriate distinction between genuine sovereign functions and other economic or service activities.
- Strengthen accessible industrial dispute resolution.
- Ensure that any legislative response is consistent with constitutional equality and social justice.
- Promote awareness of applicable labour rights among workers and employers.

An effective labour-law framework should provide predictable obligations for employers while ensuring that statutory protections remain meaningful and accessible to eligible workers.

UPSC Prelims Practice Questions

Question 1

Which Supreme Court case is particularly associated with the "triple test" for determining the meaning of industry?

- (a) Kesavananda Bharati v. State of Kerala
- (b) Bangalore Water Supply v. A. Rajappa
- (c) Maneka Gandhi v. Union of India
- (d) Minerva Mills v. Union of India

Correct Answer: (b)

The 1978 Bangalore Water Supply judgment adopted a functional approach to the meaning of industry under the earlier labour-law framework.

Question 2

Consider the following statements:

1. The Industrial Relations Code was enacted in 2020.
2. Section 2(p) concerns the definition of industry.
3. The Supreme Court's agreement to hear a constitutional challenge automatically invalidates the challenged provision.

Which statements are correct?

- (a) 1 and 2 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

Correct Answer: (a)

Statements 1 and 2 are correct. Statement 3 is incorrect because hearing a petition does not itself amount to a final judgment on constitutional validity.

Question 3

Which constitutional provision protects the freedom to form associations or unions?

- (a) Article 14
- (b) Article 19(1)(c)
- (c) Article 32 only
- (d) Article 280

Correct Answer: (b)

Article 19(1)(c) guarantees citizens the freedom to form associations or unions, subject to the constitutional framework.

Question 4

AITUC stands for:

- (a) All India Trade Union Congress
- (b) Association of Indian Trade and Urban Councils
- (c) All India Transport Union Commission
- (d) Association of Industrial Training Union Centres

Correct Answer: (a)

AITUC stands for All India Trade Union Congress

UPSC Mains GS Paper II Practice

Question: "Legal definitions can determine the practical reach of social protection." Examine this statement with reference to the definition of industry under the Industrial Relations Code, 2020. (250 words)

Suggested Answer Framework

Introduction: Explain why the scope of a labour statute depends on its coverage provisions.

Legal Background: Mention Section 2(p) and the Bangalore Water Supply precedent.

Constitutional Analysis: Discuss Article 14, Article 19(1)(c), Directive Principles and judicial review.

Policy Trade-offs: Evaluate worker protection, regulatory clarity, sovereign functions and institutional diversity.

Conclusion: Recommend precise drafting, fair classification and accessible remedies within constitutional limits.

Frequently Asked Questions

What is the Industrial Relations Code, 2020?

It consolidates provisions concerning trade unions, industrial disputes and standing orders within India's labour-law framework.

Which provision defines industry?

Section 2(p) of the Industrial Relations Code, 2020 contains the definition of industry.

What is the AITUC challenge?

The supplied report describes a petition by the Tamil Nadu unit of AITUC challenging the statutory definition and certain exclusions.

Has the Supreme Court invalidated Section 2(p)?

The supplied October 2026 report describes an agreement to examine the challenge, not a final judgment invalidating the provision.

What is the Bangalore Water Supply triple test?

The 1978 judgment is associated with a functional test involving systematic activity, employer-employee cooperation and the provision of goods or services, subject to legal qualifications.

Why is this topic important for UPSC?

It connects judicial review, constitutional equality, labour reforms, social justice and industrial relations, making it relevant to both Prelims and Mains.

Key Takeaway for UPSC Aspirants

SEO Keywords and Tags

Industrial Relations Code 2020 Definition of Industry Section 2(p) AITUC Supreme Court Labour Reforms India Bangalore Water Supply Case Triple Test Industry Workers Rights Article 14 Article 19(1)(c) Judicial Review UPSC GS Paper II UPSC GS Paper III UPSC Prelims 2027

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