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Daily news summary**Supreme Court Ruling on Industry Definition under IRC 2020**

UPSC Civil Services · 22 August 2026 · Prelims and Mains

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WHY IN NEWS

- A nine-judge Constitution Bench held that the 1978 Bangalore Water Supply precedent will not automatically apply to the Industrial Relations Code, 2020.

WHAT WAS THE PREVIOUS REGIME?

- **Under the Industrial Disputes Act, 1947**, the Supreme Court's 1978 Bangalore Water Supply judgment established an expansive definition of 'industry'.
- The wide triple-test included hospitals, educational institutions, and statutory bodies under labour dispute resolution mechanisms.

KEY HELD IN THE JUDGMENT

- **Before:** Legacy precedent automatically pulled diverse non-profit and public entities into statutory industrial dispute rules.
- **After:** The Court severed the Industrial Relations Code, 2020 (in force since November 2025) from the 1978 ruling, giving the new code a fresh statutory baseline.

WHY IT MATTERS

- Establishes legal clarity for modern service sectors and statutory bodies under consolidated labour codes.
- Reduces regulatory litigation by preventing automatic application of legacy worker-definition precedents.

KEY TERMS

- **Industrial Relations Code 2020:** A consolidated federal law replacing the **Industrial Disputes Act 1947**, **Trade Unions Act 1926**, and **Industrial Employment Standing Orders Act 1946**.

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PRELIMS FACTS

Industrial Relations Code 2020 consolidates three legacy labor statutes including the **Industrial Disputes Act, 1947**.

MAINS DISCUSSION

- Impact of judicial severance of legacy precedents on labor market flexibility and worker protection.

KEY DATA

- **Parent Statute replaced:** **Industrial Disputes Act, 1947** - Replaced by the Industrial Relations Code 2020 to streamline dispute resolution.
- **Landmark Precedent:** Bangalore Water Supply case (1978) - Set the historical expansive triple-test definition for an 'industry' in Indian law.

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