

LABOR RELATIONS IN INDIA: 7 STEPS EMPLOYERS SHOULD TAKE UNDER NEW INDUSTRIAL RELATIONS CODE

Insights
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Labor Relations in India: 7 Steps Employers Should Take Under New Industrial Relations Code

Businesses with employees in India should review major changes to the country's labor relations framework that will impact your policies and practices. The new Industrial Relations Code, which took effect late last year, streamlines India's dispute resolution process while attempting to maintain the balance between employer flexibility and worker protections. In doing so, the code updates requirements for grievance committees, consolidates tribunals, and expands procedural requirements governing strikes and lockouts. Here's what you need to know about key changes and seven steps you can take now to prepare and comply.

Revised Grievance Procedures

The Industrial Relations Code retains and strengthens Grievance Redressal Committees (GRCs), which were first introduced by the Industrial Disputes Act in 1947. GRCs are designed to address individual employee grievances at the establishment level and must provide equal representation for both employers and workers.

What changed? Industrial establishments employing 20 or more workers are now required to have a GRC. Under prior law, employers could seek an exemption by relying on pre-existing, alternative mechanisms to address grievances. The

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code removes this exemption, creating a uniform grievance redressal process across covered establishments. The code also increases the maximum number of GRC members to 10 and requires adequate representation of women in proportion to their share of the workforce.

Here's a rundown of the grievance process:

- Workers must first file grievances with the GRC within one year.
- The GRC is required to resolve the grievance within 30 days, with the goal of providing a faster, less costly resolution.
- Workers who wish to appeal the GRC's decision or whose grievance was not resolved within 30 days may seek a resolution through the conciliation officer of their trade union within 60 days of the GRC's decision or the end of the 30-day period.
- After 45 days of conciliation without settlement, the dispute may proceed to adjudication before an Industrial Tribunal.

Works Committee Requirements

The code keeps the requirement to form Works Committees, which are intended to promote amicable relations and cooperation between employers and workers. Establishments employing 100 or more workers must create a Works Committee when directed to do so by the appropriate government.

Works Committees must include representatives from both the employer and workers, with at least as many worker representatives as employer representatives. Although Works Committees do not adjudicate disputes, they serve as an important forum for addressing workplace concerns before escalation.

Streamlined Dispute Resolution Framework

Under the previous Industrial Disputes Act, 1947, unresolved disputes could proceed through multiple channels, such as Conciliation Boards, Labor Courts, Industrial Tribunals, and National Tribunals, often resulting in jurisdictional overlap and delays.

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The new Industrial Relations Code streamlines India's industrial dispute resolution process into a two-stage framework: conciliation followed by adjudication before a consolidated Industrial Tribunal. The composition of those Tribunals varies depending on the type of dispute at issue. Additionally, if conciliation fails in a major dispute, the Ministry of Labor may convene a National Industrial Tribunal to adjudicate disputes of national importance.

For employers, this consolidation reduces forum fragmentation and increases procedural predictability, while preserving early resolution through conciliation.

Updates to Strike and Lockout Provisions

The Industrial Relations Code imposes expanded procedural requirements governing strikes and lockouts across all industrial establishments, extending protections that previously applied primarily to public utility services.

The code updates the definition of a strike to a concerted refusal to work – or refusal under a common understanding – and includes concerted casual leaves of at least 50% of workers on a given day. This higher threshold reduces the risk of disruption driven by isolated or minority action. The definition of a lockout remains largely unchanged.

Both employers and workers must now provide advance notice before initiating a strike or lockout, but that notice cannot be open-ended. A notice may be given only within 60 days prior to the proposed strike or lockout date, effectively creating an outer limit on how early notice can be issued. At the same time, once notice is given, the initiating party must wait at least 14 days before proceeding and cannot act before the date specified in the notice. The same framework applies equally to employer lockouts.

In addition, strikes and lockouts remain prohibited while conciliation, arbitration, or certain tribunal proceedings are pending. A strike or lockout may be deemed illegal if the relevant parties fail to comply with the applicable notice requirements. Such actions may also be prohibited when an industrial dispute has been referred to arbitration and the government issues an order barring strikes or lockouts during the arbitration period.

However, a strike or lockout will not be considered illegal if it was already in progress at the time the dispute was referred

to an arbitrator or tribunal. Additionally, strikes or lockouts declared in response to an illegal strike or lockout by the other side are permitted to continue.

7 Steps to Take Now

Employers operating in India should consider taking the following seven steps to prepare and comply:

- 1. Confirm Workforce Size:** Confirm your current and projected employee headcount to determine whether statutory thresholds under the code apply.
- 2. Standardize Internal Grievance Procedures:** Align internal grievance handling policies with the code's timelines and escalation requirements to ensure disputes are addressed at the GRC stage before external proceedings are initiated.
- 3. Assess Works Committee Obligations:** Evaluate whether a Works Committee is required based on workforce size and applicable government notifications. Confirm that committee composition complies with statutory requirements.
- 4. Update Dispute Resolution Protocols:** Revise dispute response frameworks to reflect the Code's mandatory conciliation-first process and the consolidation of adjudication before a single Industrial Tribunal.
- 5. Review Standing Orders and Termination Practices:** Review standing orders, disciplinary procedures, and termination processes to ensure consistency with matters expressly within Industrial Tribunal jurisdiction under the Code.
- 6. Prepare for Strike and Lockout Compliance:** Update strike and lockout preparedness plans to account for expanded notice requirements, revised definition of strikes, and restrictions during conciliation and adjudicatory proceedings.
- 7. Keep up with Additional Changes to India's Labor Code:** Read our prior insights [here](#), [here](#), and [here](#), and monitor our [International Practice Group Insights Page](#) for more publications.

Conclusion

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