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## **Evolution Of Trade Unionism In India: Historical Trajectory, Legislative Framework & Contemporary Relevance**

*Authored by:*

R.V.Shalini , B.A.LL.B (3<sup>rd</sup> Year ), Dhana Lakshmi Srinivasan University

&

K.Bhavana ,B.A.LL.B (3<sup>rd</sup> Year ), Dhana Lakshmi Srinivasan University

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### ***Abstract***

*The evolution of trade unionism in India reflects a transition from pre-industrial casual labour to modern organised workforce dynamics. This paper traces the growth of labour organisations from early factory systems to post-independence union federations, examines key legislative milestones like the Trade Unions Act 1926 and the Industrial Disputes Act 1947, and evaluates the continuing relevance of unions in an era of economic liberalisation and gig employment.*

**Keywords:** *trade union, labor law, Trade Unions Act 1926, Industrial Disputes Act 1947, workers' rights, industrialization, collective bargaining, union federations, labor welfare, Indian labor history*

## 1. Introduction

The emergence of trade unions is closely linked to industrial and economic transformation. During the 18th and 19th centuries, the Industrial Revolution in Great Britain led to the replacement of traditional cottage industries with the **factory system**, which resulted in large-scale production and substantial increases in workforce size. However, the new industrial environment eroded personal relationships between workers and employers, leading to impersonal, exploitative, and profit-centric employment models. Workers faced extremely poor working conditions, including unsafe factories, unhygienic environments, excessively long hours, insufficient pay, and lack of job security.

In India, similar circumstances developed under British rule when large manufacturing centres such as Bombay, Madras and Calcutta began expanding in the mid-19th century. With the absence of labour protections, Indian workers endured exploitative treatment and had minimal bargaining power. This context necessitated collective action, thereby laying the foundation for the trade union movement as a mechanism of organised resistance and social justice.

## 2. HISTORICAL PHASES OF TRADE UNION DEVELOPMENT IN INDIA

### 2.1 First Phase (1850–1900): Early Beginnings and Pre-Union Associations

The first phase marks the initial consciousness among workers due to deteriorating economic and workplace conditions. With rapid industrial growth, workers demanded basic rights related to wages, safety and working time. In response to persistent worker grievances, the British Government enacted initial regulatory legislation such as the **Factories Act 1881**, later amended in 1891, which restricted child labour and improved safety standards.<sup>1</sup>

During this period, several local-level worker organisations emerged, including the **Bombay Mill-Hands Association** founded by N.M. Lokhande in 1890, which is considered one of the earliest labour organisations in India.<sup>2</sup> Although these bodies lacked legal status and bargaining power, they played a

<sup>1</sup> Factories Act 1881; Factories Act 1891.

<sup>2</sup> Bombay Mill-Hands Association (1890).

crucial role in educating and mobilising workers, demonstrating the collective strength necessary for large-scale worker organisation.

## 2.2 Second Phase (1900–1946): Organisation, Political Mobilisation & Nationalism

The second phase witnessed a transition from fragmented labour groups to structured trade unions with national political influence. The **Russian Revolution of 1917** promoted socialist and communist ideologies worldwide and inspired Indian workers to assert collective rights.<sup>3</sup> Growing inflation and economic hardships after World War I resulted in numerous strikes demanding fair wages and humane working conditions.

The period also saw increasing nationalist involvement. Political leaders such as **Bal Gangadhar Tilak, Lala Lajpat Rai, Mahatma Gandhi and B.P. Wadia** actively participated in labour mobilisation. In 1920, the **All India Trade Union Congress (AITUC)** was established, the first national federation of trade unions, laying the foundation for formal labour movement infrastructure.<sup>4</sup>

In 1919, the establishment of the **International Labour Organization (ILO)** strengthened global labour protection norms, influencing India's labour movement through international pressure.<sup>5</sup> Gandhi's approach of peaceful resistance shaped worker activism, such as in the Ahmedabad Mill Strike, transformed into Satyagraha.<sup>6</sup>

By the late 1930s and the Second World War era, industrial disputes increased, leading to state recognition of unions and welfare initiatives aimed at maintaining wartime production.

## 2.3 Third Phase (Post-1947): Institutionalisation and Political Unionism

Post-independence trade unionism entered its institutional phase. Partition significantly disrupted labour structures in industrial regions such as Punjab and Bengal. However, by 1949, major federations became active, including:

<sup>3</sup> V.I. Lenin, *The State and Revolution* (1917).

<sup>4</sup> All India Trade Union Congress (AITUC), History <[www.aituc.net](http://www.aituc.net)> accessed 5 December 2025.

<sup>5</sup> International Labour Organization (ILO), *Constitution* (1919).

<sup>6</sup> Gandhi M.K., *Ahmedabad Mill Strike*, 1918.

- All-India Trade Union Congress (AITUC),
- Indian National Trade Union Congress (INTUC),
- Hindu Mazdoor Sangh (HMS),
- United Trade Union Congress (UTUC).

Unions became closely aligned with political parties; for example, INTUC with the Indian National Congress and AITUC with the Communist Party of India.<sup>7</sup> While politicisation strengthened national representation, it also fragmented the movement, reducing unity and bargaining power.

With economic liberalisation post-1991, privatisation and contract labour trends increased, creating challenges for unions in retaining membership and influence.

### 3. Legislative and Statutory Framework

The legal evolution of trade unions in India is closely connected with the development of protective labour legislation that aimed to safeguard workers from exploitation and to establish structured mechanisms for regulating industrial relations. The early phase of industrialisation lacked regulatory control, allowing employers to exercise extensive authority over labourers. The enactment of labour laws provided workers and unions with legal recognition, protected collective bargaining rights, and introduced welfare standards essential for industrial democracy. The key legislative frameworks shaping the labour movement in India are discussed below.

#### 3.1 Trade Unions Act 1926

The **Trade Unions Act 1926** was the first comprehensive legislation providing statutory recognition to trade unions in India. It defined procedures for registration, internal governance, and functional accountability of unions and conferred crucial immunities on registered trade unions, protecting them from criminal conspiracy charges during lawful strikes and collective disputes.<sup>8</sup> The Act marked a turning point by granting trade unions a legal identity capable of owning property, entering contracts,

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<sup>7</sup> Report of the National Commission on Labour (1969).

<sup>8</sup> *The Trade Unions Act 1926*, No 16 of 1926 (India).

and representing workers in industrial negotiations.<sup>9</sup> It institutionalised the right to collective bargaining and promoted democratic representation within workplaces.<sup>10</sup>

### 3.2 Industrial Disputes Act 1947

The **Industrial Disputes Act 1947** was enacted to resolve industrial unrest and promote peaceful settlement of disputes between employers and workers through mechanisms such as conciliation, arbitration, and adjudication.<sup>11</sup> It regulates strikes and lockouts in public utility and essential service establishments and prohibits unfair labour practices by employers, trade unions, and workers.<sup>12</sup> The Act strengthened the institutional framework of industrial relations and established permanent judicial bodies such as Labour Courts and Industrial Tribunals to resolve conflicts efficiently.<sup>13</sup>

### 3.3 Factories Act 1948

The **Factories Act 1948** introduced extensive standards regarding safety, health and welfare of workers employed in factories, imposing obligations on employers regarding workplace hygiene, ventilation, safe machinery operation, first aid, and emergency systems.<sup>14</sup> It regulated maximum daily and weekly working hours, rest intervals, and night work, and restricted employment of women and children in hazardous environments.<sup>15</sup> Enforcement by factory inspectors strengthened regulatory monitoring and reduced risk of workplace injuries, thereby improving labour relations awareness and supporting collective bargaining strength among workers.<sup>16</sup>

### 3.4 Minimum Wages Act 1948

The **Minimum Wages Act 1948** was enacted to ensure that workers receive fair remuneration and to prevent exploitation of labour particularly in unorganised sectors.<sup>17</sup> It empowers the Central and State

<sup>9</sup> NK Ambasht, *Industrial Relations in India* (Himalaya Publishing House 2019) 112.

<sup>10</sup> Ramaswamy R, 'Legal Status of Trade Unions under Indian Labour Law' (2015) 4 *International Journal of Law and Legal Jurisprudence* 45.

<sup>11</sup> The Industrial Disputes Act 1947, No 14 of 1947 (India).

<sup>12</sup> S Nitray, *Industrial Law* (LexisNexis 2020) 214.

<sup>13</sup> *Bharat Petroleum Corporation Ltd v Maharashtra General Kamgar Union* (1999) 1 SCC 626.

<sup>14</sup> The Factories Act 1948, No 63 of 1948 (India).

<sup>15</sup> T Seth, 'Labour Safety Regulation in Indian Industries' (2017) 9(3) *Journal of Labour and Industrial Safety* 32.

<sup>16</sup> *Consumer Education and Research Centre v Union of India* (1995) 3 SCC 42.

<sup>17</sup> The Minimum Wages Act 1948, No 11 of 1948 (India).

Governments to fix and revise wage rates and mandates equal remuneration irrespective of gender.<sup>18</sup> Failure to pay minimum wages is an offence punishable under the Act, and workers may approach labour courts for recovery of unpaid wages.<sup>19</sup> The Act remains a cornerstone of labour welfare legislation aimed at eliminating poverty wages and strengthening dignity and social justice for labourers.

#### 4. Influence of Global Philosophies and International Labour Frameworks

The growth of the trade union movement in India cannot be understood in isolation from global ideological and institutional developments. The spread of **socialist and communist philosophies** during the late nineteenth and early twentieth centuries played a central role in shaping labour consciousness. These ideologies emphasised the abolition of class oppression, redistribution of wealth, workers' ownership of production, and the right to engage in collective bargaining against capitalist exploitation.<sup>20</sup> As these ideas spread worldwide through political revolutions and workers' uprisings, Indian labour organisations increasingly adopted demands aligned with international working-class struggles.

The **Russian Revolution of 1917**, led by Lenin, significantly inspired Indian labour leaders, encouraging them to move from philanthropic initiatives to organised political unionism.<sup>21</sup> This event fostered a sense of empowerment, class identity and mass mobilisation among Indian labourers, who began demanding socio-economic reforms beyond mere wage issues. Socialist leaders such as M.N. Roy, S.A. Dange and Narayan Meghaji Lokhande helped in shaping early trade union strategies in India by integrating anti-colonial nationalism with working-class solidarity.<sup>22</sup> The establishment of the **International Labour Organization (ILO) in 1919** also had a profound influence on Indian industrial relations. As a founding member of the ILO, India became part of an international system of labour standards focused on decent working conditions, the right to association and collective bargaining, elimination of forced labour, and equality of opportunity.<sup>23</sup> Ratified ILO conventions played a guiding role in shaping Indian labour legislation and helped institutionalise the principles of social justice at the national level.<sup>24</sup>

<sup>18</sup> Minimum Wages (Central) Rules 1950 (India).

<sup>19</sup> S Rao, Indian Labour and Social Welfare Laws (Central Law Publications 2021) 89.

<sup>20</sup> D Prasad, Theory of Labour Movement (Oxford University Press 2018) 78.

<sup>21</sup> S Dange, History of the Indian Trade Union Movement (People's Publishing House 1980) 44.

<sup>22</sup> N Rao, 'Influence of Socialist Ideology on Trade Unionism in India' (2016) 19 Indian Journal of Industrial Relations 12.

<sup>23</sup> Constitution of the International Labour Organization (1919).

<sup>24</sup> B Sivaram, ILO Conventions and Application in India (ILO Publications 2004) 22.



Additionally, the emergence of global movements for worker solidarity, such as the World Federation of Trade Unions (WFTU) and International Trade Union Confederation (ITUC), enabled Indian unions to build international alliances, obtain training and support for collective negotiations, and participate in global campaigns against worker exploitation.<sup>25</sup> These influences strengthened Indian trade unions and encouraged reforms in labour administration and industrial democracy.

## 5. Contemporary Challenges and Emerging Dynamics

While trade unions historically played a transformative role in shaping labour rights, the modern economic landscape presents new and complex challenges. Globalisation and liberalisation policies, introduced in India during the 1990s, intensified international competition, increased employer power, and weakened collective bargaining structures in many sectors.<sup>26</sup> Liberalisation encouraged cost-cutting measures such as outsourcing and casualisation, leading to insecure employment contracts and lower union density.

The rise of the gig and platform economy, including companies such as Swiggy, Zomato, Ola, Uber and Amazon, has further disrupted traditional labour relations. Workers in this sector are classified as “independent contractors” rather than employees, which excludes them from statutory benefits such as minimum wages, insurance, maternity protection and collective bargaining rights under existing labour laws.<sup>27</sup> The absence of stable employment has created a major challenge for trade unions seeking to organise these digital labour groups.

Other contemporary issues include the expansion of informal and contractual labour, reducing job security and weakening union representation; rapid technological automation, which threatens employment in manufacturing sectors; and increasing political fragmentation within trade unions, which affects unity and bargaining effectiveness.<sup>28</sup> Declining membership in traditional industries has further diminished union influence.

<sup>25</sup> World Federation of Trade Unions, Annual Report 2020.

<sup>26</sup> A Sinha, Globalisation and Trade Union Decline (Routledge 2019) 98.

<sup>27</sup> Indian Federation of App-based Transport Workers v Union of India Writ Petition (2021).

<sup>28</sup> P Sharma, ‘Trade Union Fragmentation and Political Affiliation in India’ (2021) 34 South Asian Labour Review 61.

To maintain relevance in the evolving labour market, trade unions must adopt new strategies such as digital mobilisation tools, cross-union collaboration, legal advocacy, partnerships with international labour bodies, and representation of workers in informal and gig sectors.<sup>29</sup> Strengthening alliances with human rights organisations, think-tanks and global labour movements can help unions address challenges arising from the digital economy and global corporate structures. The future success of trade unions depends on their ability to balance worker rights with economic competitiveness while promoting inclusive and sustainable labour policies.

## 6. Conclusion

The development of trade unionism in India reflects a historic struggle for dignity, fairness and social justice in the workplace. From early labour revolts to the formation of structured union federations and enactment of key labour laws, trade unions have played a vital role in improving working conditions, securing wage reforms, and institutionalising collective bargaining. However, contemporary labour market transformations require unions to reform and modernise to ensure continued effectiveness. The future of trade unionism depends on balancing protection of worker rights with the demands of a competitive and global economic environment.

Trade unionism remains central to industrial democracy, social equality, and the fundamental rights of workers a struggle still as relevant today as it was a century ago.

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<sup>29</sup> International Labour Organisation, The Future of Work Report (2019).