BLOGS

LABOUR AND INDUSTRIAL LAW: QUICK REVISION NOTES FOR CLAT PG

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The most important development under Labour and Industrial Law to remember for CLAT PG 2027 is that all four Labour Codes came into force on 21 November 2025. *They consolidate 29 Central labour laws. Therefore, these quick revision notes primarily follow the new Labour Codes rather than treating the repealed enactments as the current governing framework.*

The earlier legislations, including the Industrial Disputes Act, 1947, Trade Unions Act, 1926, Factories Act, 1948, Minimum Wages Act, 1948 and Payment of Wages Act, 1936, remain important for understanding the evolution of labour jurisprudence and landmark judgments.

Definition of of "Industry" Revisited by 9-Judges Bench of Supreme Court

The four Labour Codes at a glance

Labour Code	Main subject	Earlier laws consolidated
Code on Wages, 2019	Minimum wages, payment of wages, bonus, equal remuneration	4
Industrial Relations Code, 2020	Trade unions, industrial disputes, standing orders	3
Code on Social Security, 2020	EPF, ESI, gratuity, maternity benefits, social security	9

OSH and Working Conditions Code, 2020	Health, safety, welfare, working conditions	13

PART I - CONSTITUTIONAL FRAMEWORK OF LABOUR LAW

Labour law in India is closely connected with the constitutional ideals of social justice, equality, dignity and protection against exploitation.

1. Fundamental Rights

Article	Subject	Labour law significance
Article 14	**Equality before law**	Prohibits arbitrary discrimination in employment.
Article 16	**Equality in public employment**	Guarantees equal opportunity in public employment.
Article 19(1)(c)	**Freedom of association**	Protects the right to form associations and trade unions, subject to reasonable restrictions.
Article 21	**Right to life and dignity**	Includes protection of human dignity and livelihood-related interests.
Article 23	**Prohibition of forced labour**	Prohibits begar, trafficking and other forms of forced labour.
Article 24	**Prohibition of child labour**	Prohibits employment of children below 14 years in factories, mines and hazardous employment.

2. Directive Principles of State Policy

These provisions guide the State in framing labour welfare legislation.

- Article 38: State **must promote social, economic and political justice** and minimise inequalities.
- Article 39(a): Adequate **means of livelihood for men and women.**
- Article 39(d): **Equal pay for equal work**.

- Article 39(e): Protection of **workers' health and strength.**
- Article 39(f): Protection of **children against exploitation.**
- Article 41: **Right to work, education and public assistance** within the State's economic capacity.
- Article 42: **Just and humane conditions of work and maternity relief.**
- Article 43: **Living wage and decent standard** of life.
- Article 43A: **Participation of workers** in management of industries.
- Article 47: **Improvement of public health and nutrition**.

3. Legislative competence

Labour is primarily a Concurrent List subject under the Seventh Schedule.

Important entries:

- **Entry 22** - Trade unions; industrial and labour disputes.
- **Entry 23** - Social security and social insurance; employment and unemployment.
- **Entry 24** - Welfare of labour, including conditions of work, provident funds, employers' liability, compensation, invalidity and old-age pensions, maternity benefits.

PART II - INDUSTRIAL RELATIONS CODE, 2020

In force from 21 November 2025

The Industrial Relations Code, 2020 consolidates the laws relating to:

1. Trade unions.
2. Conditions of employment in industrial establishments.
3. Investigation and settlement of industrial disputes.
4. Strikes and lock-outs.
5. Lay-off, retrenchment and closure.

It replaces the:

- Trade Unions Act, 1926.

- Industrial Employment (Standing Orders) Act, 1946.
- Industrial Disputes Act, 1947.

1. Important definitions

Section 2 - Definitions

Important expressions include:

- Worker - Section 2(zr).
- Employer - Section 2(m).
- Industry - Section 2(p).
- Industrial dispute - Section 2(q).
- Industrial establishment or undertaking - Section 2(r).
- Strike - Section 2(zk).
- Retrenchment - Section 2(zh).
- Lay-off - Section 2(t).
- Closure - Section 2(j).
- Fixed-term employment - Section 2(o).

2. Trade Unions

Trade unions are organisations formed to regulate relations between employers and workers and protect the collective interests of workers.

The earlier Trade Unions Act, 1926 has been subsumed into Chapter III of the Industrial Relations Code, 2020.

Important provisions

Provision	**Subject**
Section 5	Appointment of Registrar
Section 6	Criteria for registration
Section 7	Application for registration

Section 8	Registration of trade unions
Section 9	Cancellation of registration
Section 10	Appeal against refusal or cancellation
Section 12	Incorporation of registered trade unions
Section 13	Rights and liabilities of registered trade unions
Section 14	Negotiating union or negotiating council
Section 15	Rights of negotiating union or negotiating council
Section 16	Trade union funds
Section 17	Immunity from certain civil suits
Section 18	Immunity from criminal conspiracy in trade union activities
Section 19	Enforceability of agreements

A. Registration of trade unions

- A trade union must apply for registration to the Registrar.
- The minimum membership requirement is seven members.
- The union must satisfy the statutory membership threshold under Section 6.
- For a workers' union, the membership requirement is at least 10% of the workers or 100 workers, whichever is less, subject to a minimum of seven members.

B. Legal status

Under Section 12, a registered trade union becomes a body corporate.

It has:

- **Perpetual succession.**
- **A common seal.**
- **Capacity to acquire and hold property.**
- **Capacity to contract.**
- **Capacity to sue and be sued.**

C. Negotiating union and negotiating council - Section 14

- Where only one registered trade union exists, it may be recognised as the negotiating union, subject to statutory conditions.
- Where multiple registered trade unions exist, the union having at least 51% of the workers on the muster roll as members is recognised as the negotiating union.
- If no union achieves 51%, a negotiating council is constituted from qualifying registered trade unions having at least 20% membership.

D. Immunities of trade unions

- Section 17: Limited immunity from civil proceedings for acts done in contemplation or furtherance of a trade dispute.
- Section 18: Protection from criminal conspiracy liability under Section 120A IPC, now read with the corresponding provision of the Bharatiya Nyaya Sanhita, for agreements relating to legitimate trade union activities, provided the agreement does not involve an offence.

Trade Unions under Industrial Law

3. Industrial Disputes

An industrial dispute generally concerns disagreements between employers and employers, employers and workers, or workers and workers relating to employment, non-employment, terms of employment or conditions of labour.

Important provisions of the Industrial Relations Code

Section	Topic
Section 42	Voluntary reference of disputes to arbitration
Section 43	Conciliation officers
Section 44	Industrial Tribunal
Section 46	National Industrial Tribunal

Section 53	Conciliation proceedings
Section 55	Awards and their operation
Section 62	Prohibition of strikes and lock-outs
Section 63	Illegal strikes and lock-outs
Section 70	Prohibition of lay-off
Section 71	Compensation for lay-off
Section 72	Conditions precedent to retrenchment
Section 74	Compensation to workers in case of transfer of establishment
Section 77	Application of Chapter X
Section 78	Procedure for permission for lay-off, retrenchment and closure
Section 79	Special provisions relating to lay-off, retrenchment and closure
Section 80	Compensation to workers in case of closing down of undertakings

A. Industrial dispute settlement machinery

1. Conciliation Officer - Section 43

- Appointed by the appropriate Government.
- Attempts to bring about an amicable settlement.
- Performs a conciliatory rather than adjudicatory function.

2. Industrial Tribunal - Section 44

- Adjudicates industrial disputes.
- Deals with matters falling within its statutory jurisdiction.
- Exercises quasi-judicial powers.

3. National Industrial Tribunal - Section 46

Constituted by the Central Government for industrial disputes involving questions of national importance or affecting industrial establishments situated in more than one State.

4. Voluntary arbitration - Section 42

Parties may voluntarily refer an industrial dispute to arbitration through a written agreement in accordance with the Code.

B. Strikes and lock-outs

Section 62 - Prohibition of strikes and lock-outs

A worker cannot legally commence a strike in breach of contract:

1. **Without giving notice of strike within 60 days** before striking.
2. **Within 14 days of giving the notice**.
3. Before the date specified in the strike notice.
4. During pending conciliation proceedings and seven days after their conclusion.
5. During proceedings before a Tribunal or National Industrial Tribunal and 60 days after their conclusion.
6. During arbitration proceedings and 60 days after their conclusion, where the statutory conditions apply.
7. During the operation of a settlement or award in respect of matters covered by it.

Section 63: Strikes and lock-outs commenced or declared in contravention of Section 62 are illegal.

Constitutional connection: Article 19(1)(c) protects the right to form associations and unions, but does not confer a fundamental right to strike.

C. Lay-off, retrenchment and closure

Concept	Meaning
Lay-off	Employer's inability, failure or refusal to provide employment due to specified operational reasons.
Retrenchment	Termination of service by the employer for any reason whatsoever, subject to statutory exclusions.
Closure	Permanent closing down of a place of employment or part thereof.

Retrenchment - Section 72

Important requirements include:

- One month's notice indicating reasons for retrenchment or payment in lieu of notice.
- Compensation equivalent to 15 days' average pay for every completed year of continuous service or part thereof in excess of six months.
- Notice to the appropriate Government in the prescribed manner.

Special provisions - Sections 77-80

Chapter X introduces additional requirements for certain establishments.

The special prior-permission regime generally applies to industrial establishments covered **by the statutory threshold of 300 or more workers, subject to the provisions of the Code and applicable notifications.**

4. Standing Orders

Standing orders prescribe the conditions of employment and regulate the relationship between employers and workers.

They deal with:

- Classification of workers.
- Working hours.
- Holidays and leave.
- Attendance.
- Misconduct.
- Disciplinary action.
- Suspension and termination.
- Grievance redressal.

Important provisions:

- Section 28 - Application of the chapter relating to standing orders.
- Section 29 - Model standing orders.

- Section 30 - Preparation of draft standing orders.
- Section 31 - Certification of standing orders.
- Section 32 - Appeals.
- Section 33 - Date of operation of standing orders.
- Section 34 - Register of standing orders.
- Section 35 - Modification of standing orders.
- Section 36 - Oral evidence in contradiction of standing orders.

The standing orders chapter generally applies to industrial establishments employing 300 or more workers.

5. Grievance Redressal Committee

Section 4 - Grievance Redressal Committee

- Establishments **employing 20 or more workers must constitute a Grievance Redressal Committee.**
- It deals with **individual grievances arising out of employment.**
- Equal representation of employer and workers is required.
- The prescribed representation of women workers must be maintained where women are employed.

PART III - CODE ON WAGES, 2019

In force from 21 November 2025

The Code on Wages, 2019 consolidates four earlier laws:

1. Minimum Wages Act, 1948.
2. Payment of Wages Act, 1936.
3. Payment of Bonus Act, 1965.
4. Equal Remuneration Act, 1976.

1. Important provisions

Section	Subject
Section 2	Definitions
Section 3	Prohibition of discrimination on ground of gender
Section 4	Decision regarding disputes relating to same or similar nature of work
Section 5	Payment of minimum rate of wages
Section 6	Fixation of minimum wages
Section 8	Revision of minimum wages
Section 9	Floor wage
Section 10	Wages for working hours less than normal working day
Section 13	Fixing hours of work for normal working day
Section 14	Overtime wages
Section 15	Wages for work on rest day
Section 16	Mode of payment of wages
Section 17	Time limit for payment of wages
Section 18	Deductions from wages
Section 26	Eligibility for bonus
Section 27	Proportionate reduction in bonus
Section 29	Minimum bonus
Section 31	Maximum bonus
Section 34	Prohibition of deductions from bonus payable
Section 45	Claims under the Code
Section 51	Offences and penalties

2. Minimum wages

Section 5 - Payment of minimum rate of wages

No employer can pay an employee less than the minimum wage notified by the appropriate Government.

Section 6 - Fixation of minimum wages

The appropriate Government fixes minimum wages, considering factors such as:

- Skill required.
- Geographical area.
- Nature of employment.
- Difficulties and conditions of work.

Section 9 - Floor wage

- Central Government fixes a floor wage.
- Different floor wages may be fixed for different geographical areas.
- State Governments cannot fix minimum wages below the applicable floor wage.
- If an existing State minimum wage is higher than the floor wage, it cannot be reduced merely because the floor wage is lower.

Minimum wage	**Living wage**
Statutory minimum below which payment is prohibited.	Wage intended to secure a decent standard of living.
Enforceable through wage legislation.	Constitutional objective under Article 43.

3. Payment of wages

Section 16: Wages may be paid in cash, by cheque, through bank credit or electronic mode, subject to the Code.

Section 17: Prescribes the time limits for payment of wages.

Important limits:

- Daily wages - at the end of the shift.

- Weekly wages - before the weekly holiday.
- Fortnightly wages - within two days after the end of the fortnight.
- Monthly wages - before the expiry of the seventh day of the succeeding month.

In case of removal, dismissal, retrenchment, resignation or unemployment due to closure, wages payable must generally be paid within two working days.

4. Deductions from wages

Section 18

Deductions can be made only as authorised by the Code.

Examples:

- Fines.
- Absence from duty.
- Damage or loss.
- House accommodation.
- Recovery of advances.
- Income tax.
- Provident fund contributions.

The total deductions in a wage period ordinarily cannot exceed 50% of wages.

5. Equal remuneration

Section 3

Prohibits gender-based discrimination in wages for the same work or work of a similar nature.

It also prohibits discrimination on the ground of gender in recruitment and conditions of employment for the same or similar work, subject to statutory exceptions.

***Mackinnon Mackenzie & Co. Ltd. v. Audrey D'Costa (1987)*:**

There was an **explicit mention of the "Authority of Council" and "Broad View" tests established by the SC.** The Court held that to determine ***if work is of a "similar nature," one***

must look at the duties actually performed, not just the job designation or minute differences in working hours.

6. Bonus

The Code retains the framework of statutory bonus.

- Section 26 - **Eligibility.**
- Section 29 - **Minimum bonus.**
- Section 31 - **Maximum bonus.**

Minimum bonus: 8.33% of the wages earned or ₹100, whichever is higher, subject to statutory conditions.

Maximum bonus: 20% of wages.

The employee must satisfy the statutory eligibility conditions, including the prescribed wage ceiling and minimum days of work.

- ***Jalan Trading Co. v. Mill Mazdoor Sabha (1966)*** - The Supreme Court **upheld the general validity of the Payment of Bonus Act, it struck down Section 10 (retrospective effect)** and Section 33 and 34(2) as unconstitutional (violative of Article 14).
- ***Mumbai Kamgar Sabha v. Abdulbhai Faizullabhai (1976)*** - Bonus and the rights of workers.

PART IV - CODE ON SOCIAL SECURITY, 2020

In force from 21 November 2025

The Code on Social Security, 2020 aims to extend social security protection to employees, organised workers, unorganised workers, gig workers and platform workers.

It consolidates nine Central labour legislations, including laws concerning:

- Employees' Provident Fund.
- Employees' State Insurance.
- Gratuity.
- Maternity benefits.

- Employees' compensation.
- Unorganised workers' social security.
- Building and other construction workers' welfare.

1. Important provisions

Section	Subject
Section 2	Definitions
Section 3	Registration of establishments
Section 4	Central Board of Trustees
Section 5	Employees' Provident Fund Scheme
Section 6	Employees' Pension Scheme
Section 7	Employees' Deposit Linked Insurance Scheme
Section 15	Employees' State Insurance Corporation
Section 16	Employees' State Insurance Fund
Section 44-52	Gratuity
Section 53-58	Maternity benefit
Section 60	Payment of gratuity
Section 91	Employees' compensation
Section 109	Social security for unorganised workers
Section 114	Schemes for gig workers and platform workers

2. Employees' Provident Fund (EPF)

Provident fund is a social security mechanism designed to provide financial protection after retirement.

- Section 5 - Employees' Provident Fund Scheme.

- Section 6 - Employees' Pension Scheme.
- Section 7 - Employees' Deposit Linked Insurance Scheme.

The Central Government may frame schemes for provident fund, pension and insurance benefits.

Purpose: Retirement savings, pension protection and financial security for employees and their families.

3. Employees' State Insurance (ESI)

ESI provides medical and social security benefits to eligible employees.

Benefits include:

- Medical benefit.
- Sickness benefit.
- Maternity benefit.
- Disablement benefit.
- Dependants' benefit.
- Funeral expenses.

Exam point: The ESI framework is contributory and provides protection against specified employment-related and health contingencies.

4. Gratuity

Gratuity is a lump-sum payment made by an employer to an employee in recognition of service rendered.

Ordinarily, gratuity becomes payable after five years of continuous service.

Exceptions: The five-year requirement is not necessary in cases of death or disablement. Fixed-term employees are also governed by the special statutory provisions concerning gratuity.

5. Maternity Benefit

The Code protects women employees during pregnancy and childbirth.

Important features:

- 26 weeks of maternity benefit for eligible women with fewer than two surviving children.
- 12 weeks for women having two or more surviving children.
- 12 weeks for adopting mothers and commissioning mothers, subject to statutory requirements.
- Work-from-home arrangements may be permitted where the nature of work allows and the employer and employee mutually agree.
- Nursing breaks are available after returning to work.
- Crèche facilities are required in establishments employing 50 or more employees, subject to statutory conditions.

Municipal Corporation of Delhi v. Female Workers (Muster Roll) (2000)

The Supreme Court extended maternity benefit protection to women employed on a casual or muster-roll basis, emphasising the dignity of motherhood and social justice.

6. Gig workers and platform workers

One of the most significant developments in the Social Security Code is the recognition of gig and platform workers.

Section 2: Contains definitions relating to gig workers, platform workers and aggregators.

Section 109: Provides for social security schemes for unorganised workers.

Section 114: Empowers the Central Government to frame schemes for gig workers and platform workers.

Examples:

- App-based delivery workers.
- Ride-hailing drivers.
- Online service providers.
- Workers engaged through digital platforms.

Important distinction:

- **Gig worker:** A person who performs work or participates in a work arrangement and earns outside the traditional employer-employee relationship.

- **Platform worker:** A person engaged in platform work through an online platform.

PART V - OCCUPATIONAL SAFETY, HEALTH AND WORKING CONDITIONS CODE, 2020

In force from 21 November 2025

The OSH Code, 2020 consolidates 13 Central labour laws, including the Factories Act, 1948, Contract Labour (Regulation and Abolition) Act, 1970, Mines Act, 1952 and Inter-State Migrant Workmen Act, 1979.

Its primary objective is to regulate occupational safety, health, welfare and working conditions.

1. Important provisions

Section	Subject
Section 2	Definitions
Section 3	Registration of certain establishments
Section 4	Appeal against refusal of registration
Section 6	Duties of employer
Section 10	Occupational safety and health standards
Section 14	Safety committees and safety officers
Section 18	Employer's responsibility for maintaining health, safety and working conditions
Section 23	Daily and weekly working hours, leave and overtime
Section 24	Weekly and compensatory holidays
Section 25	Overtime wages
Section 32	Annual leave with wages
Section 43	Appointment of inspectors-cum-facilitators
Section 53	Welfare facilities

Section 55	Daily working hours and rest intervals
Section 59	Safety provisions relating to factories
Section 60	Welfare provisions relating to factories
Section 67	Employment of women
Section 68	Notice of accidents
Section 69	Notice of dangerous occurrences
Section 70	Notice of certain diseases

Note: Always use the consolidated Code's section numbering rather than carrying forward the old Factories Act section numbers.

2. Duties of employers - Section 6

The employer must:

- Provide a workplace free from hazards.
- Comply with occupational safety standards.
- Provide necessary information, instruction and training.
- Maintain a safe working environment.
- Ensure safe handling and disposal of hazardous substances.
- Provide prescribed health examinations and medical facilities.

3. Working hours

Section 23

The Code provides for:

- Maximum eight hours of work per day, subject to prescribed rules.
- Regulation of daily and weekly working hours.
- Rest intervals.
- Weekly holidays.

- Overtime.

Section 25 - Overtime

Overtime wages must be paid at twice the normal rate of wages, subject to the statutory conditions.

4. Annual leave with wages

Section 32

An employee working for the prescribed number of days in a calendar year becomes eligible for annual leave with wages.

Generally:

- One day of leave for every 20 days of work for an adult.
- One day for every 15 days for an adolescent worker.

The Code also contains provisions concerning leave accumulation and encashment.

5. Employment of women

Section 67

Women are entitled to work in all establishments and for all types of work under the Code.

They may be employed before 6 AM and beyond 7 PM with their consent and subject to prescribed conditions relating to safety, holidays and working hours.

6. Contract Labour

The OSH Code regulates contract labour and the responsibilities of contractors and principal employers.

Important provisions include:

- Regulation and licensing of contractors.
- Responsibility for payment of wages.
- Welfare facilities.

- Restrictions relating to employment of contract labour in core activities, subject to statutory exceptions.

The general applicability threshold for the contract labour provisions is 50 contract labourers, subject to the Code.

7. Inter-State Migrant Workers

The OSH Code recognises inter-State migrant workers and provides for their welfare and protection.

Important aspects:

- Registration and identification.
- Portability of benefits.
- Journey allowance.
- Access to welfare schemes.
- Protection against exploitation.

The definition under the Code also recognises certain workers who migrate independently and are employed in another State, subject to the statutory wage ceiling and other conditions.

8. Factories: Important concepts for CLAT PG

Although the Factories Act, 1948 has been subsumed into the OSH Code, its historical provisions and related case law remain extremely important.

The following are particularly important:

Earlier Factories Act provision	**Subject**
Section 2(m)	Definition of factory (*Under the OSH Code, the definition of a "Factory" (replacing the old Section 2(m)) increased its thresholds to **20 workers** (with power) and **40 workers** (without power))*
Section 2(k)	Manufacturing process
Section 7A	General duties of occupier

Section 11	Cleanliness
Section 13	Ventilation and temperature
Section 21	Fencing of machinery
Section 23	Employment of young persons on dangerous machines
Section 28	Hoists and lifts
Section 32	Floors, stairs and means of access
Section 41B	Compulsory disclosure of information regarding hazardous processes
Section 41C	Specific responsibilities of occupier in relation to hazardous processes
Section 41F	Permissible limits of exposure to chemical and toxic substances
Section 42	Washing facilities
Section 45	First-aid appliances
Section 46	Canteens
Section 47	Shelters, rest rooms and lunch rooms
Section 48	Creches
Section 49	Welfare officers
Section 51	Weekly working hours
Section 54	Daily working hours
Section 59	Overtime wages
Section 67	Prohibition on employment of young children

1. **The Factories Act, 1948: Part 1 - Foundational Provisions**
2. **The Factories Act, 1948: Part 2 - Welfare, Working Hours and Enforcement**