

Supreme Court Revisits the definition of “Industry”

9-JUDGE BENCH REFORMULATES THE 1978 TRIPLE TEST

In a significant 5:4 verdict, a 9-judge Constitution Bench of the Supreme Court has reformulated the “triple test” laid down in *Bangalore Water Supply v. A. Rajappa* (MANU/SC/0257/1978) for determining what constitutes an “industry” under the Industrial Disputes Act, 1947. The court held that while the broad framework laid down in 1978 judgment continues to hold relevance, the celebrated “triple test” required refinement to prevent an excessively wide application of the term “industry.” The Court accordingly reformulated the test, while clarifying that pending cases under the Industrial Disputes Act would continue to be governed by the 1978 precedent.



What does this mean?

The ruling has a prospective application i.e. the pending cases under the Industrial Disputes Act, 1947 will continue to be decided using the Triple Test laid down in Bangalore Water Supply.

Why was the issue reconsidered?

The 1978 *Bangalore Water Supply* judgment adopted a **broad and functional interpretation** of “industry”, extending the scope of industrial law beyond conventional commercial enterprises to establishments such as hospitals, educational institutions, clubs and welfare-oriented organisations. The Court held that the **existence of a profit motive was not decisive**; instead, the nature of the activity and the employer employee's relationship were central to determining whether an establishment fell within the definition. This expansive interpretation was subsequently questioned in *State of U.P. v. Jai Bir Singh*, (MANU/SC/0360/2005) prompting reconsideration by the 9-Judge Constitution Bench.

What Was the 1978 Triple Test?

The *Bangalore Water Supply* judgment identified three essential elements for determining whether an activity could fall within the meaning of “**industry**” under Section 2(j) of the Industrial Disputes Act, 1947:

- ✓ Systematic Activity
- ✓ Employer–Employee Cooperation
- ✓ Production or Distribution of Goods or Services

The test was applied irrespective of whether the activity was conducted for profit.

Position Under the Industrial Relations Code, 2020

The Supreme Court did not examine or interpret the definition of “industry” under the Industrial Relations Code, 2020. The 2026 ruling is confined to Section 2(j) of the Industrial Disputes Act, 1947, and the Court clarified that its conclusions would have no bearing on the definition under the 2020 Code.

Definition of Industry under Industrial Relations Code, 2020

Section 2(p) of the Industrial Relations Code, 2020 defines the term “industry” to mean any systematic activity carried on by cooperation between an employer and worker for the production, supply, or distribution of goods or services.

Key Takeaway

*The judgment **clarifies the jurisprudence under the Industrial Disputes Act, 1947**, without altering the meaning of “industry” under the **Industrial Relations Code, 2020**. Disputes under the 1947 Act remain governed by the applicable Bangalore Water Supply framework, while matters under the 2020 Code must be examined independently according to its statutory definition and provisions.*

