

Industrial Relations Code 2020, Meaning, Objectives, Key Provisions

August 12, 2026 • vajiramandravi.com



The **Industrial Relations Code, 2020** is an important labour law that brings together rules related to **trade unions, industrial disputes, strikes, lockouts and employment relations** under one framework. It aims to make labour regulations **simpler and more organised**, while promoting better relations between workers and employers. The Code also focuses on **collective bargaining, dispute resolution and industrial peace**, while giving businesses greater flexibility in managing their workforce.

Industrial Relations Code 2020 Meaning and Objectives

- The **Industrial Relations Code, 2020** is part of India's labour-law reform process and aims to bring together major laws dealing with **industrial relations, trade unions and industrial disputes** into a single framework.
- Labour is a subject under the **Concurrent List**, which means both the Centre and the states can make laws on labour-related matters.
- The Code was introduced as part of the broader effort to **simplify and consolidate labour laws**.

- The **Second National Commission on Labour (2002)** had observed that existing labour legislation was complex, contained outdated provisions and used inconsistent definitions.
- The wider labour-law reform exercise sought to consolidate **29 central labour laws** into four broad Labour Codes covering **wages, industrial relations, social security, and occupational safety, health and working conditions**.
- The main objective of the Industrial Relations Code is to create a **more uniform and simplified framework** for handling relations between employers and workers, while also improving the process of resolving industrial disputes.
- The Code also seeks to provide clearer rules relating to **trade unions, collective bargaining, strikes, lock-outs, standing orders, retrenchment, lay-offs and closure** of establishments.

Also read : **Code on Wages 2019**

Industrial Relations Code 2020 Key Provisions

- **Standing orders** are required for industrial establishments employing **300 or more workers** and cover matters such as worker classification, working hours, holidays, wages, termination and grievance procedures.
- The threshold for standing orders was increased from **100 to 300 workers**, giving establishments below this limit greater flexibility in managing employment conditions.
- For **lay-off, retrenchment and closure**, prior government permission is required for establishments having **at least 300 workers**. The government can increase this threshold through notification.
- While higher thresholds can reduce the **regulatory burden on businesses**, concerns have been raised that workers in smaller establishments may have **less protection against retrenchment and closure**.
- The Code introduces provisions for **fixed-term employment**, allowing workers to be employed directly by an employer for a specified period through a written contract.
- Such workers are intended to receive benefits and working conditions similar to permanent employees.
- A dispute concerning the **discharge, dismissal, retrenchment or termination of an individual worker** is treated as an industrial dispute. The worker can approach the Industrial Tribunal after **45 days** from applying for conciliation.
- The Code also provides for **Industrial Tribunals and a National Industrial Tribunal** to deal with industrial disputes. However, concerns have been raised regarding the government's power to defer, reject or modify certain tribunal awards.
- The Code gives the government power to **exempt a new industrial establishment or a class of establishments** from some or all provisions when considered necessary in the public interest.
- This broad exemption power has been identified as an issue requiring careful consideration.

Also Read : **Minimum Wages Act 1948**

Industrial Relations Code 2020 Trade Unions and Recognition

- The Code provides a framework for **recognition of a negotiating union**, giving workers a formal mechanism to collectively negotiate with management.

- Where more than one registered trade union exists in an establishment, the union having the support of **more than 51% of the workers** becomes the **sole negotiating union**.
- If no union has the required 51% support, a **Negotiating Council** is formed. Under the 2020 Bill, unions having at least **20% of the workers as members** can have representatives in this council.
- To register as a trade union, a union must have membership of at least **10% of the workers or 100 workers, whichever is less**.
- The negotiating-union system is intended to provide a **clear collective bargaining mechanism** and reduce confusion when several trade unions operate within the same establishment.
- At the same time, the higher **20% threshold for representation in the Negotiating Council** has raised concerns because smaller unions may find it difficult to secure representation when no single union reaches the 51% mark.

Industrial Relations Code 2020 Strikes, Lockouts and Industrial Disputes

- One of the important changes concerns **strikes and lock-outs**. The Code requires workers and employers to provide **14 days' prior notice** before going on strike or declaring a lock-out. The notice remains valid for a maximum of **60 days**.
- Strikes and lock-outs are also restricted during and for **seven days after conciliation proceedings**, as well as during and for **60 days after proceedings before a tribunal**.
- These provisions extend the requirement of prior notice beyond only **public utility services** and therefore may affect the ability of workers and employers to use strikes and lock-outs as a means of industrial action.
- The Code provides a mechanism for resolving disputes through **conciliation and industrial tribunals**, with the aim of settling disputes through institutional processes rather than prolonged industrial action.
- The Code specifically recognises disputes relating to the **termination of an individual worker** as industrial disputes, giving the worker access to the Industrial Tribunal after the prescribed conciliation period.
- A key concern is that the government may, under certain circumstances, **defer or modify tribunal awards**. This has raised questions regarding the **separation of powers between the executive and judiciary**.

Industrial Relations Code 2020 Applicability and Impact on Workers

- The Code provides a **consolidated framework for industrial relations**, making labour regulations more organised and potentially reducing compliance difficulties for employers.
- Its provisions apply to **workers, employers, trade unions and industrial establishments** covered by the Code, with specific requirements depending on the size and nature of the establishment.
- Workers receive formal mechanisms for **trade-union representation, collective bargaining and industrial dispute resolution**.
- **Fixed-term employment** can give employers greater hiring flexibility while providing fixed-term workers benefits similar to permanent employees, but repeated non-renewal of contracts may create concerns about **job security**.
- The higher thresholds for standing orders and prior permission for retrenchment, lay-off and closure may improve **business flexibility**, but could also reduce certain protections available to workers in smaller establishments.

Industrial Relations Code 2020 Major Issues and Concerns

- The Code's **14-day notice requirement for strikes and lock-outs** has been criticised as potentially making industrial action more difficult, particularly because conciliation and tribunal proceedings can further extend the period during which strikes or lock-outs are prohibited.
- The broad power to **exempt new industrial establishments** may create flexibility for promoting investment and employment, but excessive exemptions could reduce the effectiveness of protections relating to working conditions, retrenchment and collective bargaining.
- The **51% threshold for a sole negotiating union** and **20% threshold for Negotiating Council membership** are intended to create an organised bargaining system, but the latter may restrict representation of smaller unions.
- The introduction of **fixed-term employment** may reduce dependence on contractors and provide workers with certain benefits, but concerns remain about job security because renewal of the contract ultimately depends on the employer.
- The Code highlights the continuing challenge of achieving a balance between **labour flexibility and social protection**, particularly in a labour market where a large share of workers are outside stable formal employment arrangements.

Industrial Relations Code 2020 Significance

- The Code is important because it attempts to create a **simpler and unified industrial relations framework** by bringing different labour-law provisions together.
- It can support **ease of doing business** by reducing regulatory complexity and giving employers greater flexibility in managing their workforce.
- The provisions for **negotiating unions and collective bargaining** can improve communication between workers and management and promote healthier industrial relations.
- **Conciliation and tribunal mechanisms** provide formal ways to settle industrial disputes and help maintain **industrial peace**.
- The Code seeks to balance **workers' rights, employment security and industrial growth** while creating a more organised industrial relations system.

Source: <https://vajiramandravi.com/current-affairs/industrial-relations-code-2020/>

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