UG BA S6-01 (DSC)

INDUSTRIAL RELATIONS

SEMESTER - VI

BUSINESS ADMINISTRATION

KRISHNA KANTA HANDIQUI STATE OPEN UNIVERSITY

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BACHELOR IN BUSINESS ADMINISTRATION

INDUSTRIAL RELATIONS

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COURSE INTRODUCTION

The course “Industrial Relation” of B.B.A. 6th semester is a discipline specific course which will focus on the different aspects of issues related to Human resource in an industry or in an organistaion. So, this course will help you in gaining knowledge which you have to be applied in solving the complicated problems of Industrial Relations.

The course has 15 units which deals with the Industrial Relations: An Introduction, Theoretical framework of Industrial Relations, Industrial Workers, Trade Unions,Industrial dispute and Employee Grievance, Organizational Discipline, Machinery for prevention and settlement of Industrial Dispute and Collective Bargaining and also it concentrates on Labour welfare and Social Security, Workers participation in Management, laws related to Employee Relations,Industrial Health, Concept of Wages, Technology and Indistrail Relations and India & ILO.

Each unit of these course includes some along-side boxes to help you know some of the difficult, unseen terms. Some “EXERCISES” have been included to help you apply your own thoughts. You may find some boxes marked with: “LET US KNOW”. These boxes will provide you with some additional interesting and relevant information. Again, you will get “CHECK YOUR PROGRESS” questions. These have been designed to self-check your progress of study. It will be helpful for you if you solve the problems put in these boxes immediately after you go through the sections of the units and then match your answers with “ANSWERS TO CHECK YOUR PROGRESS” given at the end of each unit. you in making your learning more active and efficient. And, at the end of each section, you will get “CHECK YOUR PROGRESS” questions. These have been designed to self-check your progress of study.

The structure of the course is as follows :

UNIT 1 : Industrial Relations: An Introduction

UNIT 2 : Theoretical framework of Industrial Relations

UNIT 3 : Industrial Workers

UNIT 4 : Trade Unions

UNIT 5 : Industrial dispute and Employee Grievance

UNIT 6 : Organizational Discipline

UNIT 7 : Machinery for prevention and settlement of Industrial Dispute

UNIT 8 : Collective Bargaining

UNIT 9 : Labour welfare and Social Security

UNIT 10 : Workers Participation in Management

UNIT 11 : Laws related to Industrial Relations

UNIT 12 : Industrial Health

UNIT 13 : Concept of Wages

UNIT 14 : Technology and Industrial Relations

UNIT 15 : India and ILO

UNIT 1: INDUSTRIAL RELATIONS: AN INTRODUCTION

UNIT STRUCTURE

1.1 Learning Objectives

1.2 Introduction

1.3 Meaning and Definition of Industrial Relations (IR)

1.4 Evolution of Industrial Relations (IR)

1.5 Approaches to Industrial Relations (IR)

1.6 Trade Unionism

1.7 Bipartite and Tripartite Bodies

1.8 Industrial Disputes

- 1.8.1 Causes of Industrial Disputes
- 1.8.2 Nature of Industrial Dispute
- 1.8.3 Classification of Industrial Dispute

1.9 Let Us Sum Up

1.10 Further Reading

1.11 Answers To Check Your Progress

1.12 Model Questions

1.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- define the meaning of the term Industrial Relations
- phase out the evolution of the theory and practice of Industrial Relations
- learn various popular approaches to the practice of Industrial Relations
- discuss the meaning, role and need for Trade Unionism
- distinguish between Bipartite and Tripartite Bodies with regard to Industrial Disputes.

1.2 INTRODUCTION

This is the first unit of the course Industrial Relations. In this unit, we are going to discuss the meaning of Industrial Relations the evolution of the theory and practice of Industrial Relations.

Basically, IR sprouts out of employment relation. It is a dynamic and developing socio-economic process. Though Independent India got an opportunity to restructure the industrial

relations system the colonial model of IR remained in practice for sometimes due to various reasons like the social, political and economic implications of partition, social tension, continuing industrial unrest, communist insurgency, conflict, and competition in the trade union movement. In the process of consultation and confrontation, gradually the structure of the Industrial Relations System (IRS) evolved.

Like other behavioural subjects, both the scenario of IR and factors affecting it are perceived differently by different behavioural practitioners and theorists. For example, while some perceive IR in terms of class conflict, others view it in terms of mutual co-operation, yet others understand it related to competing interests of various groups and so.

Owing to this widening purview of Industrial Relations as a subject matter of research and study, it becomes significant to understand the subject from its basic concepts in context to realistic industrial environment. This unit, therefore, attempts to throw light upon certain very preliminary concepts of Industrial Relations intending at creation of a stronger hold on the subject.

At the end of this unit we will get a fair idea about learn various popular approaches to the practice of Industrial Relations.

1.3 MEANING AND DEFINITION OF INDUSTRIAL RELATION (IR)

Armstrong has defined IR as “IR is concerned with the systems and procedures used by unions and employers to determine the reward for effort and other conditions of employment, to protect the interests of the employed and their employers and to regulate the ways in which employers treat their employees.”

According to Dale Yoder, “IR is a designation of a whole field of relationship that exists because of the necessary collaboration of men and women in the employment processes of Industry”.

In the opinion of V. B. Singh “Industrial relations are an integral aspect of social relations arising out of employer-employee interaction in modern industries which are regulated by the State in varying degrees, in conjunction with organised social forces and influenced by the existing institutions. This involves a study of the State, the legal system, and the workers’ and employers’ organizations at the institutional level; and of the patterns of industrial organisation (including management), capital structure (including technology), compensation of the labour force, and a study of market forces all at the economic level”.

Encyclopedia of Britannica defined IR more elaborately as “The concept of industrial relations has been extended to denote the relations of the state with employers, workers, and other organisations. The subject, therefore, includes individual relations and joint consultation between employers and workers at their places of work, collective relations between employers and trade unions; and the part played by the State in regulating these relations”.

1.4 EVOLUTION OF INDUSTRIAL RELATION (IR)

IR is a dynamic subject in nature. The nature of IR can be seen as an outcome of complex set of transactions among the major players such as the employers, the employees, the trade union, and the state in a given socio-economic context. In other words, a change in the nature of IR has become sine quo non with change in the socio-economic context of a country.

Keeping this fact in view, IR in India has been discussed under the following two time phases:

1. Pre- Independence Era
2. Post-Independence Era

1. Pre-Independence Era:

The structure of the colonial economy, the labour policies of colonial government, the ideological composition of the political leadership, the dynamics of political struggle for independence, and so on shaped the colonial model of industrial relations in India during the pre-independence era. At that time, even union movement was considered an important part of the independence movement.

But what became evident was that the colonial dynamics of the union movement, the ambivalence of the native capital and the experience of the outside political leadership acted as a hindrance to the process of building up of industrial relations institutions. Moreover, factors like the ideology of Gandhian class harmony, late entry of leftists and the bourgeois character of congress also weakened the class approach to the Indian society and industrial conflict. Thus, till the Second World War, the attitude of the colonial government toward industrial relations was a passive regulator only. It was the economic emergence of the Second World War that altered the colonial government’s attitude towards industrial relations.

State intervention began in the form of introduction of several war time measures like the Defense of India Rules (Rule 81- A), National Service (Technical Personnel) Ordinance, and the Essential Service (Maintenance) Ordinance. As such, the colonial government imposed

extensive and pervasive controls on industrial relations by the closing years of its era. The joint consultative institutions were established primarily to arrive at uniform and agreeable labour policy.

Close to India's independence, several instances that served as threshold plank for IR during post Independence era could be evidenced. To mention a few were passing of Indian Trade Unions (Amendment) Act, 1947, Industrial Employment (Standing Orders) Act 1946, Bombay Industrial Relations Act, 1946, and Industrial Disputes Act, 1947 and split in AITUC and formation of INTUC.

2. Post-Independence era:

The colonial model of IR remained in practice for sometime even after independence due to various reasons like the social, political and economic implications of partition, social tension, continuing industrial unrest, communist insurgency, conflict, and competition in the trade union movement. However, gradually, owing to consultations and discussions, the structure of the Industrial Relations System (IRS) evolved.

State intervention in the IRS was a part of the interventionist approach to the management of industrial economy. Several considerations like unequal distribution of power in the labour market, neutrality of the state, incompatibility of free collective bargaining institution with economic planning etc. provided moral justification for retaining state intervention in the IRS. However state intervention does not mean suppression of trade unions and collective bargaining institution. In fact, state intervention and collective bargaining were considered as complementary to each other. Gradually, various tripartite and bipartite institutions were introduced to supplement the state intervention in the IRS.

The tripartite process was considered an important instrument of involving participation of pressure groups in the state managed system. Non-formal ways evolved intending to do away with the flaws of the formal system. But the political and economic forces in the mid 1960s aggravated industrial conflict and rendered non-formal system ineffective. In the process of reviewing the system, National Commission on Labour (NCL) was appointed in 1966.

Several committees were appointed to suggest measures for reforming the IRS – as a result of which tripartism was revived in the 1980s. Government passed the Trade unions and the Industrial Disputes (Amendment) Bill, 1988. But, it also proved yet another legislative disaster as it was severely criticised by the left parties.

Consequently, the tripartite deliberations held at the ILC in 1990 decided three measures to reform IR in India:

(i) To withdraw the Trade Union and the Industrial Disputes (Amendment) Bill, 1988.

(ii) To constitute a bipartite committee of employers and unions to formulate proposals for a comprehensive legislation.

(iii) To consider the possibility of formulating a bill on workers' participation in management, 1990. In the 33rd session of ILC, another bipartite committee was constituted to recommend changes in the TU and ID Acts. The government introduced a Bill on Workers, Participation in Management in Parliament in 1990.

In sum, it can be said that one of the primary features of the history of IR in India has been that it is dynamic in nature. Particularly since liberalization in 1991, IR in India has seen many new challenges like emergence of a new breed of employees (popularly termed as 'knowledge workers'), failure of trade union leadership, economic impact, and employers' insufficient response.

CHECK YOUR PROGRESS

Q 1: Define IR.

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Q 2: What are the two time phases IR in India?

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1.5 APPROACHES TO INDUSTRIAL RELATION (IR)

The IR scenario and its influencers and/or determinants are perceived differently by different behavioural practitioners and theorists. For example, while some perceive IR in terms of class conflict, others view it in terms of mutual co-operation, and yet others understand it as related to competing interests of various groups.

Based on these perceptions, the behavioural theorists have developed some approaches to explain the IR dynamics.

The popular approaches to IR are:

1. Unitary Approach
2. Pluralistic Approach

3. Marxist Approach

Let us now discuss the approaches in the following ways:

1. **Unitary Approach:** The Unitary approach to IR is based on the assumption that every one- employee, employer or government-benefits when the emphasis is on a common interest. In other words, under this approach, the foundation of IR rests on mutual co-operation, team work, shared goal, and so on.The Unitary Approach views conflict at work place as a temporary aberration resulting from poor management or mismanagement of employees. Under other conditions, it projects employees usually accepting of and cooperating with management. Conflict in the form of strikes is disregarded as it is considered destructive.
2. **Pluralistic Approach:** Pluralist Approach is, however, quite a departure from the Unitary Approach of IR. This approach was evolved and practiced in mid 1960s and early 1970s in England. A. Fox, one of the major contributors to this Approach, perceived that organisation is a coalition of competing interest groups mediated by the management. At times, it may so happen that management in its mediating role may pay insufficient attention to the needs and claims of employees.

   Employees, under such a situation, may unite in the form of trade unions to protect their needs and claims. This encouraged trade unions to become legitimate representatives of employees in anorganisation. This has resulted in the system of IR beingruled by concessions and compromises between management and trade unions.

   Conflict between employees and management has been considered as not only inevitable but also necessary. Normally, employees are not found to be that forceful in the negotiation process as is the management. Therefore, there exists a tendency among employees to join trade unions so as to negotiate with management on equal terms to protect their interests.

   However, the basic assumption of this approach that, employees and management do not arrive at an acceptable agreement, do not hold good in a free society as inspite of a society being free, power distribution may not necessarily be equal among the competing forces.
3. **Marxist Approach:** Like Pluralists, Marxists also view conflict between labour and management as inevitable. But unlike pluralists, theyregard conflict as a product of the capitalist society based on classes. According to Marxists conflict arises because of division within the society in terms of the ‘haves’ i.e., capitalists and the ‘have not’s i.e.,

labour. The main objective of capitalists has been to improve productivity by paying minimum wages to labour. On the other hand, the labour views this as their exploitation by the capitalists.

The Marxists do not welcome state intervention as, in their view, it usually supports management's interest. They debate that the pluralistic approach is supportive of capitalism and the unitary approach is looked upon as an anathema. Hence, the labour-capital conflict, according to this approach, cannot be solved by bargaining, participation and cooperation.

As such, the role of trade union comes in and is seen as a reaction to exploitation by capitalists along with being a weapon to bring a revolutionary social change by changing capitalistic system. So as to serve this purpose, coercive powers such as strikes, gherao, etc. are exercised by the labour against capitalists.

Apart from the above three, some other approaches to IR include the following:

1. **The Industrial Sociology Approach:** G. Margerison, an industrial sociologist, opines that the core of industrial relations is the nature and development of the conflict itself. According to him, conflict is the basic concept that should form the basis of the study of industrial relations. He critised the prevalent approach to industrial relations stating that it was more concerned with studying the resolution of industrial conflict than its generation and focused upon the consequences of industrial disputes than their causes. According to this school of thought, there are two major conceptual levels of industrial relations. The first being the intra-plant level where situational factors, such as job content, work task and technology, and interaction factors produce three types of conflict – distributive, structural, and human relations. These types of conflicts are resolved through collective bargaining, structural analysis of the socio-technical systems and man-management analysis respectively. The second level is outside the firm and is primarily concerned with the conflicts not resolved at the intra-organisational level. This approach rejects the special emphasis given to rule determination by the "Systems and Oxford models". Rather, it suggests a method of inquiry, which attempts to develop sociological models of conflicts.
2. **The Oxford Approach:** As per this approach, the industrial relations system is a study of institutions of job regulations and the stress is on the substantive and procedural rules as in Dunlop's model. Flanders, the exponent of this approach, considers every business enterprise as a social system of production and distribution having a structured

pattern of Conceptual Framework of relationships. The "institution of job regulation" is categorised by him as internal and Employment Relations as external. While the former is an internal part of the industrial relations system such as code of work rules, wage structure, internal procedure of joint consultation, and grievance procedure; trade unions are considered as an external organization.Flanders excludes collective agreements from the sphere of internal regulation. According to him, collective bargaining is central to the industrial relations system.

The "Oxford Approach" can be expressed in the form of an equation:

r = f (b) or r = f (c)

where,

r = the rules governing industrial relations

b = collective bargaining

c = conflict resolved through collective bargaining.

The "Oxford Approach" can be criticised on the ground that it is too narrow to provide a comprehensive framework for analysing industrial relations problems as it over emphasises the significance of the political process of collective bargaining and gives insufficient weight to the role of the deeper influences in the determination of rules. While institutional and power factors are viewed as of paramount importance, variables such as technology, market, status of the parties, and ideology, are not given any prominence at all. This narrowness of approach constitutes a severe limitation.

3. **The Action Theory Approach:** The action theory approach takes the collective regulation of industrial labour as its focal point just like the systems model. The actors operate within a framework, which can at best be described as a coalition relationship. The actors, it is claimed, agree in principle to cooperate in the resolution of the conflict, their cooperation taking the form of bargaining. Thus, this theory analyses industrial relations focusing primarily on bargaining as a mechanism for the resolution of conflicts. While the systems model of industrial relations constitutes a more or lesscomprehensive approach, it is hardly possible to speak of one uniform action theory concept.

4. **The Human Relations Approach:** As stated by Keith Davies, human relations are "the integration of people into a work situation that motivates them to work together productively, cooperatively and with economic, psychological and social satisfactions." He perceives the goals of human relations are: (a) to get people to produce, (b) to cooperate through mutuality of interest, and (c) to gain satisfaction from their relationships. The human

relations school founded by Elton Mayo and later propagated by Roethlisberger, Whitehead, W.F. Whyte, and Homans offers a coherent view of the nature of industrial conflict and harmony. It highlights certain policies and techniques to improve employee morale, efficiency and job satisfaction along with encouraging small work groups to exercise considerable control over the environment , thereby helping to remove a major irritant in labour-management relations. However, some of its viewswere criticised by Marxists, Pluralists, and others on the ground that it encouraged dependency and discouraged individual development, and ignored the importance of technology and culture in industry. Given these criticisms, however, it must be admitted that the human relations school has thrown a lot of light on certain aspects such as communication, management development, acceptance of workplace as a social system, group dynamics, and participation in management.

5. **The Gandhian Approach:** Gandhiji can be called one of the greatest labour leaders of modern India. His approach to labour problems was completely new and refreshingly human. He held definite views regarding fixation and regulation of wages, organisation and functions of trade unions, necessity and desirability of collective bargaining, use and abuse of strikes, labour indiscipline, workers participation in management, conditions of work and living, and duties of workers. The Ahmedabad Textile Labour Association, a unique and successful experiment in Gandhian trade unionism, implemented many of his ideas. Gandhiji had immense faith in the goodness of man and he believed that many of the evils of the modern world have been brought about by wrong systems and not by wrong individuals. He insisted on recognising each individual worker as a human being and believed in non-violent communism. He also laid down certain conditions necessary for a successful strike like:**(a)** the cause of the strike must be just and there should be no strike without a grievance;**(b)** there should be no violence; and **(c)** non-strikers or “blacklegs” should never be molested. He was not against strikes but pleaded that they should be the last weapon in the armoury of industrial workers and hence should not be resorted to unless all peaceful and constitutional methods of negotiations, conciliation and arbitration are exhausted.

Gandhiji’s concept of trusteeship is a significant contribution in the sphere of industrial relations. He stated that employers should not regard themselves as sole owners of mills and factories of which they may be the legal owners. Rather, they should regard themselves only as trustees, or co-owners. He also appealed to the workers to

behave as trustees, not to regard the mill and machinery as belonging to the exploiting agents but to regard them as their own, protect them and put to the best use they can. The theory of trusteeship, can therefore, be said to be based on the view that all forms of property and human accomplishments are gifts of nature and as such, they belong not to any one individual but to society. This approach aimed at achieving economic equality and the material advancement of the "have-nots" in a capitalist society by non-violent means.

Gandhiji realised that relations between labour and management can either be a powerful stimulus to economic and social progress or an important factor in economic and social stagnation. Industrial peace was recognized as an essential condition not only for the growth and development of the industry, but also as a great measure, for the improvement in the conditions of work and wages. At the same time, he not only endorsed the workers' right to adopt the method of collective bargaining but also actively supported it. He advocated voluntary arbitration and mutual settlement of disputes and pleaded for perfect understanding between capital and labour, mutual respect, recognition of equality, and strong labourorganisation as the essential factors for happy and constructive industrial relations.

6. **Human Resource Management Approach:** The term, Human Resource Management (HRM)finds application in a diverse range of management strategies, which includes personnel or industrial relations management. Some of the components of HRM are: (i) human resource organisation; (ii) human resource planning; (iii) human resource systems; (iv) human resource development; (v) human resource relationships; (vi) human resource utilisation;(vii) human resource accounting; and (viii) human resource audit. This approach emphasizes upon individualism and direct relationship between management and its employees. Therefore, it questions the collective regulation basis of traditional industrial relations.

1.6 TRADE UNIONISM

Labour unions or trade unions are organizations formed by workers from related fields that work for the common interest of its members. They help workers in issues like fairness of pay, good working environment, hours of work and benefits. They represent a cluster of workers and provide a link between the management and workers.

The purpose of labour unions is to look into the grievances of wagers and act as the

medium of communication between the workers and management.

Regulation of relations, settlement of grievances, raising new demands on behalf of workers, collective bargaining and negotiations are the other key principle functions that these trade unions perform.

The Indian Trade Union Act, 1926, is the principle Act which controls and regulates the mechanism of trade unions. In India, political lines and ideologies influence trade union movements.

The trade unionism movement originated in the 19th century in Great Britain, continental Europe, and the United States. In many countries it is seen as synonymous with the term *labour movement*. Smaller associations of workers started appearing in Britain in the 18th century, but they remained sporadic and short-lived through most of the 19th century. This was partially due of the hostility they encountered from employers and government groups that resented this new form of political and economic activism. Unions and unionists, during those days, were regularly prosecuted under various restraint-of-trade and conspiracy statutes in both Britain and the United States.

While union organizers in both countries faced similar obstacles, their approaches evolved quite differently: while the British movement favoured political activism, which led to the formation of the Labour Party in 1906, on the other hand, American unions pursued collective bargaining as a means of winning economic gains for their workers. British unionism received its legal foundation in the Trade-Union Act of 1871. However, in the United States the same effect was achieved more slowly and uncertainly, by a series of court decisions that whittled away at the use of injunctions, conspiracy laws, and other devices against unions.

CHECK YOUR PROGRESS

Q 3: What are the popular approaches to IR ?

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Q 4: What is The Gandhian Approach ?

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Q 5: What is Trade Union ?

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1.7 BIPARTITE AND TRIPARTITE BODIES

Bipartite Bodies

Bipartism is a system of industrial relations where social and labour issues are discussed between trade unions and management, usually at the enterprise level. Bipartite machinery comprises of two important constituents - the works committees and the joint management councils. These are purely consultative, and not negotiating, joint machineries- with equal representation of the employers and the workers –set up exclusively for dealing with disputes affecting the plant or industry.

Bipartite consultative machinery was first recognized as important around 1920, when a few joint committees were set up in the presses controlled by the Government of India. These committees were also introduced in Tata Iron and Steel Company at Jamshedpur. The First-Five- Year Plan of India also highlighted the importance of bipartite bodies by specifically stating that - “There should be the closest collaboration, through the consultative committee at all levels, between employers and employees for the purpose of increasing production, improving quality, reducing cost and eliminating waste.

Below is a discussion on the two important constituents of bipartite mechanisms, as finds mention above -

a. ***Works Committees:*** These committees have been regarded as the most effective social institutions of industrial democracy and as a statutory body, established within the industrial units with representatives of the management and workmen, for preventing, and settling industrial disputes at the unit level. Works Committees can be formed by any enterprise, employing 100 or more workers. The objectives of such committees are: (i) To remove the causes of friction in the day-to-day work situation by providing an effective grievances-resolving machinery; (ii) To promote measures securing amity and good relationship; (iii)To serve as a useful adjunct in establishing continuing bargaining relationship; and (iv)To strengthen the spirit of voluntary settlement, rendering recourse to conciliation, arbitration and adjudication rather infrequent; for these are achieved by commenting upon matters of concern or endeavour to compose any material difference of opinion in respect of such matters.

b. ***Joint Management Council:*** The Joint Management Councils give labour a greater sense of participation and infuse a spirit of cooperation between the two parties without

encroaching upon each other's sphere of influence, rights and prerogatives. They provide a scope for close mutual interaction between labour and management with emphasis on generating a co-operative atmosphere for negotiation and settlement. These committees also aim at making the will of the employees effective in the management; ensure the operation of the private-owned concern in conformity with national interests and provide for a popular agency for supervising the management of nationalized undertakings. In brief, such committees try to promote industrial goodwill and harmonious relations through better understanding of employees by management and of management by workers.

Tripartite Bodies

Tripartismcan be best described as a system of labour relations in which the state, employers, and workers are autonomous yet interdependent partners, pursuing common interests and participating in decisions affecting them in a binding spirit of mutuality and reciprocity. This can take place at either or both macro and micro levels. Tripartite consultation is an important feature of India's industrial relations system. In India, the system originated way back in as 1942. The two main forums for Tripartite Consultationin the country are the Indian Labour Conference (ILC) and the Standing Labour Committee (SLC). The objectives of Tripartite Consultation include the following:

i. to promote uniformity in labour legislation.

ii. to lay down a procedure of industrial disputes.

iii. to consider matters of importance to both the managements and labour.

There are a number of tripartite bodies which operate at the Central and State levels. The Indian Labour Conference, Standing Labour Committees, Wage Boards and Industrial Committees operate at the Central level and State Labour Advisory Boards operate at the state level. All these bodies play an important role in reaching at voluntary agreements on various labour matters. Though the recommendations of these bodies are only advisory in nature they carry considerable weight with the government, workers and employers.

1.8 INDUSTRIAL DISPUTES

According to Sec. 2 of the Industrial Dispute Act, 1947, "Industrial dispute means any dispute or difference between employees and employers or between employers and workmen or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour of any person" Industrial

disputes are of symptoms of industrial unrest in the same way that boils are symptoms of a disordered body.

Whenever an industrial dispute occurs, both management and workers try to pressurize each other. The management may resort to lock-out and the workers may resort to strike, gherao, picketing, etc.

1. **Strike:** Strike is a very powerful weapon used by a trade union to get its demands accepted. It means quitting work by a group of workers for the purpose of bringing pressure on their employer to accept their demands. According to Industrial Disputes Act, 1947, "Strike means a cessation of work by a body of persons employed in any industry acting in combination, or a concerted refusal or a refusal under a common understanding of any number of persons who are or have been so employed, to continue to work or to accept employment."

   There are many types of strikes. A few of them are discussed below:

   i. **Economic Strike:** Under this type of strike, members of the trade union stop work to enforce their economic demands such as wages, bonus, and other conditions of work.

   ii. **Sympathetic Strike:** The members of a union collectively stop work to support or express their sympathy with the members of other unions who are on strike in the other undertakings.

   iii. **General Strike:** It means a strike by members of all or most of the unions in a region or an industry. It may be a strike of all the workers in a particular region of industry to force demands common to all the workers. It may also be an extension of the sympathetic strike to express general protest by the workers

   iv. **Sit Down Strike:** When workers do not leave their place of work, but stop work, they are said to be on sit down or stay in strike. It is also known as tools down or pen down strike. The workers remain at their work-place and also keep their control over the work facilities.

   v. **Slow Down Strike:** Employees remain on their jobs under this type of strike. They do not stop work, but restrict the rate of output in an organised manner. They adopt go- slow tactics to put pressure on the employers.

2. **Lock-out:** The Industrial Disputes Act, 1947 has defined lock-out as closing of a place of employment or the suspension of work or the refusal by an employer to continue to employ any number of persons employed by him. It is an act on the part of the employers

to close down the place of work until the workers agree to resume the work on the terms and conditions specified by the employers.

3. **Gherao:** It is a Hindi word which means 'to surround'. It implies a collective action initiated by a group of workers under which members of the management of an industrial establishment are prohibited from leaving the business or residential premises by the workers who block their exit through human barricade.
4. **Picketing:** When workers are dissuaded from reporting for work by stationing certain men at the factory gates, such a step is known as picketing. It is basically a method of drawing the attention of public towards the fact there is a dispute between the management and the workers.

1.8.1 Causes of Industrial Disputes

The causes of Industrial Disputes may of the following reasons:

a. Economic causes, and

b. Non-economic causes.

Economic causes include the following:

(i) Wages,

(ii) Bonus,

(iii) Dearness allowance,

(iv) Conditions of work and employment,

(v) Working hours,

(vi) Leave and holidays with pay, and

(vii) Unjust dismissals or retrenchments.

Non-economic causes include the following:

(i) Recognition of trade unions,

(ii) Victimisation of workers,

(iii) Ill-treatment by supervisory staff,

(iv) Sympathetic strikes,

(v) Political causes, etc.

1.8.2 Nature of Industrial Dispute

The nature of an industrial dispute may be explained thus:

1. According to Section 2A of the Industrial Disputes Act, 1947, a workman has a

right to raise an industrial dispute with regard to termination, discharge, dismissal, or retrenchment of his or her service, even though no other workman or any trade union of workman or any trade union of workmen raises it or is a party to the dispute.

2. The dispute must affect a large number of workmen who have a community of interest and the rights of these workmen must be affected as a class.
3. The dispute must be taken up either by the industry union or by a substantial number of workmen.
4. There must be some nexus between the union and the dispute.

1.8.3 Classification of Industrial Dispute

Industrial Disputes have been classified by the ILO into the following two main types:

1. **Interest Disputes:** Also called 'economic disputes', they arise out of terms and conditions of employment - either out of the claims made by the employees or offers given by the employers. Such demands or offers are generally made with a view to arrive at a collective agreement. Examples of interest disputes are lay-offs, claims for wages and bonus, job security, fringe benefits, etc.
2. **Grievance or Right Disputes:** Grievance or Right disputes arise out of application or interpretation of existing agreements or contracts between the employees and the manage-ment. They relate either to individual worker or a group of workers in the same group.

Such disputes are also called 'individual disputes'. Payment of wages and other fringe benefits, working time, over-time, seniority, promotion, demotion, dismissal, discipline, transfer, etc. are the examples of grievance or right disputes.

Such grievances are often settled through laid down standard procedures like the provisions of the collective agreement, employment contract, works rule or law, or customs /usage in this regard apart from Labour Courts or Tribunals to adjudicate over them.

Although most often industrial disputes are considered as 'dysfunctional' and 'unhealthy', sometimes industrial disputes are beneficial as well. Dispute opens up the minds of employers and motivates and/or induces them to provide better working conditions and emoluments to the workers.

CHECK YOUR PROGRESS

Q 6: Name the different types of industrial disputes.

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Q 7: Define Lock out?

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1.9 LET US SUM UP

- The concept of industrial relations has been extended to denote the relations of the state with employers, workers, and other organisations. The subject, therefore, includes individual relations and joint consultation between employers and workers at their places of work, collective relations between employers and trade unions; and the part played by the State in regulating these relations".
- IR is dynamic in nature. The nature of IR can be seen as an outcome of complex set of transactions among the major players such as the employers, the employees, the trade union, and the state in a given socio-economic context. In a sense, change in the nature of IR has become sine quo non with change in the socio-economic context of a country.
- The three popular approaches to industrial relation are as follows: 1. Unitary Approach 2. Pluralistic Approach 3. Marxist Approach.
- Labour unions or trade unions are organizations formed by workers from related fields that work for the common interest of its members. They help workers in issues like fairness of pay, good working environment, hours of work and benefits. They represent a cluster of workers and provide a link between the management and workers.
- The purpose of these unions is to look into the grievances of wagers and present a collective voice in front of the management. Hence, it acts as the medium of communication between the workers and management.

1.10 FURTHER READING

1) Ratnam C S V, *Industrial Relations*, Oxford University Press, New Delhi, 2013.

2) Monappa A et al, *Industrial Relations and Labour Laws*, 2nd edition, McGraw-Hill Education, India, 2012.

3) Srivastava S C, *Industrial Relations and Labour Laws*, 6th Revised Edition, Vikash Publishing House, India, 2014.

✓1.11 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Armstrong has defined IR as "IR is concerned with the systems and procedures used by unions and employers to determine the reward for effort and other conditions of employment, to protect the interests of the employed and their employers and to regulate the ways in which employers treat their employees".

Ans to Q No 2: IR in India has been discussed under two time phases: Pre- Independence Era and Post-Independence Era

Ans to Q No 3: The popular approaches to IR are: Unitary Approach, Pluralistic Approach and Marxist Approach

Ans to Q No 4: Gandhiji's concept of trusteeship is a significant contribution in the sphere of industrial relations. He stated that employers should not regard themselves as sole owners of mills and factories of which they may be the legal owners. Rather, they should regard themselves only as trustees, or co-owners. He also appealed to the workers to behave as trustees, not to regard the mill and machinery as belonging to the exploiting agents but to regard them as their own, protect them and put to the best use they can.

Ans to Q No 5: Labour unions or trade unions are organizations formed by workers from related fields that work for the common interest of its members. They help workers in issues like fairness of pay, good working environment, hours of work and benefits. They represent a cluster of workers and provide a link between the management and workers.

Ans to Q No 6: The ILO has classified the industrial disputes into two main types. They are: Interest Disputes and Grievance or Right Disputes.

Ans to Q No 7: The Industrial Disputes Act, 1947 has defined lock-out as closing of a place of employment or the suspension of work or the refusal by an employer to continue to employ any number of persons employed by him.

ⓘ1.12 MODEL QUESTIONS

Q 1: Define IR and emphasise upon the need to take up IR as a specialized subject of study in HRM.

Q 2: Discuss the evolution of IR in India.

Q 3: Distinguish between the pre-independence and the post-independence developments of IR in India.

Q 4: Throw light upon the Unitary, Pluralist and Marxist approaches to IR.

Q 5: Draw focus to the Human relations Approach and the Gandhian Approach to the discipline of IR.

Q 6: Create understanding about the meaning of Trade Unionism.

Q 7: Enlist and explain a few causes of Industrial disputes and state remedies to them.

Q 8: Explain the composition and functioning of Bipartite and Tripartite bodies for settlement of Industrial Disputes.

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UNIT 2 : THEORITICAL FRAMEWORK OF INDUSTRIAL RELATIONS

UNIT STRUCTURE

2.1 Learning Objectives

2.2 Introduction

2.3 Environmental Theory: Dunlop's System Theory (1958)

2.4 Implant Theory: Flanders; HYMAN

2.5 Gandhian Approach to IR: The Trusteeship Theory of Mahatma Gandhi

2.6 Let Us Sum Up

2.7 Further Reading

2.8 Answers To Check Your Progress

2.9 Model Questions

2.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- identify various environmental theories of IR
- identify and understand various implant theories of IR
- understand the Gandhian Approach to IR and its influence over the global IR practices.

2.2 INTRODUCTION

Much study and research have been undertaken, in various parts of the globe, from varying dimensions of thought and determining factors, in respect of Industrial Relations in actual practice. As an aftermath of these, various theories of and approaches to IR have come into existence. While some of them tend to be complimentary and supplementary to each other, some others tend to be contradictory in nature. However, each of them hold valuable information of substance and are individually capable of providing guidance to practitioners and stakeholders of the field under different situational contexts; and are collectively capable of contributing ample inputs to the basket of knowledge in this area. As such, this unit is devoted to three important categories of theoretical framework with regard to IR.

2.3 ENVIRONMENTAL THEORY: DUNLOP'S SYSTEM THEORY (1958)

The credit for applying the systems concept to Industrial relations goes to Dunlop. It is within this perspective that Dunlop analyses industrial relations systems as a sub-system of society. "An industrial relations system at any one point of time in its development is regarded as comprised of certain actors, certain contexts, an ideology which binds the industrial relations system together and a body of rules created to govern the actors at the workplace and work community". According to Dunlop's System Model of Industrial Relations consists of three agents – management organizations, workers and formal/informal ways they are organized and government agencies. These actors and their organizations are located within an environment – defined in terms of technology, labor and product markets, and the distribution of power in wider society as it impacts upon individuals and workplace. Within this environment, actors interact with each other, negotiate and use economic/political power in process of determining rules that constitute the output of the industrial relations system. He proposed that three parties-employers, laborunions, and government– are the key actors in a modern industrial relations system. He also argued that none of these institutions could act in an autonomous or independent fashion. Instead they were shaped, at least to some extent, by their market, technological and political contexts.

Thus it can be said that industrial relations industrial relations is a social sub system subject to three environmental constraints- the markets, distribution of power in society and technology.

Dunlop's model identifies three key factors to be considered in conducting an analysis of the management-labor relationship:

1. Environmental or external economic, technological, political, legal and social forces that impact employment relationships.
2. Characteristics and interaction of the key actors in the employment relationship: labor, management, and government.
3. Rules that are derived from these interactions that govern the employment relationship.

Dunlop emphasizes the core idea of systems by saying that the arrangements in the field of industrial relations may be regarded as a system in the sense that each of them more or less intimately affects each of the others so that they constitute a group of arrangements for dealing with certain matters and are collectively responsible for certain results"..

In effect – Industrial relations is the system which produces the rules of the workplace. Such rules are the product of interaction between three key "actors" – workers/unions, employers and associated organizations and government

The Dunlop's model gives great significance to external or environmental forces. In other words, management, labor, and the government possess a shared ideology that defines their roles within the relationship and provides stability to the system.

Dunlop's formulation and application of the concept of industrial relations system has been criticized on the following grounds:

1. That it is essentially a non-dynamic model of IRs from which it is difficult to explain IR change;
2. That it concentrates on the structure of the system, ignoring the process within it;
3. That it tends to ignore the essential element of all IRs, that of the nature and development of conflict itself;
4. That it focuses on formal rules, to the neglect of important informal rules and informal processes;
5. That it may not be integrated, and it is problematic whether or not the actors share a common ideology;
6. That it fails to give an account of how inputs into the system are converted into outputs;
7. That it is environmentally biased and provides no articulation between the "internal" plant level systems and the wider systems;
8. That it favors an analytical approach based on comparison rather than problem-solving approach built on description; and
9. That it makes no special provision for the role of individual personalities in IR as the actors are being viewed in a "structural "rather than in a "dynamic "sense.

CHECK YOUR PROGRESS

Q 1: What, according to Dunlop, are the agents to an Industrial Relations System?

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2.4 IMPLANT THEORY: FLANDERS; HYMAN

- **The Pluralist Theory of Flanders (1970)**

According to Flanders, conflict is inherent in an industrial system. Hence, collective bargaining is required as a formal system to settle conflicts. This theory is also known as Oxford Model. According to this theory, collective bargaining is central to the IR system. The rules of the system are viewed as being determined through the rule-making process of collective bargaining, which is regarded as a political institution involving a power relationship between the employers and employees.

The Oxford Approach can be expressed in the form of an equation:

r = f (b) or r = f (c)

where, r = the rules governing IR

b = collective bargaining

c = conflict resolved through collective bargaining

The Oxford Approach can be criticized on the ground that it is too narrow to provide a comprehensive framework for analyzing IR problems. It overemphasizes the significance of the political process of collective bargaining and gives insufficient weight to the role of the deeper influences in the determination of rules. Institutional and power factors are viewed as of paramount importance, while variables such as technology, market, status of the parties and ideology are not given any prominence. This narrowness of approach constitutes a severe limitation.

- **The Structural Contradictions Theory of Hyman (1971)**

Marxian analysis of IR and trade unionism has also taken several forms broadly categorisable into “pessimistic “and “optimistic” approaches. The pessimistic approaches were represented by the writings of Lenin, Michels and Trotsky while the optimistic line of thinking was represented by Marx and Engels. These two approaches represent two variants of the Structural Contradictions approach to IR.

The pessimistic school talks of limitations of trade union consciousness and feels that unless the working class joins hands with intellectuals, it is not possible, to bring in a new social order.

Optimist school, however, sees the role of working classes as not only maintenance and enhancement of wage level, but also to carry class struggle against capitalist class in thrust towards creating a classless society.

It is in this “optimistic” tradition that Hyman has enunciated his analysis of IR and trade unionism. Trade unions, in Hyman’s writings, “represent workers’ response to the deprivations inherent in their role as employees within a capitalist economy – opposition and conflict cannot be

divorced from their existence and activity" (Hyman and fryer, 1978: 152). Thus, in Hyman's analysis, the politico-economic structure within which, the trade unions are in conflict with employers because of the inherent deprivations. Any analysis of IR and trade unionism should, therefore, be sensitive not only to the structure of the political economy but also to the deprivations and socio-economic inequalities which are inherent components of the capitalist mode of production. This perspective immediately revealsthe limitations of some of the approaches to IR discussed earlier, especially those oriented to the control and containment of dissension and differences. Dunlop has said that rule-making is central to the governance of work relations. He has said explicitly that "the establishing of these procedures and rules – the procedures themselves are rules – is the centre of attention in an industrial relations system". The entire IR system in this approach appears to be all geared to bring every foreseeable event under a procedural or substantive rule, thus reducing or eliminating any form of imbalance in the system. Thus, neither politico-economic structures nor socio-economic inequalities are called into question. Hyman's approach is also at variance with the liberal-pluralist approach represented by Flanders."What is the substance of a system of industrial relations? Nothing could be more revealing of the past neglect of the subject's theory than one simple fact. Not until recently has it been explicitly stated that a system of industrial relations is a system of rules" (Flanders, 1965). The formulation of rules and implementation of rules appear to be the bread and butter of IR. "These rules appear in different guides: in legislation and in statutory order; in trade union regulations; in collective agreements and arbitration awards, in social conventions, in managerial decisions and in accepted custom and practice". (Flanders, 1965). Employers, government, employee organizations and the judicial system interact with each other in the process of rule-making. Flanders emphasizes rules, job regulations, institutions of job regulation as indicative of the 'order' orientation – organization of this approach to IR.

CHECK YOUR PROGRESS

Q 2: What is the basic idea contained in the Puralist Theory?

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2.5 GANDHIAN APPROACH TO IR: THE TRUSTEESHIP THEORY OF MAHATMA GANDHI

Mahatma Gandhi came up with Trusteeship Approach to IR where a trustee is one who holds property in trust for another/others. Trusteeship is the application of the law of God to human society and human institutions. The principle of Trusteeship expresses the inherent responsibility of a business enterprise to its consumers, workers, shareholders, and the community and the mutual responsibilities of these to one another (Goyder 1980).

The concept of trusteeship implies stewardship without ownership. Such stewardship is not for private profit, but for the greatest good of all. Gandhi believed that people should keep the minimum of wealth for themselves to be able to lead a life that millions lead and give up the rest to be held in trust for the greatest good of all.

However, in industrial relations, conflict is inherent and often unavoidable due to tensions of command and subordination, competitiveness, exploitation, physical deprivation at work, and economic security. Conflict may arise due to:

I. Wage-work bargain,

II. Managerial system of work governance, or

III. Fundamental divisions and differing values in society.

Conflict manifests itself in one or more of the following forms:

I. Relatively hidden and unorganized individual ways, such as, low employee morale, high labour turnover, absenteeism, accidents, etc.

II. Grievances, Indiscipline, etc.

III. Strikes or other forms of industrial action, overt (strike/ lockout) or covert (work-to-rule, go-slow, gherao, etc)

Gandhi believed in non-violent communism, going so far as to say that “if communism comes without any violence, it would be welcome.” He laid down certain conditions for a successful strike such as:

1. The cause of the strike must be just and there should be no strike without a grievance;
2. There should be no violence;
3. Non-strikers or “blacklegs” should never be molested. He was not against strikes but pleaded that those should be the last weapons in the armoury of industrial workers, and hence, should not be restored to unless all peaceful and constitutional methods of negotiations, conciliation and arbitration are exhausted.

CHECK YOUR PROGRESS

Q 3: What do you understand by the Principle of Trusteeship?

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2.6 LET US SUM UP

- The credit for applying the systems concept to Industrial relations goes to Dunlop. It is within this perspective that Dunlop analyses industrial relations systems as a sub-system of society.
- According to Dunlop's System Model of Industrial Relations consists of three agents – management organizations, workers and formal/informal ways they are organized and government agencies. These actors and their organizations are located within an environment – defined in terms of technology, labor and product markets, and the distribution of power in wider society as it impacts upon individuals and workplace
- The Pluralist Theory of IR is also known as Oxford Model. According to Flanders, conflict is inherent in an industrial system. Hence, collective bargaining is required as a formal system to settle conflicts. According to him, collective bargaining is central to the IR system. The rules of the system are viewed as being determined through the rule-making process of collective bargaining, which is regarded as a political institution involving a power relationship between the employers and employees.
- Marxian analysis of IR and trade unionism has also taken several forms broadly categorisable into "pessimistic "and "optimistic" approaches. The pessimistic approaches were represented by the writings of Lenin, Michels and Trotsky while the optimistic line of thinking was represented by Marx and Engels. These two approaches represent two variants of the Structural Contradictions approach to IR.
- The pessimistic school talks of limitations of trade union consciousness and feels that unless the working class joins hands with intellectuals, it is not possible, to bring in a new social order.
- Optimist school, however, sees the role of working classes as not only maintenance and enhancement of wage level, but also to carry class struggle against capitalist class in thrust towards creating a classless society.

- **Mahatma Gandhi** proposed the trusteeship approach. A trustee is one who holds property in trust for another/others. For Gandhi, trusteeship is the application of the law of God to human society and human institutions. It becomes trusteeship when a company accepts its total responsibility and when management's role becomes that of balancing all the claims upon the company on the basis of seeking justice as the aim of business…. A company is not a human person, therefore, it cannot have a human soul. What it can and should have is a corporate personality which enables its managers and employees to realize that they are serving the community through the company.

✓2.7 FURTHER READING

1) Padhi P K , Labour and Industrial Laws, 2/E 2nd Edition, PHI Learning Pvt. Ltd., New Delhi, 2012.
2) Ratnam C S V, Industrial Relations, Oxford University Press, New Delhi, 2013.
3) Monappa A et al, Industrial Relations and Labour Laws, 2nd edition, McGraw-Hill Education, India, 2012.
4) Srivastava S C Industrial Relations and Labour Laws, 6th Revised Edition, Vikash Publishing House, India, 2014.

✓2.8 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: According to Dunlop's System Model of Industrial Relations consists of three agents – management organizations, workers and formal/informal ways they are organized and government agencies.

Ans to Q No 2: The Pluralist Theory is also known as Oxford Model. According to Flanders, conflict is inherent in an industrial system.

Ans to Q No 3: The principle of Trusteeship expresses the inherent responsibility of a business enterprise to its consumers, workers, shareholders, and the community and the mutual responsibilities of these to one another.

⑦ 2.9 MODEL QUESTIONS

Q 1: Who, according to Dunlop, are the parties to an IR system? What are their respective roles and stakes?

Q 2: Draw a detailed discussion on Dunlop's Systems Theory focusing upon the environmental dimension that he has forwarded in the theory.

Q 3: Draw an interface between Flander's and Hyman's Theories of IR. How were they different from Dunlop's?

Q 4: Throw light upon the Gandhian Approach to IR. Analyse its applicability and suitability in today's modern industrial environment.

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UNIT 3 : INDUSTRIAL WORKERS

UNIT STRUCTURE

3.1 Learning Objectives

3.2 Introduction

3.3 Industrial Workers - Background, Education, Skills and Adjustments

3.4 Absenteeism

3.5 Influence of Trade Unions

3.6 Let Us Sum Up

3.7 Further Reading

3.8 Answers To Check Your Progress

3.9 Model Questions

3.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- know about the origin and background of Industrial Workers
- learn about the educational status, skill status and other characteristics of Indian industrial workers
- discuss the meaning of, causes of and remedies to absenteeism in workplace
- describe the significant impact and influence that trade unions exhibit.

3.2 INTRODUCTION

In this unit we are going to discuss the various concepts related to industrial workers. The plight of any relationship is determined by the personal, social, professional, educational, locational, legal, and such other back drops where it originates or exists. Hence, an understanding of the background and present status of the prime parties involved in the relationship helps in setting mutual goals and in maintaining a congenial and smooth relationship. With this object in mind, this unit has been so designed as to create an understanding of the background of industrial workers, their educational status, skills, etc. – with special reference to the Indian context - as workers are a primary stakeholder of any industrial relations activity/decision. Moreover, with the same intention in mind, the unit also focuses upon various facets of absenteeism in the workplace and the significance of existence

and influence of trade unions within and outside the organization.

3.3 INDUSTRIAL WORKERS – BACKGROUND, EDUCATION, SKILLS AND ADJUSTMENTS

Industrial Workers refer to all those workers, who are employed in manufacturing units, i.e., the workers employed in large scale, village & small scale industries are considered industrial labour in general sense.

The 1850s mark the increase in the labour intensive industrial development. This decade saw the successful establishment of jute and cotton mills. The coal-fields were connected with the railway junctions to facilitate the supply of coal to the expanding railway system in India.

Since India was subjected to British industrial interests, the building of railway system and working coal-fields could not give stimulus to industrial revolution. As observed by Daniel Thorner, the railway system was constructed both to drain out the raw materials at economical rates and also to create a demand for British industrial goods.

To put it in his words:

In the economic sphere the railways fostered a measure of regional specialization in both agricultural and industrial production and encouraged the bringing of more land under cultivation. The railways appear also to have helped raise the level of wages and prices and to have helped make them more nearly uniform in the sub-continent as a whole.

Yet when we consider the fact that the railways have been the largest and most important enterprise of a truly modern character in India, involving heavy machinery, precision techniques, and advanced communications, we have to conclude that they have had surprisingly few constructive results. They helped spread a veneer of modernization over the countryside while doing little to initiate a process of modernization.

In 1946, 70 per cent of the industrial index was constituted by the cotton textiles jute textiles and coal. All other mining and industrial concerns accounted for about one third of the total industrial production on the eve of independence.

The industrial growth up-to the first World War was confined entirely to these four basic industries viz., railways, coal, jute and cotton. It was the alarming growth of steel industry in Germany which rather compelled the British Government to develop conciliatory steel industry in India, and the Tata Iron and Steel Industry (TISCO) made its mark on the industrial map of

India in 1911.

Next in importance to the railway industry was the coal industry. Not only was it the basic requirement of railways in India, but also of the British industry. The production of coal was just one lakh tonnes in the 1840s which rose to three lakhs tonnes in 1860, one million tonnes during the First World War, and, thereafter, remained almost static on 250 million tonnes during the period of subjugation of the country to Pax Britannica. This industry was controlled and managed exclusively by the British till the 1920s. Thereafter, small coal-fields were developed by the Indian management.

Next in order of importance was the jute industry - also started by the British. The first jute industry, in India, was established in 1854. Three more mills came into existence by 1862 followed by, 4000 looms in operation by the year 1877. This number rose to 15,000 looms by the close of the century.

The military preparations in Europe in the twentieth century helped increase the number to 40,000 looms by the time the First World War came to an end.

Around the same time, the Indian textile industry was ruthlessly destroyed by the British in India. However, **the cotton industry** was revived by the Indian entrepreneurs. The Parsicommunity which traded in raw-cotton were the first to establish a cotton mill in 1854. Thereafter, the growth of cotton industry was rapid in the country. The number of mills increased from just 8 in 1861 to 271 mills in 1914 and the trend till 1946.

The First World War forced the industrial growth, in India, at a faster rate and in diverse areas. On the one side, marine activities being curbed in 1800, India was left with no merchant marine of its own. The country was also deprived of the marine facility offered by the British merchant fleet during the war.

The British empire was exposed to the grave danger of non-availability of spare parts and machinery brought and there was evidenced almost a break-down even in railway service. British compulsion to place its demands for government stores, so far obtained from England, on Indian resources helped in the emergence of other light industries in the country. The general and electrical engineering industries which were absent from the industrial map of 1914, had become an important sector by 1919.

Railway workshops, ordinance factories, iron and steel factories, chemical industries and others had obtained a respectable place on the industrial map of India by that time. This trend of industrial growth provided jobs to an increasing number of people and led to the emergence of a substantial labour force in India as depicted in the table that follows:

Growth of Industrial Employment in India ('000)

Industry	*1892*	*1899*	*1909*	*1919*	*1929*	*1939*	*1949*
Railways	25	309	510	713	818	709	901
Coal mines	33	83	129	190	180	227	345
Other mines				59	184	186	174
Cotton textiles	121	163	237	280	338	449	653
Jute Textiles	66	102	204	276	347	299	332
General and Elec. Engg.				30	53	48	136
Railway workshops		52	93	134	136	104	108
Ordinance		13	15	24	22	31	84
Iron and Steel	12	17	24	21	32	41	60
Chemical				2·8	3·5	4·8	18
Other factory employment	55	105	213	404·2	622·5	715·2	1053
Total labour employment	546	844	1425	2134	2736	2824	3354

Table 3.1 Growth of Industrial Employment in India

It is evident in the above table 3.1 that there was a labour force of about 546 thousands in 1892 which increased to 3854 thousands by 1949 i.e., it increased 700 per cent during this period. This phenomenal growth was in the railways as it employed the largest number of people. Further, this number rose from 259 thousands in 1892 to 901 thousand in 1949.

Thus, there was an increase of about 350 per cent in the employment of labourers in the railways which was followed by the mining industry. There were just 33 thousands miners in 1892 which rose to 594 thousands in 1948 i.e., the employment opportunities increased by 180 per cent in mining industry.

Next to the railways in providing employment was the cotton industry that employed 121 thousands people in 1892 and 661 thousands people in 1848. The overall factory employment, however, was insignificant with only 254 thousands people in the factory employment in 1882. By 1949, the factories in India were providing jobs to about 2580 thousands people and industrial growth was much below the potentialities of the country. During the Second World War, India still remained predominantly an agricultural country with only eleven per cent of the population in urban centres. Until 1939, over seven- tenths of the export trade consisted of raw materials and food stuffs and about three-quarters of the imports consisted of wholly or partially manufactured goods.

The number of persons employed in organized sector remained extremely low for a population of the size of India. This was mainly because of the tendency that the country could not have a substantial labour force, which could leave its impact on the socio-economic development of the country during this period.

Characteristics of Industrial Workers:

1) **Illiteracy:** A large proportion of industrial workers in India are illiterates & ignorant. So they cannot understand the problems confronting the economy in general & industries in particular. They do not even understand their own problems.
2) **Lack of Discipline:** There is no discipline among the industrial labours in India Indiscipline, absenteeism without any reasons. Moving from one job to another etc, are very common.
3) **Migratory Characters:** Industrial labour in India is migratory in character. Most of the laborers in industries are drawn from villages & are cages to return to their homes during their busy agricultural seasons.
4) **Lack of Organisations:** The industrial labour in India is not united, but is divided & sub – divided on the basis of language, region, caste, etc. They are unable to organize themselves. Consequent upon that most of the trade unions are controlled by outsiders.
5) **Low Efficiency:** The efficiency of industrial labour in India is very low. Their productivity is also very low. Lack of education, training, research medical facilities, etc, are reasons for low productivity.
6) **Poverty:** The industrial labours in India are very poor. Their salary, standard of living & productivity are very low. They are unable to generate interest in their work because of poverty.
7) **Superstitions:** Most of the industrial labour in India are superstitions & tradition – bound. They believe in fatalistic & Meta physical things. They have irrational outlook.
8) **Large Scale Absenteeism:** It is another important feature of industrial labour. They remain absent without any reason.
9) **Ignorant of Roles & Regulations:** A good proportion of our industrial workers are ignorant of rules & regulation.
10) **Bad Habits:** The industrial labourers in India are addicted to bad habits. They are involved in unhealthy practices. As a result, their efficiency & mental discipline are badly affected.

CHECK YOUR PROGRESS

Q 1: Enlist the chacteristics of the Indian industrial workers.

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3.4 ABSENTEEISM

Absenteeism is an employee's intentional or habitual absence from work. While employers expect workers to miss a certain number of workdays each year, excessive absences can equate to decreased productivity and can have a major effect on company finances, morale and other factors. This article looks at the causes of absenteeism, the costs of lost productivity and what employers can do to reduce absenteeism rates in the workplace. People miss work for a variety of reasons, many of which are legitimate and others less so. Some of the common **causes** of absenteeism include (but are not limited to):

- **Bullying and harassment** - Employees who are bullied or harassed by co-workers and/or bosses are more likely to call in sick to avoid the situation
- **Burnout, stress and low morale -** Heavy workloads, stressful meetings/presentations and feelings of being unappreciated can cause employees to avoid going into work. Personal stress (outside of work) can lead to absenteeism.
- **Disengagement** - Employees who are not committed to their jobs, co-workers and/or the company are more likely to miss work simply because they have no motivation to go.
- **Childcare and eldercare** - Employees may be forced to miss work in order to stay home and take care of a child/elder when normal arrangements have fallen through (for example, a sick caregiver or a snow day at school) or if a child/elder is sick.
- **Injuries** - Accidents can occur on the job or outside of work, resulting in absences. In addition to acute injuries, chronic injuries such as back and neck problems are a common cause of absenteeism.
- **Depression** - According to the National Institute of Mental Health, the leading cause of absenteeism in the United States is depression. Depression can lead to substance abuse if people turn to drugs or alcohol to self-medicate their pain or anxiety.
- **Illness** - Injuries, illness and medical appointments are the most commonly reported reasons for missing work (though not always the actual reason). Not surprisingly, each

year during the cold and flu season, there is a dramatic spike in absenteeism rates for both full-time and part-time employees.

- **Job hunting** - Employees may call in sick to attend a job interview, visit with a head-hunter or work on their resumes/CVs.
- **Partial shifts** - Arriving late, leaving early and taking longer breaks than allowed are considered forms of absenteeism and can affect productivity and workplace morale.

CHECK YOUR PROGRESS

Q 2: What do you understand by absenteeism?

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Q 3: State a few of the causes of work place absenteeism.

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4.5 INFLUENCE OF TRADE UNIONS

A Trade union is an organization of workers, acting collectively, who seek to protect and promote their mutual interests through collective bargaining. Trade unions are based upon the concept of “class-struggle” between the capitalist employers and their workers.

Trade Unions in India are registered and file annual returns under the **Trade Union Act (1926)**. The Trade Union movement in India is largely divided along political lines and follows a pre-Independence pattern of overlapping interactions between political parties and unions. Trade unions have gradually evolved and have now come to occupy an important place in the modern industrial order, they have now become gigantic associations; they have now become institutions which are interested in the social, cultural and political development of the county.The firm or industry level trade unions are often affiliated to larger Federations. The largest Federations in the country represent labour at the National level and are known as **Central Trade Union Organisations (CTUO)**.

Trade Unions have **three cardinal principles:** Unity is strength, Equality of pay for equal work, Security of employment. Now-a-days the trade union movement is no longer solely a movement for advancing claims as a movement seeking to increase the material well being of its members but has grown into a force which not only defends the political,

social and cultural interests of its members but also carries out special tasks affecting enterprising and intellectual workers especially with regard to their career, jobs, salaries, paid holidays, vocational training, recreational and health improvement programmes etc.

The establishment of textile and clothing mills around the port cities of Bombay (now Mumbai), Calcutta (now Kolkata), Madras (now Chennai) and Surat in the second half of the 19th century led to the start of the industrial workforce in India. The credit for the first association of Indian workers is generally given to the **Bombay Mill-Hands Association** founded by N.M. Lokhande in 1890. This was just after the passing of the 'First' Factories Act in 1881 by the British Government. Thereafter the formation of several labour associations and unions could be evidenced. The first clearly registered trade-union is considered to be the **Madras Labour Union** founded by B.P. Wadia in 1918, while the first trade union federation to be set up was the All India Trade Union Congress in 1920.

With the rapid growth of unions around the time of the First World War, the Russian Revolution and the setting up of the ILO, industrial conflict began to increase. Over 1,000 strikes were recorded between 1920 and 1924. Consequently, the **Trade Union Act (1926)** was passed which created the rules for the regulation and closer monitoring of Trade Unions. During the first year of the operation of the Act, 28 unions registered and submitted returns with a total membership of100,619. The number grew rapidly thereafter. By the time of Independence of India in 1947, there were 2,766 unions registered which had a combined membership of over 1.66 million. This resulted in a wide influence of unions and workers' organisations and led to significantly favourable social legislation being enacted in the first decade of Independence.

Post Independence in 1947 and post formation of the Republic in 1950, India largely followed a socialist economic approach encouraging public sector employment and pro-worker legislations. The trade-union movement reflected divisions along Socialist and Communist lines. In the subsequent decades, significant expansion in trade union membership could be seen with the number of active unions reaching its peak in the mid-1970s and mid-1980s. The 1970s in India was a period characterised by political instability but the 1980s was characterised by the beginnings of a distinct turn towards more market-friendly policies, support for industrialists and an implicit opposition to workers.

After economic liberalisation in 1991, there was seen a declining government intervention in the economy as well as a decline in the creation of public sector employment and encouragement for the private sector. Initiatives at unionization in the private sectors were

often met with opposition and the wider general withdrawal of State support for workers further undermined their bargaining power. These policies led to a stagnation in the number of unionised formal sector workers.

This led to a gradual shift in focus about the importance of the Informal sector and 'Informal employment in the formal sector' from the late 1990s onwards which meant that trade unions also began to focus on these workers. As a result, there was greater enrolment of these workers subsequently leading to increases in union membership. The Central Trade Union Organisations (CTUOs) increased their combined membership from 13.21 million in 1989 to 24.85 million in 2002. Almost all the CTUOs now have at least 20 percent of their official members coming from the informal sector.

For a long time after 1947, neither the government nor the management (or even the unions themselves) thought of the unions as a group who may contribute to the economic performance of the economy or the enterprise. However, this is changing gradually. The unions and the management are entering into agreements with bearing on productivity and growth of the enterprise.

CHECK YOUR PROGRESS

Q 4: Explain the meaning of Trade Union.

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3.6 LET US SUM UP

- Pre- independence, railway workshops, ordinance factories, iron and steel factories, chemical industries and others had obtained a respect-able place on the industrial map of India. It was this industrial growth which provided jobs to an increasing number of people and led to the emergence of a substantial labour force in India.
- Absenteeism is an employee's intentional or habitual absence from work. While employers expect workers to miss a certain number of workdays each year, excessive absences can equate to decreased productivity and can have a major effect on company finances, morale and other factors. This article looks at the causes of absenteeism, the costs of lost productivity and what employers can do to reduce absenteeism rates in

the workplace.

- A Trade union is an organization of workers, acting collectively, who seek to protect and promote their mutual interests through collective bargaining. Trade unions are based upon the concept of "class-struggle" between the capitalist employers and their workers.
- Trade Unions in India are registered and file annual returns under the **Trade Union Act (1926)**. Statistics on Trade Unions are collected annually by the Labour Bureau of the Ministry of Labour, Government of India. As per the latest data, released for 2012, there were 16,154 trade unions which had a combined membership of 9.18 million (based on returns from 15 States - out of a total of 36 States).[1] The Trade Union movement in India is largely divided along political lines and follows a pre-Independence pattern of overlapping interactions between political parties and unions. The net result of this type of system is debated as it has both advantages and disadvantages.

3.7FURTHER READING

1) Hancock Keith and Landsbury Rusell D(2016), *Industrial Relations Reform: Looking to the Future :* Essays in honour of Joe Isaac AO, Federation Press, Annandale (Australia).
2) Misra S N(2013), *Labour and Industrial Law*, Central Law Publications, India.
3) Ratnam C S V(2013), *Industrial Relations,* Oxford University Press, New Delhi, 2013.

3.8 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: The characteristics of Indian industrial workers include – illiteracy, lack of discipline, lack of organization, poverty, superstition, migratory character, low efficiency, among others.

Ans to Q No 2: Absenteeism is an employee's intentional or habitual absence from work.

Ans to Q No 3: Among the various causes of absenteeism, a few are – job hunting, stress and burnout, childcare and eldercare, bullying and harassment, depression, partial shifts, etc.

Ans to Q No 4: A Trade union is an organization of workers, acting collectively, who seek to protect and promote their mutual interests through collective bargaining. Trade unions are based upon the concept of "class-struggle" between the capitalist employers and

their workers.

3.9 MODEL QUESTIONS

Q 1: Elaborately discuss the development, composition and characteristics of Industrial Workers in India.

Q 2: Explain the meaning and causes of absenteeism.

Q 3: Discuss the negative effects of absenteeism on industrial functioning.

Q 4: Is there a cure for absenteeism? Suggest remedial measures to deal with the crucial issue of absenteeism in workplace.

Q 5: Emphasise upon the influence that trade unions exhibit in the industrial environment, owing to the kind of role that they play.

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UNIT 4 : TRADE UNIONS

UNIT STRUCTURE

4.1 Learning Objectives

4.2 Introduction

4.3 Growth of Trade Union in India

4.4 Legal Framework of Trade Unions in India

4.5 Trade Union Recognition

4.6 Problems of Trade Unions

4.7 Employee Association: Membership and Financial Status

4.8 Trade Union Act 1926

4.9 Let Us Sum Up

4.10 Further Reading

4.11 Answers To Check Your Progress

4.12 Model Questions

4.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- learn the growth and development of Trade Unions in India
- Identify the conditions required of a trade union to be recognized as one legally
- discuss the various challenges and problems relating to Trade unions
- explain the concept and features of Employee associations
- get an insight into the Trade union Act, 1926.

4.2 INTRODUCTION

In Unit 1, we got a brief idea about trade unionism. Let us now discuss about this in detail. The Trade Union Movement in India proved to be a catalyst for change in so far as the treatment of industrial workers was concerned. The formalization of a body of worker representatives gave the comparatively 'deprived' workers the much-needed forum wherein to express their opinions and put forward their demands, grievances and other issues relating to working conditions, compensation, facilities/amenities/benefits, etc. in a judicious manner. In other words, it was as if, they got a 'voice' in the industry which helped them fight against

being exploited. The Trade Union Act 1926 only added weightage to their stand. This unit, therefore, looks into the various important aspects of trade union development, formation and recognition, problems and legal framework; especially with reference to India.

4.3 GROWTH OF TRADE UNION IN INDIA

Early Growth: The Trade Union Movement began in India by the end of the First World War. The exploitation of labor caused by the exigencies of the war created unrest among the working class of people; thereby leading them to form unions that would voice their grievances, fight for their rights and ensure them better working conditions.

As their efforts and perseverance resulted in the formation of organized worker bodies, the Government was compelled to give them legal recognition by passing the Trade Union Act of 1926. Unions registered under this Act were given some valuable rights and privileges.

Since then Trade Unions have been multiplying in large numbers till they reached the total figure of 1,863 in the year of our independence. Their membership also has been increasing in the same manner.

Causes:

- The Trade Union Movement in India received a great impetus in the last war when the price of essential commodities rose abnormally high owing to the scarcity created by war conditions.
- The rise in the cost of living made industrial workers better organized than before.
- Their demand for overtime allowance, bonus, compensation, relief, etc. became more and more insistent and gathered a force which even the most resourceful of our producing concerns failed to resist.
- The principle of collective bargaining was accepted as the only means of securing better service conditions from employers.
- Public opinion was strongly in favor of workers who were considered to be mercilessly exploited by their masters. This made it easy for these representative labor unions to get many of their demands conceded by the employers of labor.

Initiatives: The Government of India too sympathized with the fate and conditions of the labour class and consequently, passed a series of Acts for the welfare of industrial labor aimed at giving the workers security against unjust exploitation.

Trade unionism success stories in the field of industrial labor encouraged employees in

other business organizations such as banking, insurance and similar other concerns to form associations of their own on trade union principles to fight for their collective rights.

Industrial Trade unions: The primary role of Trade Unionism, however, is ordinarily associated with the corporate activities of industrial workers. It is through continuous agitations that they were able to draw a large measure of public sympathy.

A democratic government claiming to represent the interests of the common people cannot possibly remain indifferent to the just and reasonable demands of such a large section of people condemned to a life of toll, misery and insecurity. In the light of this belief, some legislative measures have been adopted by the Government in the hope that they will mark a new epoch in the history of labor movement in this country and set at rest all disaffection and unrest among industrial workers.

Need for discipline: But it is a sorry fact that under the circumstances which now prevail, it is difficult for trade unions in India to grow and develop along healthy lines and serve the cause of the members in the way they should. Rather it is desirable of such unions that they should shed all political character or affiliations and develop a sense of discipline and responsibility among the members.

Spirit of service to the nation: Trade unions all over the country should necessarily be actuated in their activities by a spirit of service to the nation. The worker members and beneficiaries of trade unions should be made to realize that their interests are indissolubly connected with the interest of the nation at large and that their prosperity is directly related to the prosperity of the nation as a whole. So they must respond enthusiastically to the call for national reconstruction.

CHECK YOUR PROGRESS

Q 1: When did the Trade Union Movement begin in India?

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4.4 LEGAL FRAMEWORK OF TRADE UNIONS IN INDIA

The gamut of Indian labour laws divide the industry into two broad categories:

1. Factory

Factories are regulated by the provisions of the Factories Act, 1948. All industrial

establishments employing 10 or more persons and carrying manufacturing activities with the aid of power come within the definition of Factory. The Factories Act makes provisions for the health, safety, welfare, working hours and leave of workers in factories and is enforced by the State Government through their 'Factory' inspectorates. It puts special emphasis on welfare, health and safety of workers and is instrumental in strengthening the provisions relating to safety and health at work, providing for statutory health surveys, requiring appointment of safety officers, establishment of canteen, crèches, and welfare committees etc. in large factories.

The Act also provides specific safe guards against use and handling of hazardous substance by occupiers of factories and laying down of emergency standards and measures.

2. Shops and Commercial Establishments

'Shops and Commercial Establishments' are regulated by the Shops and Commercial Establishments Act. This takes the form of state statutes and respective states have their respective Shops and Commercial Establishments Acts which provide for various provisions and guidelines relating to opening and closing hour, leave, weekly off, time and mode of payment of wages, issuance of appointment letter etc.

With regard to industrial workers, **the Trade Union Act 1926** serves as the major guide and safeguard to the very existence and functioning of workers' unions. Various rights, obligations, duties, liabilities, and other do's and don'ts of all the parties to an industrial relation find mention in this Act. Other than this Act, there are many other labour and employment laws that make for the legal framework of industrial employment and relation in India.

Distinctive Feature of Indian Labour and Employment Laws

Characteristically, the Indian Labour and Employment Laws in India have categorized employees into three main categories: government employees, employees in government controlled corporate bodies known as Public Sector Undertakings (PSUs) and private sector employees.

The rules and regulations governing the employment of government employees stem from the Constitution of India. Accordingly, government employees enjoy protection of tenure, statutory service contentions and automatic annually salary increases.

Public sector employees are governed by their own service regulations, which either have statutory force, in the case of statutory corporations, or are based on statutory orders.

Employees belonging to the private sector can be further classified into two broad categories: management staff and workman. Managerial, administrative or supervisory

employees drawing a salary of Rs.1600/- or more per month are considered management staff. There exists no statutory provisions relating to their employment. Thus, the conditions of their employment are governed by respective contracts of employment and their services can be discharged in terms of their contract of employment. However, the worker category is covered under the provisions of the Industrial Disputes Act.

The Unorganised Sector

There are manylabour and employment laws that also apply to the unorganised sector. The unorganized sector can be defined as that part of the work force that have not been able to organize itself in pursuit of a common objective because of certain existent constraints of the respective sectors such as casual nature of employment, ignorance or illiteracy, superior strength of the employer, and the like. The laws, under this category, include the likes of the Building and Construction Workers Act 1996, the Bonded Labour System (Abolition) Act 1976, The Interstate Migrant Workers Act 1979, The Dock Workers Act 1986, The Plantation Labour Act 1951, The Transport Workers Act, The Beedi and Cigar Workers Act 1966, The Child Labour (Prohibition and Regulation) Act 1986, and The Mine Act 1952.

The Law and their Provisions for Women

Although women constitute a significant part of the workforce in India but they lag behind men in terms of work participation and quality of employment. According to Government sources, out of 407 million total workforce, 90 million are women workersin the agricultural sector. In urban India, the employment of women in the organised sector in March 2000 constituted 17.6 percent of the total organised sector.

Almost all the major central labour laws are applicable to women workers; with the Maternity Benefit Act resting its full focus on the women workers only. The Equal Remuneration Act was passed in 1976, providing for the payment of equal remuneration to men and women workers for same or similar nature of work. This law does not permit any discrimination in recruitment and service conditions except where employment of women is legally prohibited or restricted. The Central Ministry of Labour and the Central Advisory Committee regularly monitors the enforcement of the provisions of this law. In so far as occupational hazards concerning the safety of women at workplaces is concerned, the Supreme Court of India in the case of Vishakha Vs. State of Rajasthan [(1997) 6 SCC 241] held that sexual harassment of working women amounts to violation of rights of gender equality. As such, it also amounts to violation of the right to practice any profession, occupation, and trade. The judgment also laid down the definition of sexual harassment, the preventive steps, the complaint mechanism,

and the need for creating awareness of the rights of women workers. Implementation of these guidelines has already begun by employers by amending the rules under the Industrial Employment (Standing Orders) Act, 1946.

Legal framework with regard to Child Labour

It took an initiative for framing an omnibus legislation prescribing 14 years as the minimum age for employment and work in all occupations except agricultural activity in family and small holdings producing for own consumption. This was done with an intended focus on the elimination of child labour. The legislation also looked into fixing a minimum age of not less than 18 years to any type of employment and work which by its nature or circumstances is likely to jeopardize the health, safety or morals of young persons. Consequently, employment of children has been prohibited in 13 occupations and 51 processes in the country bringing the total to 64 and more are in the process of being added to this list. In 2006, the Central Government amended the Child Labour (Prohibition and Regulation) Act, 1986 prohibiting employment of children below 14 years of age even in non-hazardous industry like restaurants, motels and also as domestic servants.

To emphasise upon the issue of child labour, the Ministry of Labour signed a Memorandum of Understanding with the ILO extending International Programme on Elimination of Child Labour (IPEC) in India for another two years.

Labour Law Reforms

It is being advocated that all talk of liberalization is futile without squarely facing up to the imperative of labour reforms. Other efforts at raising the standard of performance on the economic front to world class are apt to stall if those managing enterprises find themselves hamstrung by outdated trade union laws and dilatory methods of adjudication of industrial disputes.

Productivity, customer service, cost-effectiveness, keeping to delivery schedules, technological up gradation and modernization have emerged as the criteria for judging the quality of management of companies, and labour reforms hold the key to increased competitiveness and investment flows in all these respects. Realising this need, introducing labour market flexibility and simplifying labour laws has no doubt been emphasized by the President and Prime Minister of the country from time to time.

CHECK YOUR PROGRESS

Q 2: To which industries are the Indian labour laws applicable?

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4.5 TRADE UNION RECOGNITION

A union must be recognised before it may effectively represent any employees. Once a union is recognised it serves as the bargaining agent for the workers in a particular bargaining unit. The need for recognition of trade unions by employers was felt by the working class to ensure that appropriate modes of collective bargaining took place and that the agreements, which were collectively reached, were mutually observed. Recognition of trade unions was regarded as a step towards securing reasonable levels of pay and working conditions.

By the late 1990's, it was realised that trade unions have becomemassive bureaucratic bodies with interests and agendas of those who comprise its membership. However, there is a growing debate as to the extent to which they represent and pursue the interests of their members. It is often argued that this is slight and coincidental.

Trade union recognition works as much in the interests of the employeras it does in the interest of the worker. The recognition of a trade union has several repercussions in defending people on disciplinary charges, accompanying members in meetings with managers and negotiating local conditions of service.

After the passing of the Trade Unions Act, 1926, it may be observed thattrade unions have now become legalized and recognised institutions; from being institutions which were only very small bodies they have now become gigantic associations which are interested in the social, cultural and political development of the country as well.

In the absence of any central legislation, management in several states have refused to recognise a trade union mainly on the following five grounds:

(1) most of the office bearers of the union were outsiders,

(2) and sometimes, those disapproved by management, particularly politicians and ex-employees;

(3) the union consisted of only small number of employees;

(4) there were many rival unions in existence; and

(5) the trade union was not registered under the Trade Unions Act,1926.

The Constitution on Recognition of Trade Unions:

The right to grant recognition to trade unions within the meaning of Constitution of India,

art. 19(1)(c) is a fundamental right or not is answered in negative because the right to form association does not carry with it the concomitant right that the association must be recognised by the employers. Hence withdrawal of recognition does not infringe the fundamental rights guaranteed under the Constitution of India, art. 19(1)(c).

Necessary Conditions for Recognition:

The Trade Unions (Amendment) Act, 1947, Sec 25D provides that a trade union will not be entitled for recognition by order of a labour court under Sec 25E unless it fulfills the following conditions, namely:

(1) that all its ordinary members are workmen employed in the same industry or in industries closely allied to or connected with another;

(2) that it is representative of all the workmen employed by the employer in that industry or those industries;

(3) that its rules do not provide for the exclusion from membership of any class of the workmen referred to in clause. (b);

(4) that its rules do not provide for the procedure for declaring a strike;

(5) that its rules provide that a meeting of its executive will be held at least once in every six months; and

(6) that it is a registered trade union and that it has complied with all provisions of this Act.

4.6 PROBLEMS OF TRADE UNIONS

Some of the major problems faced by trade unions in India are as follows:

1. Small Size:

According to the veteran trade union leader V.V. Giri, “the trade union movement in India is plagued by the predominance of small sized unions”. Nearly three-fourths of the unions in the country have a membership of less than 500. Smallness in size of the union implies, among other things, weakness in bargaining power.

2. Poor Finance:

Small size of unions has its direct bearing on its financial health. It is the small size of trade unions accompanied by small subscriptions that the trade unions cannot undertake welfare activities as desired or as is expected of them.

3. Lack of Enlightened Labour Force:

The lack of an enlightened labour force capable of manning and conducting the movement efficiently, purposefully and effectively has been a major problem in the development of trade

unions in the country. Lack of education, division by race religion, language and caste, migratory nature, lack of self consciousness, and non-permanent class of workers have been attributed as the causes for the lack of enlightened labour force in India.

4. Multiplicity of Unions:

Of late, trade unionism in India is also characterised by multiplicity of unions based on craft, creed and religion. The implication of multiplicity of trade unions is that it leads to rivalry among unions in the organization and contributes to fragmentation to workers leading to small-sized unions.

5. Politicisation:

Leaders being affiliated to one or the other party, the unions were more engrossed in toeing the lines of their political leaders than protecting workers' interests. This certainly is a serious defect of the Trade Union Movement evidenced in India.

Many a times, inspite of political leaders possessing little knowledge of the background of labour problems, fundamentals of trade unionism, the techniques of industry, and even little general education – they tend to exhibit heavy influence upon all significant decisions and workings of the unions. Naturally, unions cannot be expected to function efficiently and on a sound basis under the guidance of such leaders.

6. Miscellaneous Problems:

(i) The majority of registered unions are independent unions. One possible reason for this is the educated workers' preference to the independent unions,

(ii) About 90% of workers in the public sector are unionized while in case of the private sector only 30 % workers are unionized. This is a World-Wide trend, not only featuring in India. But it has a serious implication for trade union movement in India as more and more public sector undertakings are privatized.

(iii) Given the fast changing industrial scenario, jobs are moving from the organized formal sector to informal sector. However, the unorganised sector which constitutes about 90% of the total work force does not come under the purview of the trade unions.

CHECK YOUR PROGRESS

Q 3: State some major problems faced by Trade Unions in India.

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4.7 EMPLOYEE ASSOCIATION: MEMBERSHIP AND FINANCIAL STATUS

The Collins Dictionary defines an Employee Association as “an organization, other than a trade union, whose members compriseemployees of a single employing organization. The aims of the association may be social, recreational, or professional”.

Membership: Membership in employee associations may be automatic upon employment, which implies some degree of employer sponsorship, or voluntary, which indicates less direct employer support. In either case, the principal activities include some or all of the following: the provision of various forms of group insurance, the operation of a credit union; the supervision of recreational centres or vacation resorts; the operation of medical centres, cooperative stores, or buying clubs; and the sponsorship of athletic teams or cultural events. This is one side to the membership status of employee associations as followed in some countries.

In certain other countries, employee associations are limited mainly to associations of professional (administrative, technical, and clerical) workers, formed primarily for the preservation and improvement of professional standards. In yet certain other parts of the globe, it is common for non-manual workers to belong to associations that are similar in many respects to trade unions.

Financial Status: The members of the Association may take it upon themselves to fund it and thereby, maintain its financial standing. One such model is a Voluntary Employees’ Beneficiary Association which is a type of trust fund formed to provide members and their beneficiaries with a specified set of employee benefits. Life, health, accident, and medical (including retiree medical) coverage are the most common benefits provided through a VEBA. It is a fund which enjoys tax exemption under IRC Secm 501 (c) (9) and may be established by a group of employees with common employment-related connections. The VEBA benefits may be funded by either the employees or the employers or both as mutually agreed upon.
A VEBA must meet the following IRS requirements:

1. It must be a voluntary association of employees.
2. The organization must provide for payment of life, sick, accident, or other similar benefits to members or their dependents or designated beneficiaries. Substantially all of its operations must be devoted to this purpose.
3. VEBA earnings must be used solely for the administration and payment of member

benefits and may not be used for the advantage of any private individual or shareholder.

4. A single employer may establish a VEBA under some circumstances and subject to fiduciary requirements.
5. VEBA benefits must not favor highly-compensated employees, and any membership eligibility restrictions must be on a reasonable and objective basis.

4.8 TRADE UNION ACT 1926

A highlight of the Trade Union Act 1926 is as follows:

Trade Union [Sec. 2(h)]: Trade Union means any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen or between employers and employers for imposing restrictive conditions on the conduct of any trade or business and includes any federation of two or more Trade Unions.

Provided that this Act shall not affect -

(i) any agreement between partners as to their own business;

(ii) any agreement between an employer and those employed by him as to such employment; or

(iii) any agreement in consideration of the sale of the goodwill of a business or of instruction in any profession trade or handicraft.

The law relating to the registration and protection of the Trade Unions is contained in the Trade Unions Act, 1926 which came into force with effect from 1st June 1927. The Act extends to the whole of India except the State of Jammu and Kashmir.

In common parlance, Trade Union means an association of workers in one or more occupations. Its object is the protection and promotion of the interests of the working class. Trade Unions have a home grown philosophy based on workers' experience and psychology. It grows out of the workers' day-to-day experience.

CHECK YOUR PROGRESS

Q 4: Define Employee Association.

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The Trade Union Act, 1926 has been precisely projected below:

CHECKLIST

Object of the Act

To provide for the registration of Trade Union and in certain respects to define the law relating to registered Trade Unions

Registration of trade Union

- Any **7** or more members of a trade union may, by subscribing their names to the rules of the trade union and its compliance.
- There should be at least **10%,** or **100** of the work-men, whichever is less, engaged or employed in the establishment or industry with which it is connected.
- It has on the date of making application not less than **7** persons as its members, who are workmen engaged or employed in the establishment or industry with which it is connected.

Registration of trade Union

Prescribed form with following details.

- Names, occupations and address of the members' place of work.
- Address of its head office; and
- Names, ages, addresses and occupations of its office bearers.

Sec. 5

Minimum requirements for membership of trade union

Not less than **10%**, or **100** of the workmen, whichever is less, subject to a minimum of **7**, engaged or employed in an establishments etc.
Sec. 9A

Cancellation of registration

- If the certificate has been obtained by fraud or mistake or it has ceased to exist or has wilfully contravened any provision of this Act.
- If it ceases to have the requisite number of members.

Sec. 10

Criminal conspiracy in trade disputes

No office bearer or member of a registered trade union shall be liable to punishment under sub section (2) of conspiracy u/s 120B of IPC in respect of any agreement made between the members for the purpose of furthering any such object of the Trade Union.

Sec. 17

Disqualification of office bearers of Trade Union

If one has not attained the age of **18** years.
Conviction for an offence involving moral turpitude.
Not applicable when **5** years have elapsed.
Sec. 21-A

Returns

Annually to the Registrar, on or before such date as may be prescribed, a general statement, audited in the prescribed manner, of all receipts and expenditure of every registered Trade Union during the year ending on the **31st December.**
Sec. 28

Penalties	Offence	Punishment
U/s 31	• For making false entry in or any omission in general statement required for sending returns. • For making false entry in the form.	• Fine upto Rs.500. On continuing default, additional fault, Rs.5 for each week (not exceeding Rs.50). • Fine upto Rs.500.
U/s 32	• Supplying false information regarding Trade Union	• Fine upto Rs.200.

Objectives:

A Trade union is a voluntary organization of workers relating to a specific trade, industry or a company and formed to help and protect their interests and welfare by collective action. Trade unions are the most suitable organisations for balancing and improving the relations between the employees and the employer. They aim to:-

- Secure fair wages for workers and improve their opportunities for promotion and training.
- Safeguard security of tenure and improve their conditions of service.
- Improve working and living conditions of workers.
- Provide them educational, cultural and recreational facilities.
- Facilitate technological advancement by broadening the understanding of the workers.
- Help them in improving levels of production, productivity, discipline and high standard of living.
- Promote individual and collective welfare and thus correlate the workers' interests with that of their industry.
- Take participation in management for decision-making in connection to workers and to take disciplinary action against the worker who commits in-disciplinary action.

Some important Definitions from the Act:

Appropriate Government [Sec. 2]: In relation to Trade Unions whose objects are not confined to one state 'the appropriate Government' is the Central Government. In relation to other Trade Unions, the 'appropriate Government' is the State Government.

Executive [Sec. 2(a)]: Executive means the body of which the management of the affairs of a Trade Union is entrusted.

Trade Dispute [Sec. 2(g)]: A trade dispute means any dispute between the employers and workmen, the workmen and workmen and the employers and employers which is connected with the employment or non-employment, or the terms of employment, or the conditions of labour of any person. 'Workmen' mean all persons employed in trade or industry whether or not in the employment of the employer with whom the trade dispute arises.

Registered Trade Union [Sec. 2(e)]: A registered Trade Union means a 'Trade Union' registered under the Act.

Certain Acts do not apply to trade unions [Sec 14]:

Below mentioned Acts will not apply to any registered Trade Union, had the registration of any such Trade Union under any such Act shall be void.

1. The Societies Registration Act, 1860.
2. The Cooperative Societies Act, 1912.
3. The Companies Act, 1956

Trade Unions can be registered only under the Trade Union Act, 1926.

Registration of Trade Unions

For the purpose of registration a minimum of seven members are necessary to form a

trade union. The reason for fixation of minimum seven members is to encourage formation of more trade unions so that the trade union would grow.

Cancellation of Registration [sec. 10] (2001 amendment)

The Registrar of the Trade Union can cancel the registration of the Trade Union under the following circumstances:

1. When Trade Union registration certificate has been obtained by fraud or other illegal means.
2. Disobey the rules and regulation of Trade Union act.
3. All the provision contained in section 6 of this act not followed by the members of the Trade Union.
4. When there are no minimum required numbers of members in the Trade Union.

[Sec 13] Features of Registered Trade Union

- Registered Trade Union will have perpetual succession (will no stop after the death of the members of the Trade Union.
- Every registered Trade Union will have common seal.
- Every registered Trade Union can acquire and hold both movable and immovable property.
- Every registered Trade Union can sue others.
- Every registered Trade Union can sued by others also.

4.9 LET US SUM UP

- The Trade Union Movement began in India during the closing years of the First World War. The exploitation of labor caused by the exigencies of the war created unrest among the working class people and led them to form unions which, would voice their grievances, fight for their rights and ensure to them better working conditions.
- The national government of India too having a very sympathetic attitude to laborers of all categories passed a series of Acts for the welfare of industrial labor. They gave the workers security against unjust exploitation.
- A distinguishing feature of Indian Labour and Employment Laws are that in India there are three main categories of employees: government employees, employees in government controlled corporate bodies known as Public Sector Undertakings (PSUs) and private sector employees.

- A union must be recognised before it may effectively represent any employees. Once a union is recognised it serves as the bargaining agent for the workers in a particular bargaining unit. An employee may not circumvent the union, because recognition entails willingness 'to negotiate with a view to striking a bargain and this involves a positive mental decision.
- The Collins Dictionary defines an Employee Association as "an organization, other than a trade union, whose members compriseemployees of a single employing organization. The aims of the association may be social, recreational, or professional".
- The law relating to the registration and protection of the Trade Unions is contained in the Trade Unions Act, 1926 which came into force with effect from 1st June 1927. The Act extends to the whole of India except the State of Jammu and Kashmir.

4.10 FURTHER READING

1) Monappa A (2012), *Industrial Relations and Labour Laws*, 2nd edition, McGraw-Hill Education, India, 2012.
2) Srivastava S C(2014); *Industrial Relations and Labour Laws*, 6th Revised Edition, Vikash Publishing House, India.
3) Padhi P K(2012) , *Labour and Industrial Laws*, 2/E 2nd Edition, PHI Learning Pvt. Ltd., New Delhi.

4.11 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: The Trade Union Movement began in India during the closing years of the First World War. The exploitation of labor caused by the exigencies of the war created unrest among the working class people and led them to form unions which, would voice their grievances, fight for their rights and ensure to them better working conditions.

Ans to Q No 2: Indian labour laws divide industry into two broad categories to which they are applicable – (i) factories and (ii) shops and commercial establishments.

Ans to Q No 3: Some of the major problems faced by trade unions in India are - 1. Small Size,2. Poor Finance, 3. Politicisation, 4. Multiplicity of Unions, 5.Lack of Enlightened

Labour Force, 6.Miscellaneous Problems.

Ans to Q No 4: The Collins Dictionary defines an Employee Association as "an organization, other than a trade union, whose members compriseemployees of a single employing organization. The aims of the association may be social, recreational, or professional".

4.12 MODEL QUESTIONS

Q 1: Phase out the growth of Trade Unions in India and their present stand.

Q 2: Name the categories into which the Indian Labour Laws divide the industries?

Q 3: State a few distinctive features of Indian Labour and Employment laws.

Q 4: Draw attention to the conditions required to be fulfilled for the recognition and disqualification of recognition of Trade Unions in India.

Q 5: What are employee Associations? Explain their role and financial management.

Q 6: In a gist, highlight the basic objectives, purpose and components of the Trade Union act 1926.

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UNIT 5 : INDUSTRIAL DISPUTE AND EMPLOYEE GRIEVANCE

UNIT STRUCTURE

5.1 Learning Objectives

5.2 Introduction

5.3 Nature and Scope of Industrial Dispute

5.4 Causes and Consequences of Industrial Dispute

5.5 Prevention and Settlement of Industrial Dispute in India

5.6 Nature and Cause of Grievance

5.7 Grievance Redressal Procedure

5.8 Let Us Sum Up

5.9 Further Reading

5.10 Answers To Check Your Progress

5.11 Model Questions

5.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- define and understand the nature and scope of Industrial Dispute
- identify the causes of industrial disputes
- understand the various methods of prevention and settlement of industrial disputes in India and the bodies which are responsible for carrying out such procedures
- distinguish between a dispute and a grievance
- discuss the causes of grievance and their redressal procedures.

5.2 INTRODUCTION

Not only are conflicts indispensable parts of any organizational functioning but are also quite necessary, if only to bring in newer ideas and cross-verify decisions taken. If kept under control within desirable limits, conflicts may rather be helpful for organisations than a pain. However, when minor conflicts take the shape of disputes, proper mechanisms become necessary to manage them. Thus, this unit deals with the concept of industrial disputes, settlement machineries and procedures and related topics.

5.3 NATURE AND SCOPE OF INDUSTRIAL DISPUTE

An Industrial Dispute may be defined as a conflict or difference of opinion between management and workers on the terms of employment. When an industrial dispute occurs, both the parties, that is the management and the workmen, try to pressurize each other. The management may resort to lockouts while the workers may resort to strikes,picketing or gheraos.

Definition Of Industrial Disputes

According to Section **2(k) of the Industrial Disputes Act,1947, "**Any disputes or differences between employers and employees, or between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour, of any person".

Nature of Industrial Dispute

1. There must be difference of opinion or a dispute:
   i. Between employers (such as wage-welfare where labour is scarce).
   ii. between employers and workmen(such as demarcation disputes).
   iii. between workmen and workmen.

2. The subject matter is connected with the employment or non-employment or the terms of employment or with the conditions of labour of any person,or it must pertain to any industrial matter.

3. The relationship between the employer and the workman must be in existence and should be the result of a contract and the workman actually employed.

Scope of Industrial Dispute

1. Industrial disputes are considered to overcome the disagreement made between employer and employee in industrial relation.
2. It Act as an connectivity between firm and the protesters for unappropriate consequences.
3. Industrial dispute perform the high degree of trust to be made in order to make propensity for communication made for conflict.
4. To handle the desired situation through lockout, strikes, picketing, bans etc; which are highly applicable to maintain the situation.

CHECK YOUR PROGRESS

Q 1: Define Industrial Disputes as per the Industrial Disputes Act of 1947.

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5.4 CAUSES AND CONSEQUENCES OF INDUSTRIAL DISPUTE

Causes of Industrial Disputes

1. **Industrial Factors:** The industrial factors that cause industrial disputes are as follows:
   - i. **Nature of employment:** The employment methods or policies followed by the organizations in employing an individual may sometimes be the reasons for the conflict/dispute.
   - ii. **Work and its nature:** The type of work, unpleasant working conditions, non-availability of machinery to do the work, working hours etc., may lead to industrial strike.
2. **Management attitude towards employees:** The management practices which are not in accordance with legal requirements and which are unfair to employees are the sources of disputes such as:
   - i. Discriminatory labour policies.
   - ii. Ineffective leadership/supervision.
3. **Government machinery:** Through government acts as a balance between the management and workers in setting the disputes, sometimes it also tends to become the causes of industrial disputes.
4. **Political interference:**
   - i. Politics influencing the trade union movement.
   - ii. Political instability.
   - iii. Strained central-state relations.
   - iv. Existence of multiple labour laws.
5. **Economic cause:**

   Economic reasons, such as the below mentioned, may also result in an industrial dispute:
   - i. Low wages.
   - ii. Dearness allowances (DA)and bonus.
   - iii. Increasing industrial profits.

Thus, the causes of Industrial disputes may be summed up as follows:

1. Low income: Many times, the income of a worker is not enough to keep everyone in the family content and to pay all the bills. Thus, if the earning member loses his/her job, the

entire family suffers in poverty. Low wages cause discontent in employees. Moreover, with every prices rise, it is also expected that the income of industrial labourers increase, which may not always happen very promptly.

2. Most industries have unhygienic and unsafe working conditions. This puts pressure on workers' health.
3. Employees find it extremely difficult to get leave with pay.
4. Employees are becoming more and more conscious about self-respect. Tempers flare when they are insulted or instigated by their superiors.
5. Sometimes, employees are unfairly relieved from their jobs. Nevertheless, their colleagues unite and fight for the rehiring of their relieved colleagues.
6. Sometimes, trade unions are not recognized by industries resulting in strained relations and stress.
7. Replacement of workers by machinery is often found to be a cause of discontent. Workers are get laid off and replaced by machines that do the same work.
8. Political involvement in trade unions causes divisions and unnecessary tensions at times.
9. Disputes may also arise due to dishonest mid-level management. This management preventlabourers from contacting senior management, and act as middle-men. Lack of communication causes distrust.

Consequences of Industrial Conflicts:

1. Unrest and unnecessary tensions engulf the hearts and minds of all the people involved - labourers and senior management.
2. There is economic loss due to conflicts because conflicts may result in strikes and lock-outs. This causes low or no production resulting in industrial loss.
3. Industrial losses may cause economic depression because many industries are interlinked. A problem in one industry may drastically affect another industry.
4. The lives of low-level labourers become worse when they are out of

work. They may be the only working members of the family, and their joblessness may lead everyone in the family to poverty.

5. When industrial conflicts get out of hand, they become a threat to peace and security. Workers may resort to violence and indulge in sabotage.

CHECK YOUR PROGRESS

Q 2: State a few of the causes of industrial disputes.

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Q 3: Mention a consequence of industrial disputes.

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5.5 PREVENTION AND SETTLEMENT OF INDUSTRIAL DISPUTE IN INDIA

The consequences of an Industrial dispute prove to be harmful to not only the owners of industries and the workers, but also to the economy and the nation as a whole resulting in loss of productivity, profits, market share and even closure of the plant. Hence, Industrial disputes need to be averted by all means.

Prevention of Industrial disputes is a pro-active approach in which an organisation undertakes various actions through which the occurrence of Industrial disputes is prevented.

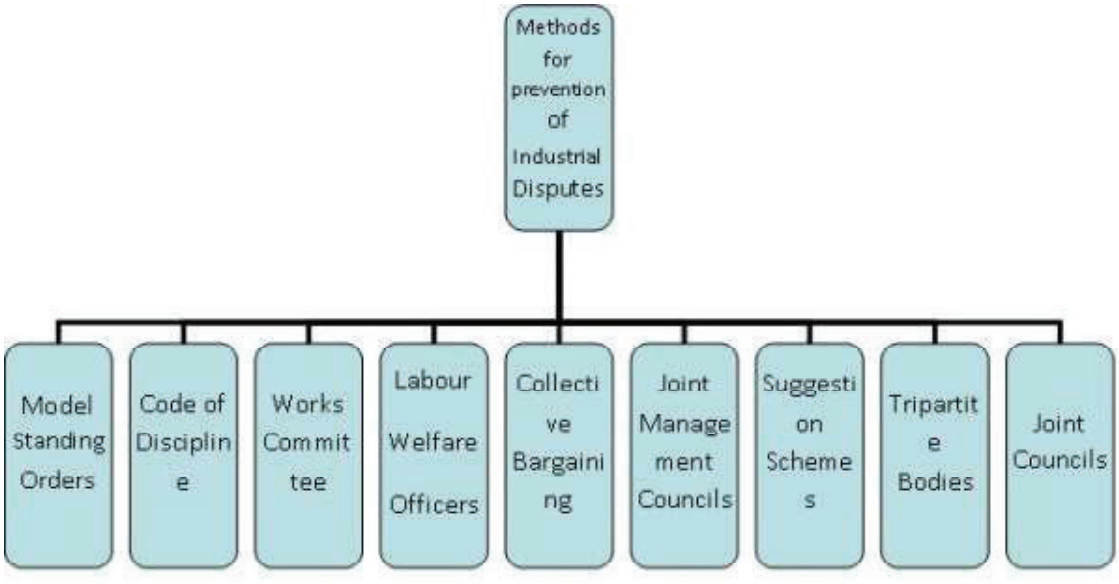


Fig: Methods of Dispute Prevention

1. **Model Standing Orders:** Under Industrial Dispute Act, 1947, every factory employing 100 workers or more is required to frame standing orders in consultation with the workers. These orders must be certified and displayed properly by the employer for the information of the workers.

   Standing orders define and regulate terms and conditions of employment and bring about uniformity in them. They also specify the duties and responsibilities of both employers and employees thereby regulating standards of their behaviour.

2. **Code of Industrial discipline:** The code of Industrial discipline defines duties and responsibilities of employers and workers. The objectives of the code are:
   - To secure settlement of disputes by negotiation, conciliation and voluntary arbitration.
   - To eliminate all forms of coercion, intimidation and violence.
   - To maintain discipline in the industry.
   - To avoid work stoppage.
   - To promote constructive co-operation between the parties concerned at all levels.

3. **Works Committee:** Every industrial undertaking employing 100 or more workers is under an obligation to set up a works committee consisting equal number of representatives of employer and employees. According to Indian Labour Conference work committees are concerned with:-
   - Administration of welfare & fine funds.
   - Educational and recreational activities.
   - Safety and accident prevention
   - Occupational diseases and protective equipment.
   - Conditions of work such as ventilation, lightening, temperature & sanitation including latrines and urinals.
   - Amenities such as drinking water canteen, dining rooms, medical & health services.

   However, the following items are excluded from the preview of the work committees.
   - Wages and allowances
   - Profit sharing and bonus
   - Programs of planning and development
   - Retirement benefits
   - PF and gratuity
   - Housing and transport schemes

- Incentive schemes
- Retirement and layoff

4. **Joint Management Councils:** It consists of equal numbers of workers and employers representation (minimum 6 & maximum 12). Representation of workers to the JMCs should be based on the nomination by the representation.

   The decisions of the JMC should be unanimous and should be implemented without any delay. JMC should look after 3 main areas:-

   1. information sharing
   2. consultative
   3. administrative

   The primary objectives of the JMC may be stated thus:

   - Satisfy the psychological needs of workers
   - Improve the welfare measures
   - Increase workers efficiency
   - Improve the relation and association between workers, managers and promoters.

5. **Suggestion Schemes:** As the name suggests, these are schemes wherein the parties to a dispute offer their suggestions for solution based on which mutually agreeable decisions are encouraged.

6. **Joint Councils:** Joint Councils are set up for the whole unit and deals with matters relating optimum production and efficiency and the fixation of productivity norms for man and machine for every industrial unit employing 500 and more workers. The features of these councils include:

   - Members of the council must be actually engaged in the unit.
   - The chief executive of the unit will be the chairman of the council and vice chairman will be nominated by worker members.
   - Term of the council will be two years.
   - JC shall meet at once in a quarter.
   - Decision of the council will be based on consensus and not on voting.

   The Joint Councils have the following functions to deliver:

   - Optimum use of raw materials and quality of finished products
   - Optimum production, efficiency and function of productivity norms of man and machine as a whole.
   - Preparation of schedules of working hours and of holidays.

- Adequate facilitates for training.
- Rewards for valuable and creative suggestions received from workers.

7. **Collective Bargaining:** Collective Bargaining involves discussion and negotiation between two groups as to the terms and conditions of employment. It is a process in which the representatives of the employer and of the employees meet and attempt to negotiate a contract governing the employer-employee-union relationships.
8. **Labour welfare officer:** The factories Act, 1948 provides for the appointment of a labour welfare officer in every factory employing 500 or more workers. The officer looks after all facilities in the factory provided for the health, safety and welfare of workers. He maintains liaison with both the employer and the workers, thereby serving as a communication link and contributing towards healthy industrial relations through proper administration of standing orders, grievance procedure etc.
9. **Tripartite bodies:** Several tripartite bodies have been constituted at central, national and state levels. At the central level, The India Labour Conference, Standing Labour Committees, Wage Boards and Industries Committees operate whereas at the state level, State Labour Advisory Boards have been set up. The recommendations given by these bodies are however advisory in nature and not statutory.

Machinery for Settlement of Industrial Disputes:

1. **Conciliation:** Conciliation is a type of state intervention in settling the Industrial Disputes. The Industrial Disputes Act empowers the Central & State governments to appoint conciliation officers and a Board of Conciliation as and when the situation demands.

   Conciliation refers to the process by which representatives of employees and employers are brought together before a third party with a view to discuss, reconcile their differences and arrive at an agreement through mutual consent. The third party acts as a facilitator in this process. The appropriate government may, by notification in the official gazette, appoint such number of persons as it thinks fit to be the conciliation officer. The duties of a conciliation officer are:

   a) To hold conciliation proceedings with a view to arrive at amicable settlement between the parties concerned.
   b) To investigate the dispute in order to bring about the settlement between the parties concerned.
   c) To send a report and memorandum of settlement to the appropriate government.
   d) To send a report to the government stating forth the steps taken by him in case no

settlement has been reached at.

The conciliation officer however has no power to force a settlement. He can only persuade and assist the parties to reach an agreement. The Industrial Disputes Act prohibits strikes and lockouts during that time when the conciliation proceedings are in progress.

2. **Arbitration:** It is a process in which a neutral third party listens to the disputing parties, gathers information about the dispute, and then takes a decision which is binding on both the parties. Certain advantages of this process are**:**

- It is established by the parties themselves and therefore both parties have good faith in the arbitration process.
- The process in informal and flexible in nature.
- It is based on mutual consent of the parties and therefore helps in building healthy Industrial Relations.

However, the process is not devoid of flaws. Some of the disadvantages include:

- Delay often occurs in settlement of disputes.
- Arbitration is an expensive procedure and the expenses are to be shared by the labour and the management.
- Judgement can become arbitrary when the arbitrator is incompetent or biased.

Arbitration may take the following two forms:

- **Voluntary Arbitration:** In voluntary arbitration the arbitrator is appointed by both the parties through mutual consent and the arbitrator acts only when the dispute is referred to him.
- **Compulsory Arbitration:** Implies that the parties are required to refer the dispute to the arbitrator whether they like him or not. Usually, when the parties fail to arrive at a settlement voluntarily, or when there is some other strong reason, the appropriate government can force the parties to refer the dispute to an arbitrator.

3. **Adjudication:** Adjudication means intervention of a legal authority appointed by the government to make a settlement which is binding on both the parties. In other words adjudication means a mandatory settlement of an Industrial dispute by a labour court or a tribunal. For the purpose of adjudication, the Industrial Disputes Act provides a 3-tier machinery:

- **Labour court**
- **Industrial Tribunal**

- **National Tribunal**

a) **Labour Court:** The appropriate government may, by notification in the official gazette constitute one or more labour courts for adjudication of Industrial disputes relating to any matters specified in the second schedule of Industrial Disputes Act. They are:

- Dismissal or discharge or grant of relief to workmen wrongfully dismissed.
- Illegality or otherwise of a strike or lockout.
- Withdrawal of any customary concession or privileges.

Where an Industrial dispute has been referred to a labour court for adjudication, it shall hold its proceedings expeditiously and shall, within the period specified in the order referring such a dispute, submit its report to the appropriate government.

b) **Industrial Tribunal:** The appropriate government may, by notification in the official gazette, constitute one or more Industrial Tribunals for the adjudication of Industrial disputes relating to the following matters:

- Wages
- Compensatory and other allowances
- Hours of work and rest intervals
- Leave with wages and holidays
- Bonus, profit-sharing, PF etc.
- Rules of discipline
- Retrenchment of workmen
- Working shifts other than in accordance with standing orders.

It is the duty of the Industrial Tribunal to hold its proceedings expeditiously and to submit its report to the appropriate government within the specified time.

c) **National Tribunal:** The central government may, by notification in the official gazette, constitute one or more National Tribunals for the adjudication of Industrial Disputes in:

- Matters of National importance
- Matters which are of a nature such that industries in more than one state are likely to be interested in, or are affected by the outcome of the dispute.

It is the duty of the National Tribunal to hold its proceedings expeditiously and to submit its report to the central government within the stipulated time.

CHECK YOUR PROGRESS

Q 4: Enlist a few methods of settlement of industrial disputes.

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5.6 NATURE AND CAUSE OF GRIEVANCE

A grievance is a problem and submitted by an employee or several employees of different types. It may be concerning a situation or likely to affect the terms and conditions of employment of one worker or several workers.

If a problem is related to and endorsed by all or majority of employees or if trade union submits a problem as a general claim it falls outside the scope of grievance procedure and generally comes under the purview of collective bargaining.

Thus, a grievance:

(a) Has a narrower perspective;

(b) Is concerned with the interpretation of a contract or award as concerned to an individual or a few employees of different types. As such policy issues do not fall within the scope of grievance machinery.

The causes of employee grievances may include the following:

(i) Demands for individual wage adjustments;

(ii) Complaints about the incentive system;

(iii) Complaints about the job classifications;

(iv) Complaints against a particular foreman;

(v) Complaints concerning disciplinary measures and procedures;

(vi) Objections to the general methods of supervision;

(vii) Loose calculation and interpretation of seniority rules, and unsatisfactory interpretation of agreements;

(viii) Promotions;

(ix) Disciplinary discharge or lay-off;

(x) Transfer for another department or another shift;

(xi) Inadequacy of safety and health services/devices;

(xii) Non-availability of materials in time;

(xiii) Violation of contracts relating to collective bargaining;

(xiv) Improper job assignment; and

(xv) Undesirable or unsatisfactory conditions of work.

A grievance may be characterized as follows:

(a) Factual:

The employer-employee relationship depends upon the job contract in any organisation. This contract indicates the norms defining the limits within which the employee expects the organisation to fulfill his aspirations, needs or expectations. When these legitimate needs of expectations or aspirations are not fulfilled, the employee will be dissatisfied with the job. Such dissatisfaction is called factual grievance.

(b) Imaginary:

When the job contract is not clear-cut and does not indicate the norms defining the limits within which the employee expects the organisation fulfill his needs or aspirations, the employee develops such needs which the organisation is not obliged to meet. Under such situations, grievances are not based on facts but that does not stop the employee from feeling aggrieved. Normally, the organisation does not feel any kind of responsibility for such grievances and their redressal, because they are based not only on wrong perceptions of the employee but also on wrong information.

However, such grievances can have far-reaching consequences on the organisationas the employees are likely to develop an altogether negative attitude towards the organisation which decreases their effectiveness and involvement in work.

(c) Disguised:

Although in most cases, organisations consider the basic requirements of their employees – sometimes psychological needs of the employees such as need for recognition, affection, power, achievement etc., tend to go unattended and ignored. These conditions may take the shape of a disguised grievance; ultimately having a severe bearing on the health of employer-employee relationship.

5.7 GRIEVANCE REDRESSAL PROCEDURE

Need for a Grievance Handling Procedure:

Grievance procedure is necessary for any organisation due to the following reasons:

i) Most grievances seriously disturb the employees. This may affect their morale, productivity and their willingness to cooperate with the organisation. If an explosive situation develops, this can be promptly attended to if a grievance handling procedure is already in existence.

(ii) It serves as a check on the arbitrary actions of the management because supervisors know that employees are likely to see to it that their protest does reach the higher

management.

(iii) The management has complete authority to operate the business as it sees fit subject, of course, to its legal and moral obligations and the contracts it has entered into with its workers or their representative trade union. But if the trade union or the employees do not like the way the management functions, they can submit their grievance in accordance with the procedure laid down for that purpose.

(iv) It serves as an outlet for employee gripes, discontent and frustrations. It acts like a pressure valve on a steam boiler. The employees are entitled to legislative, executive and judicial protection and they get this protection from the grievance redreessal procedure, which also acts as a means of upward communication.

(v) It is not possible that all the complaints of the employees would be settled by first- time supervisors, for these supervisors may not have had a proper training for the purpose, and they may lack authority. Moreover, there may be personality conflicts and other causes as well.

Essential Pre-requisites of a Grievance Handling Procedure:

The grievance procedure, to be sound and effective should possess certain pre-requisites:

(a) Conformity with Statutory Provisions:

Due consideration must be given to the prevailing legislation while designing the grievance handling procedure.

(b) Unambiguity:

Every aspect of the grievance handling procedure should be clear and unambiguous. All employees should know whom to approach first when they have a grievance, whether the complaint should be written or oral, the maximum time in which the redressal is assured, etc.

(c) Simplicity:

The grievance handling procedure should be simple and short. If the procedure is complicated it may discourage employees and they may fail to make use of it in a proper manner.

(d) Promptness:

The grievance of the employee should be promptly handled and necessary action must be taken immediately. This is good for both the employee and management, because if the wrong doer is punished late, it may affect the morale of other employees as well.

(e) Training:

The supervisors and the union representatives should be properly trained in all aspects of grievance handling before hand or else it will complicate the problem.

(f) Follow up:

The Personnel Department should keep track of the effectiveness and the functioning of grievance handling procedure and make necessary changes to improve it from time to time.

Basic Elements of a Grievance Handling Procedure:

The basic elements of a grievance redressal procedure are:

(i) The existence of a sound channel through which a grievance may pass for redressal if the previous stage or channel has been found to be inadequate, unsatisfactory or unacceptable. This stage may comprise three, four or five sub-stages.

(ii) The procedure should be simple, definite and prompt, for any complexity or vagueness or delay may lead to an aggravation of the dissatisfaction of the aggrieved employee.

(iii) The steps in handling a grievance should be clearly defined.

These should comprise:

(a) Receiving and defining the nature of the grievance:

(b) Getting at the relevant facts, about the grievance;

(c) Analysing the facts, after taking into consideration the economic, social, psychological and legal issues involved in them;

(d) Taking an appropriate decision after a careful consideration of all the facts; and

(e) Communicating the decisions, to the aggrieved employee.

(iv) Whatever the decision, it should be followed up in order that the reaction to the decision may be known and in order to determine whether the issue has been closed or not.

5.8 LET US SUM UP

- According to Section2(k) of the Industrial Disputes Act,1947, **"**Any disputes or differences between employers and employees, or between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour, of any person".
- The consequences of an Industrial dispute will be harmful to the owners of industries, workers, economy and the nation as a whole, which results in loss of productivity, profits,

market share and even closure of the plant. Hence, Industrial disputes need to be averted by all means.

- Prevention of Industrial disputes is a pro-active approach in which an organisation undertakes various actions through which the occurrence of Industrial disputes is prevented. Like the old saying goes, "prevention is better than cure".
- A grievance is a problem and submitted by an employee or several employees of different types. It may be concerning a situation or likely to affect the terms and conditions of employment of one worker or several workers.
- If a problem is related to and endorsed by all or majority of employees or if trade union submits a problem as a general claim it falls outside the scope of grievance procedure and generally comes under the purview of collective bargaining.

5.9 FURTHER READING

1) Padhi P K , Labour and Industrial Laws, 2/E 2nd Edition, PHI Learning Pvt. Ltd., New Delhi, 2012
2) Kumar H L, Labour Problems and Remedies, 13th Edition, Universal Law Publishing, India, 2016
3) Purcell J, Good Industrial Relations : Theory and Practice, Palgrave Macmillan, UK 1981
4) R. Sivarethinamohna, Industrial Relations and Labour Welfare: Text and Cases, Prentice Hall India Learning Pvt Ltd, India, 2010

5.10 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: According to Section2(k) of the Industrial Disputes Act,1947, **"**Any disputes or differences between employers and employees, or between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour, of any person".

Ans to Q No 2: Some of the causes of industrial disputes are – industrial factors, management attitudes towards employees, government machineries, political factors and economic factors.

Ans to Q No 3: One of the consequences of industrial disputes/conflicts may be industrial

losses which may cause economic depression because many industries are interlinked. A problem in one industry may drastically affect another industry.

Ans to Q No 4: Some of the methods of dispute settlement include – Model Standing Orders, Works Committees, Joint Management Councils, and Collective Bargaining, among others.

5.11 MODEL QUESTIONS

Q 1: Explain the basic nature and scope of industrial disputes.

Q 2: Project the cause and effect relationship evident in industrial disputes.

Q 3: Elaborately discuss the various methods for prevention and settlement of industrial dispute in India.

Q 4: Characterise grievances and state the causes of the same.

Q 5: Highlight the procedure for Grievance Redressal popularly used in India.

Q 6: Discuss what makes for effectiveness in Grievance Redressal.

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UNIT 6 : ORGANISATIONAL DISCIPLINE

UNIT STRUCTURE

6.1 Learning Objectives

6.2 Introduction

6.3 Meaning and Objectives of Discipline

6.4 Principles for Maintenance of Discipline

6.5 Types of Discipline

6.6 Essentials of a Good Disciplinary System

6.7 Disciplinary Action

- 6.7.1 Punishment for Disciplinary Action
- 6.7.2 Procedure for Disciplinary Action

6.8 Let Us sum Up

6.9 Further Reading

6.10 Answers to Check Your Progress

6.11 Model Questions

6.1 LEARNING OBJECTIVES

After going through the unit, you will be able to:

- learn the meaning and objectives of discipline
- discuss the principles behind the maintenance of discipline
- outline the guidelines for disciplinary policy
- discuss the disciplinary actions.

6.2 INTRODUCTION

In the previous unit, we learned about the concept of grievance, its causes, different forms and effects of grievance. We also learned about the procedures for grievance handling. The need for grievance redressal procedure was also discussed.

In this unit, we will learn the meaning and objectives of discipline, principles of discipline and disciplinary actions. Discipline is very important for smooth and efficient functioning of an organisation. Discipline means the presence of orderliness in any particular field of activity. In simple words it means working, cooperating and behaving in a normal and orderly way, as

any reasonable person would expect an employee to do. Disciplinary action refers to taking action against an individual who departs from the devised code of conduct.

In this unit we shall be discussing the guidelines for disciplinary policy and also will get an idea of the different disciplinary actions.

6.3 MEANING AND OBJECTIVES DISCIPLINE

Meaning of Discipline:

The word “discipline” is derived from the Latin word “disciplina”, which means teaching, learning and growing. Discipline is one of the most important aspects involved in maintaining a harmonious human relation in an organisation. It is not possible for an organisation to survive and sustain without discipline. Maintenance of discipline is necessary at all levels of the organisation. Discipline is the process of training an employee so that he can develop self-control and can become more effective in his work.

Discipline can be defined as an organised behavior of individuals towards the aspired goals of an organisation. Any behavior which indicates towards the degradation or hindrance towards the common goal of an organisation can be considered to be an indisciplined behavior and deserves punishments as per the model code of conduct of the organisation.

According to Richard D. Calhoon, “Discipline may be considered as a force that promotes individuals or groups to observe the rules, regulations and procedures which are deemed to be necessary for the effective functioning of an organisation.”

Discipline can be simply understood to be an external force which enables the employees of an organisation to abide by the organisational rules and regulations, which are necessary for the effective functioning of an organisation. Discipline maintains the smooth functioning of an organisation until the employees adhere to the rules established by the organisation, but in contrary if the employees do not adhere to the rules or disobey them then a situation of indiscipline arises, which is resolved by taking necessary actions against the concerned employee.

Objectives of Discipline:

The main objectives for the establishment of discipline in an organisation are:

- **To obey rules and regulations**: The main objective of discipline is to obey the rules and regulations of the organisation, so that it becomes convenient to get things done through a large group of employees, which helps in attaining the organisational goal effectively.

- **Certainty**: Discipline amongst employees ensures element of certainty in the organisation despite of different variances.
- **Efficiency:** Obeyance of rules and regulations leads to smooth functioning of the activities performed by the employees, hence enhancing the efficiency level.
- **Mutual respect:** One of the major objectives of discipline is to create a conducive work climate, which results in mutual respect amongst the employees in an organisation.
- **Organisational harmony**: To develop harmonious environment within the organisation, this enables the employees to attain better interpersonal understandings.

CHECK YOUR PROGRESS

Q 1: Define Discipline.

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Q 2: Write any four objectives of discipline.

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6.4 PRINCIPLES FOR MAINTENANCE OF DISCIPLINE

The following principles should be followed in an organisation to maintain discipline:

a. **Clear objectives:** The objectives of an organisation should be clearly defined to the employees and also the level of output aspired from an employee should be specified.

b. **Specific rules and regulations:** Set of rules and regulations should be framed in consultation with the employees. The organisation should then function in accordance with these set of rules and regulations.

c. **Proper communication:** All the rules and regulations should be properly communicated to the employees, helping the employees in better understanding of the rules and regulations. It results in better interpersonal relations among the employees.

d. **Provision of investigation:** The set of rules and regulations should also incorporate a provision for investigation, which can help in case of grievance redressal.

e. **Prevention of breach of discipline:** The primary objective of establishment of rules and regulations in an organisation is not to levy penalty but to maintain a proper functioning of the organisation. It should always emphasise on prevention of breach of discipline.

f. **Self discipline:** The management should be responsible to not promote any act that may encourage the employees to breach discipline. They must focus of self discipline, as their own conduct should lead an example for the rest to follow.

g. **Specific enforcement authority:** The authority for enforcement of discipline must be specified. Also the procedure for appeal against any disciplinary actions should be provided to the employees.

h. **Rules , regulations must be periodically appraised :** All the rules and regulations should be periodically evaluated and appraised.

i. **Discipline action should not be vindictive:** Disciplinary action should not be taken to victimize employees, rather the main objective should be to prevent its reoccurrence.

j. **Suitable grievance procedure:** The grievance redressal procedure should be so designed that it is convenient and prompt. The grievance redressal should not be delayed as it leads to chaos and confusion among the employees.

k. **Constitution of discipline committee:** A discipline committee should be constituted to look after the matter concerning indiscipline in an organisation and give suitable suggestions to avoid reoccurrence.

l. **Extent of punishment must be known:** The prescribed punishment relating to indiscipline must be known.

6.5 TYPES OF DISCIPLINE

A disciplinary action is the means by which the various procedures are used to bring about the controlled state of affairs. The types of discipline are: Positive or self Discipline, Negative or Enforced Discipline, task Discipline, group discipline and Imposed Discipline. Let us discuss this in detail.

1. **Positive or Self –Discipline:** Self discipline is a willing and instinctive sense of responsibility that leads on employee to know what needs to be done. Getting to work on time, knowing the job, setting priorities, and denying personal preferences for more important ones all measure how self disciplined you are. This is the highest order of all disciplines because it springs from the values you use to regulate and control your actions. The ideal situation is to motivate cadets to willingly discipline themselves, and

exercise self control and direction to accomplish the task.

2. **Negative or Enforced Discipline:** Negative Discipline is also called 'enforced discipline'. In case of negative discipline, employees are forced to obey orders and abide by rules and regulations that have been laid down, failing which penalties and punishment would be imposed on them. Thus, the objective of using negative discipline is to ensure that employees do not violate rules and regulations formed by the organisation. In other words, the purpose of negative discipline is to scare other employees and to ensure that they do not indulge in undesirable behaviour.
3. **Task Discipline:** Task discipline is a measure of how well you meet the challenges of your job. Task discipline requires that you have a strong sense of responsibility to do your job to the best of your ability.
4. **Group Discipline:** Group discipline means teamwork. Most jobs require that several people work effectively as a team, group discipline is very important.
5. **Imposed Discipline:** Imposed discipline is the enforced obedience to legal orders and regulations. This type of discipline provides the structure and good order necessary throughout the organisation to accomplish a task regardless of any situation.

CHECK YOUR PROGRESS

Q 3: Write any four principles followed in an organisation to maintain discipline.

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Q 4: What is negative discipline?

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Q 5: What Is group discipline?

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6.6 ESSENTIALS OF A GOOD DISCIPLINARY SYSTEM

a. **Defined rules**: All the employees irrespective of their positions in the organisation should be well versed in the organisational rules and regulations, enabling them to understand the and obey the instructions. All instructions should be clear and understandable. The supervisor particularly is responsible to make the employees understand about it.

b. **Promptness:** Misconduct or any violation of rules must be quickly addressed. The more the delay the more it creates a situation of chaos and confusion among the employees.

c. **Non vindictive approach**: Disciplinary action must be non vindictive in approach, which means the misconduct must be properly enquired and punishments should be in compliance to the misconduct or violations. Also it should be kept in mind that the employee should be given an opportunity to explain his action. The common law principle that an offender is innocent until he is proved guilty beyond doubt should be followed.

d. **Clear procedure:** All the procedures which are followed to address a grievance or penalty decision should be clearly laid down, without any prejudice. Also emphasis should be laid on gathering the facts. Some of the factors that should be considered during the procedure may include the magnitude of the issue, the frequency of occurrence of such issues, previous decisions on taken on similar issues, the track record of the employee concerned.

e. **Proper handling of disciplinary action**: The handling of disciplinary action is also an important component of a good disciplinary action system. The disciplinary action should be in a constructive manner. Also it should be maintained that the disciplinary action should be taken in private, as any public involvement would demean the employee and hamper his/her social standing.

6.7 DISCIPLINARY ACTION

Disciplinary action is a process to improve indiscipline behavior or performance, when other methods such as counseling and performance appraisal have not been effective.

The term 'disciplinary action' refers to any conditioning of future behaviour by the application of either rewards or penalties. This approach includes positive motivational activities, such as praise, participation and incentive pay, as well as negative motivational techniques, such as reprimand, layoff, and fines.

6.7.1 Punishment for Disciplinary Action

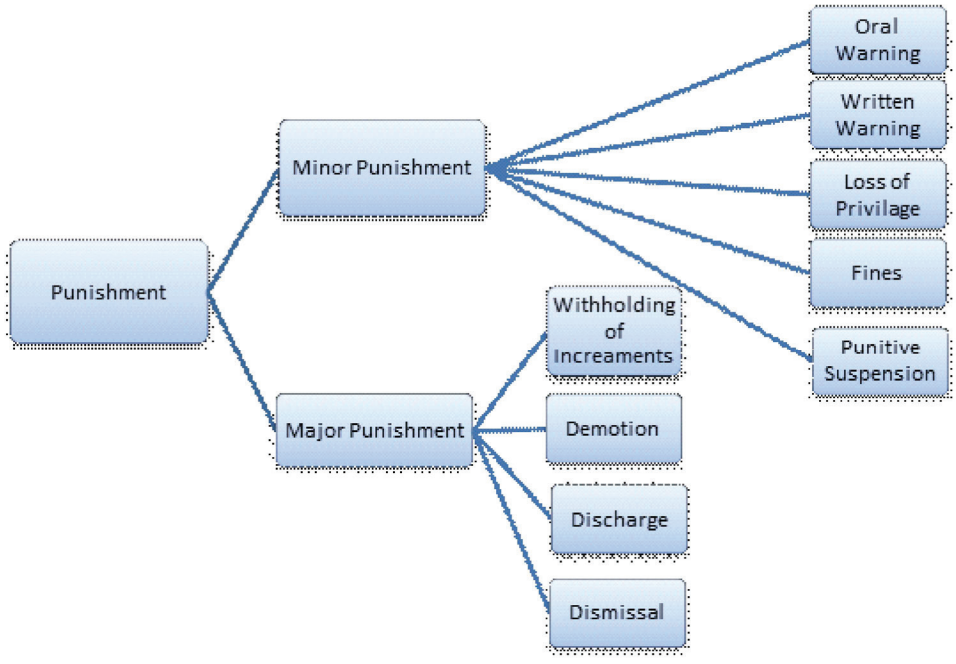


Fig 6.1 : Types of Punishment

Let us discuss the types of punishment in detail:

Minor Punishment:

- **Oral warning:** It is the least strict disciplinary action, where the supervisor or the immediate senior warns the employee about his unacceptable behavior.
- **Written warning:** In case misconduct is frequently repeated by the employee, management can issue a written warning, bewaring the employee of the consequences.
- **Loss of privileges:** In case of repetitive misconduct an employee might lose the privileges like selection of job assignments, right to select machine etc.
- **Fines:** Fine is the deduction in remuneration of an employee, as a penalty of any unnecessary activity or misconduct.
- **Punitive suspension:** Under punitive suspension an employee is prohibited from performing the duties assigned to him and his wages are withheld for as long as the prohibition exists.

Major Punishments:

- **Withholding of increments**: It is a major punishment; it stops or deducts the increments of an employee enjoyed in his service. It is equivalent to the (amount

of increment) x (12 months) x (number of years of service remaining).

- **Demotion:** Demotion is the reduction in the position of an employee from the currently working position. Demotion can be used only when the employee does not meet the requisite qualifications as per present scenario.
- **Discharge:** Discharge is a mutual process of termination of job, where the employee is not accused of any misconduct and is discharged from the job when both the parties have agreed to a common contract.
- **Dismissal:** As far as an organisation is concerned, dismissal is the capital punishment. Dismissal makes itself a disqualification for future employment, which is not so in case of discharge.

6.7.2 Procedures for Disciplinary Action

The following are the procedures followed for disciplinary actions:

a. **Preliminary investigation**: It is done to find out whether a case of misconduct has occurred or the allegations raised are false.

b. **Charge sheet issuance**: A charge sheet issues a list of allegations raised on the employee and ask the employee for an explanation on the allegations.

c. **Explanation of the employee**: If the explanation of the employee is satisfactory then no disciplinary action is taken.

d. **Issuance of show cause notice**: When the management is convinced that there are enough evidences, then they can issue a show cause notice to the employee, to give clarifications on the charges levied on the employee.

e. **Suspension** : If the charges levied are of grave nature, then the employee is immediately suspended with half the amount of remuneration till the charges are being proved.

f. **Notification and Performing the enquiry**: The management forms an enquiry committee which sends a notice for enquiry to the employee, mentioning the name of enquiry officer, time, date and place of enquiry etc. The enquiry is performed without any prejudice, allowing the accused of an opportunity to defend the charges. The enquiry officer should record the findings of the enquiry and submit their report to the management.

g. **Passing of the final order of punishment**: on the basis of the enquiry report, the management decides the final punishment. But they also consider the

employees past record and gravity of the charges.

CHECK YOUR PROGRESS

Q 6: State the concept of oral and written warning.

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Q 7: What is discharge and dismissal?

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Q 8: What is disciplinary action?

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6.8 LET US SUM UP

In this unit we have discussed the following:

- "Discipline may be considered as a force that promotes individuals or groups to observe the rules, regulations and procedures which are deemed to be necessary for the effective functioning of an organisation."
- Discipline maintains the smooth functioning of an organisation until the employees adhere to the rules established by the organisation, but in contrary if the employees do not adhere to the rules or disobey them then a situation of indiscipline arises.
- Disciplinary action is a process to improve indiscipline behavior or performance, when other methods such as counseling and performance appraisal have not been effective.

6.9 FURTHER READING

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2) Khanka S.S.(2007), *'Human Resource Management: Text and Cases'*, S Chand Publishing; Rep. Edn. 2007 edition.

3) Mamoria C.B. & Gankar S.V. (2008), '*A Textbook Of Human Resource Management*', Himalaya Publishing House.

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✓6.10 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Discipline may be considered as a force that promotes individuals or groups to observe the rules, regulations and procedures which are deemed to be necessary for the effective functioning of an organisation.

Ans to Q No 2: The four objectives for the establishment of discipline in an organisation are:

1. Observance of rules and regulations
2. Certainty
3. Efficiency
4. Mutual respect.

Ans to Q No 3: The following principles should be followed in an organisation to maintain discipline:

a. Clear objectives
b. Specific rules and regulations
c. Proper communication
d. Provision of investigation.

Ans to Q No 4: Negative Discipline is also called 'enforced discipline'. In case of negative discipline, employees are forced to obey orders and abide by rules and regulations that have been laid down, failing which penalties and punishment would be imposed on them.

Ans to Q No 5: Group discipline means teamwork, now days most of the organizations require that several people work effectively as a team, group discipline is very important.

Ans to Q No 6: Oral warning is the least strict disciplinary action, where the supervisor or the immediate senior warns the employee about his unacceptable behavior.

Written warning is a type of minor punishment wherein in case misconduct is frequently repeated by the employee, management can issue a written warning, bewaring the

employee of the consequences.

Ans to Q No 7: Discharge is a mutual process of termination of job, where the employee is not accused of any misconduct and is discharged from the job when both the parties have agreed to a common contract.

Dismissal is the capital punishment. Dismissal makes itself a disqualification for future employment, which is not so in case of discharge.

Ans to Q No 8: Disciplinary action is a process to improve indiscipline behavior or performance, when other methods such as counseling and performance appraisal have not been effective.

6.11 MODEL QUESTIONS

Q 1: Elaborate on concept of discipline.

Q 2: Write a short note on objectives for the establishment of discipline in an organisation.

Q 3: Write about the principles of maintenance of discipline.

Q 4: What are the procedures for disciplinary action?

Q 5: Write a short note on disciplinary action.

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UNIT 7 : MACHINERY FOR PREVENTION AND SETTLEMENT OF INDUSTRIAL DISPUTE

UNIT STRUCTURE

7.1 Learning Objectives

7.2 Introduction

7.3 Statutory Measures for Dispute Settlement

7.4 Non-Statutory Measures for Dispute Settlement

7.5 Let Us Sum Up

7.6 Further Reading

7.7 Answers to Check Your Progress

7.8 Model Questions

7.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- discuss the various statutory measures for prevention and settlement of industrial disputes in India
- describe the various non- statutory measures for prevention and settlement of industrial disputes in India.

7.2 INTRODUCTION

In the previous units we had got a fair idea about the various aspects of Industrial Dispute and grievance. Now, in this unit we will discuss on the statutory measures for prevention and settlement of industrial disputes in India.

It is said, “Prevention is better than cure”. The same stands true in respect of Industrial Disputes as well. Having realized the need to prevent disputes, there has been designed various statutory as well as non-statutory measures to prevent and settle industrial disputes in the country. In the following sections we will discuss about statutory and non statutory measures for dispute settlement.

7.3 STATUTORY MEASURES FOR DISPUTE SETTLEMENT

The following is the machinery for prevention and settlement of industrial disputes provided

by the Industrial Disputes Act, 1947:

1. **Works Committees:** Under the Industrial Disputes Act 1947, works committees exist in industrial establishments in which one hundred or more workmen are employed during the previous year. It consists of an equal number of representatives of workmen and employer.

   The duty of the works committee is to promote measures for securing and preserving amity and good relations between the employer and workmen. Among the other matters that the committee deals in are - conditions of work, amenities, safety and accident prevention, educational and recreational activities, promotion of thrift and saving etc. However, the following items do not fall under the purview of the Works Committee:

   i) Wages and allowance (ii) Bonus and profit sharing schemes (iii) Rationalisation and matters connected with fixation of workload (iv) Provident Fund, gratuity schemes and the retiring benefits (v) Quantum of leave and national and festival holidays (vi) Retrenchment and lay-off (vii) Victimisation for trade union activities (viii) Matters connected with the fixation of standard labour force (ix) Programmes of planning and development (x) Incentive schemes (xi) Housing facilities.

2. **Court Of Enquiry:** The government may appoint a court of enquiry for enquiring into any industrial dispute. A court may consist of one or more persons; in case of more than one person, one of the persons will be the chairman. The court shall enquire into the matter and submit its report to the Government within a period of six months.

3. **Labour Courts:** The government has set up Labour Courts for dealing with the matters specified in the Second Schedule of the Industrial Disputes Act 1947. These matters include:

   (i) The propriety or legality of an order passed by an employer under the standing orders.

   (ii) The application and interpretation of standing orders.

   (iii) Discharge or dismissal of workmen including reinstatement, or grant or, relief to workmen wrongfully dismissed.

   (iv) Withdrawal of any customary concession or privilege.

   (v) Illegality or otherwise of a strike or lock-out, and

   (vi) All matters other than those specified in the Third Schedule.

4. **Industrial Tribunals:** A Tribunal is appointed by the Government for the adjudication of Industrial Disputes relating to any matter specified in the Third Schedule of the Industrial

Disputes Act 1947. These matters include the following:

(i) Wages including the period and mode of payment.

(ii) Compensatory and other allowances.

(iii) Hours of work and rest intervals.

(iv) Leave with wages and holidays.

(v) Bonus, profit sharing, provident fund and gratuity.

(vi) Shift working otherwise than in accordance with standing orders.

(vii) Classifications by grades.

(viii) Rules of discipline.

(ix) Rationalisation.

(x) Retrenchment of workmen and closure of establishment.

(xi) Any other matter that may be prescribed.

The Industrial Tribunal consists of only one person who is appointed by the Government and he should either be a Judge of a High Court or District Judge for a period of not less than three years. It makes an award after hearing the parties to the dispute and the award is binding on them.

5. National Tribunal: A National Tribunal is constituted by the Central Government for the adjudication of industrial disputes involving issues of national importance. A National Tribunal consists of only one person who is appointed by the Central Government. A person who is or has been a Judge of High Court or who has held the office of the Chairman or member of the Labour Appellate Tribunal is eligible for appointment in this tribunal.

CHECK YOUR PROGRESS

Q 1: Name the statutory methods of prevention and settlement of industrial disputes.

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7.4 NON-STATUTORY MEASURES FOR DISPUTE SETTLEMENT

An effective and congenial industrial relations system would prevail when it is ensured that wherever possible, the parties to the dispute resolve it through a consensus-based process

such as conciliation and mediation, before reverting to arbitration and/or adjudication through a tribunal or labour court.

Thus, some of the major non-statutory industrial dispute settlement machinery are as follows:

1. **Conciliation**: Conciliation is a form of mediation. Mediation is the act of making active effort to bring two conflicting parties to compromise. Mediation, however, differs from conciliation in that whereas conciliator plays only a passive and indirect role, and the scope of his functions is provided under the law, the mediator takes active part and the scope of his activities are not subject to any statutory provisions.

   a. Conciliation Officers: Conciliation Officers are appointed by the Government under the Industrial Disputes Act, 1947.

   The Conciliation Officer is held responsible to deliver the following duties**:**

   i. He has to do all that is necessary for bringing a fair and amicable settlement of the dispute. In case of public utility service, he must hold conciliation proceedings in the prescribed manner.

   ii. He shall send a report to the government if the dispute is settled in the course of conciliation proceedings along with the memorandum of the settlement signed by the parties.

   iii. Where no settlement is reached, conciliation officer sends a report to the government setting forth the steps taken by him for ascertaining the facts, circumstances relating to dispute and the reasons on account of which settlement could not be reached. The report shall be submitted within 14 days of the commencement of the conciliation proceedings.

   In India, government of Bombay first introduced Conciliation and Labour Officer in 1934 when the Bombay Trade Dispute Conciliation Act was passed.

b. Board of Conciliation: In case the Conciliation Officer fails to resolve the differences between the parties, the government has the discretion to appoint a Board of Conciliation. The Board is a tripartite and ad hoc body consisting of a chairman and two or four other members.

The chairman is to be an independent person and other members are nominated in equal number by the parties to the dispute. Conciliation proceedings before a Board are similar to those that take place before the Conciliation Officer. The machinery of the Board is set in motion only when a dispute is referred to it. It is the duty of the Board to

do all that is necessary to induce the parties to come to a fair and amicable settlement. The Board must submit its report to the government within two months of the date on which the dispute was referred to it – which is extendable by the government by another two months.

The Board is to deliver the following duties**:**

(a) Investigate the dispute and do all that is necessaryto induce the parties to come to a fair and amicable settlement.

(b) A report as to whether a dispute is settled or not within two months of the date on which the dispute was referred to it has to be sent to the government by the board.

2. Court of Inquiry: In case of the failure of the conciliation proceedings to settle a dispute, the government can appoint a Court of Inquiry to enquire into any matter connected with or relevant to industrial dispute. The court is expected to submit its report within six months of its sitting. This report is subsequently published by the government within 30 days of its receipt. Unlike during the period of conciliation, workers' right to strike, employers' right to lockout, and employers' right to dismiss workmen, etc. remain unaffected during the proceedings in a court to enquiry. The court of enquiry consists of one or more persons as decided by the appropriate government.

A court of enquiry is different from a Board of Conciliation in that whereas theBoard of Conciliation aims at inquiring into and revealing the causes of an industrial dispute; the basic objective of the Court of Enquiry is to promote the settlement of an industrial dispute. Thus, a court of enquiry is primarily a fact-finding machinery.

3. Voluntary Arbitration: On failure of conciliation proceedings, the conciliation officer many persuade the parties to refer the dispute to a voluntary arbitrator. Voluntary arbitration refers to getting the disputes settled through an independent person chosen by the parties involved mutually and voluntarily.

Voluntary arbitration is one of the democratic ways for setting industrial disputes. It is the best method for resolving industrial conflicts and is a close' supplement to collective bargaining. It is based on the notion of self-government in industrial relations.

Arbitration offers an opportunity to solve the dispute through an arbitrator jointly appointed by the parties to the dispute. This process saves time and money of both the parties which is usually wasted in case of adjudication.

The method became popular with the advocacy of Mahatma Gandhi, who had applied it very successfully in the Textile industry of Ahmedabad. However, voluntary

arbitration was lent legal identity only in 1956 when Industrial Disputes Act, 1947 was amended to include a provision relating to it. It may, however, be noted that the arbitrator is not vested with any judicial powers.

The arbitrator derives his powers to settle the dispute from the agreement that parties have made between themselves regarding the reference of dispute to the arbitrator. The arbitrator should submit his award to the government. The government will then publish it within 30 days of such submission which would become enforceable on the expiry of 30 days of its publication.

4. **Adjudication:** The ultimate remedy for the settlement of an industrial dispute is its reference to adjudication by labour court or tribunals when conciliation machinery fails to bring about a settlement. It consists of settling disputes through intervention by the third party appointed by the government. Adjudication is to be conducted by the Labour Court, Industrial Tribunal of National Tribunal.

A dispute can be referred to adjudication if only both the employer and the recognised union agree to do so. A dispute can also be referred to adjudication by the Government even if there is no consent of the parties in which case it is called 'compulsory adjudication'.

CHECK YOUR PROGRESS

Q 2: Name the non-statutory methods of prevention and settlement of industrial disputes.

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7.5 LET US SUM UP

In this unit we discussed the following:

- Some of the useful methods used for prevention and settlements of industrial disputes are: 1. Works Committees 2. Conciliation Officers 3. Boards of Conciliation 4. Court Of Enquiry 5. Labour Courts 6. Industrial Tribunals and 7. National Tribunal!
- Now a day, industrial relations are not a bipartite affair between the management and the labour. Government is playing an active role in promoting industrial relations. The concept of industrial relations has therefore, become a tripartite affair among the

employees, employers and the government.

- Thus, some of the major non-statutory industrial dispute settlement machinery are as follows: 1. Conciliation 2. Court of Inquiry 3. Voluntary Arbitration 4. Adjudication.
- This machinery has been provided under the Industrial Disputes Act, 1947. It, in fact, provides a legalistic way of setting the disputes. As said above, the goal of preventive machinery is to create an environment where the disputes do not arise at all.

7.6 FURTHER READING

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7.7 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Some of the useful statutory methods used for prevention and settlements of industrial disputes are -1. Works Committees 2. Conciliation Officers 3.Boards of Conciliation 4. Court Of Enquiry 5. LabourCourts6. Industrial Tribunals and 7. National Tribunal

Ans to Q No 2: Some of the major non-statutory industrial dispute settlement machinery are as follows: 1. Conciliation 2. Court of Inquiry 3.Voluntary Arbitration 4.Adjudication.

7.8 MODEL QUESTIONS

Q 1: Write short notes on : a) Works Committees b) Conciliation Officers c) Boards of Conciliation d) Court Of Enquiry e) Labour Courts f) Industrial Tribunals and g) National

Tribunal.

Q 2: Distinguish between Statutory and Non-Statutory measures for prevention and settlement of Industrial Disputes.

Q 3: Compare and contrast between the functioning of the following dispute settlement machineries: a) Conciliation b) Voluntary Arbitration and c) Adjudication.

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UNIT 8: COLLECTIVE BARGAINING

UNIT STRUCTURE

8.1 Learning Objectives

8.2 Introduction

8.3 Meaning and Concept of Collective Bargaining

8.4 Objectives of Collective Bargaining

8.5 Features of Collective Bargaining

8.6 Strategies and Approaches to Collective Bargaining

8.7 Collective Bargaining Process

8.8 Impact of Collective Bargaining

- 8.8.1 Position of Collective Bargaining in India
- 8.8.2 Politicization of Trade Union movement in India

8.9 Workers' Participation In Management

8.10 Let Us Sum Up

8.11 Further Reading

8.12 Answers to Check Your Progress

8.13 Model Questions

8.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- learn the meaning, features and strategies of Collective Bargaining
- discuss of the approaches to Collective Bargaining and the impact of collective bargaining
- describe Worker's Participation in Management.

8.2 INTRODUCTION

In this unit, we have tried to acquaint you with the subject matter "collective bargaining" as properly as possible. First we will get an idea about the meaning and concept of Collective Bargaining followed by the characteristics and features of Collective Bargaining.

Then we will come to know about the activities include in the collective bargaining process. The discussion also includes the nature and feature of it. You will come to know

about the importance of collective bargaining in respect of employer, employee as well as the society.

To arrive at a harmonious solution to any conflicting issue, decisions based on mutual dialogues between the parties at stake is of vital importance. Collective Bargaining and Worker's Participation in Management are approaches designed to uphold this very philosophy.

This unit focuses on various aspects of the said topics so as to establish their significance in the work front.

8.3 MEANING AND CONCEPT OF COLLECTIVE BARGAINING

Collective bargaining is a process of negotiating between management and workers represented by their representatives for determining mutually agreed terms and conditions of work which protect the interest of both workers and the management.

Michael J. Jucious has defined collective bargaining as "a process by which employers, on the one hand, and representatives of employees, on the other, attempt to arrive at agreements covering the conditions under which employees will contribute and be compensated for their services".

According to Dale Yoder', "Collective bargaining is essentially a process in which employees act as a group in seeking to shape conditions and relation-ships in their employment".

By collective bargaining we mean the 'good faith bargaining'. It means that proposals are matched with counter proposals and that both parties make every reasonable effort to arrive at an agreement' It does not mean either party is compelled to agree to a proposal. Nor does it require that either party make any specific concessions.

It is called "collective" because both the employer and the employee act collectively and not individually in arriving at an agreement; and 'bargaining' because the process of reaching an agreement involves proposals and counter proposals, offers and counter offers.

8.4 OBJECTIVES OF COLLECTIVE BARGAINING

The basic objective of collective bargaining is to arrive at an agreement between the management and the employees determining mutually beneficial terms and conditions of employment. Among the other objectives are:

1. It is a bipartite process because being a group process here you will find two groups.

Representatives of employers and employees sit together to negotiate on the terms of employment in this process of collective bargaining.

2. The phrase “collective bargaining” itself indicates a negotiative process through which the employer and employees get a considerable scope to discuss, compromise on the topic of mutual give and take between them. Thus it can be considered as a form of participation.
3. Collective bargaining is a formalized process through which certain employment-related issues are regulated at national, organizational and workplace levels.
4. Collective bargaining is considered as a process because it consists of a number of steps.
5. Being a complementary process, here in this process of collective bargaining one party needs the thing that the other party has. For example labours can increase their productivity , but in return of it management has to pay them a better remuneration.
6. An improvement in the relationship among the workers on one hand while between the union and the employer on the other hand is accepted to achieve through the process of collective bargaining .
7. Collective Bargaining is a continuous process that tries to make the industrial democracy an effective one because there is use of cooperation and consensus in the process of collective bargaining in order to settle the disputes rather than conflict and confrontation.
8. The process of collective bargaining is influenced by the day to day changes in policies, potentialities, capacities and interests of the stakeholders etc .
9. Collective bargaining can also be defined as a political activity in the sense that it can be frequently undertaken by professional negotiators too.

CHECK YOUR PROGRESS

Q 1: Define Collective Bargaining.

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Q 2: List a basic objective of Collective Bargaining

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8.5 FEATURES OF COLLECTIVE BARGAINING

- It is a group process, wherein one group, representing the employers, and the other, representing the employees, sit together to negotiate terms of employment.
- Collective bargaining is a process in the sense that it consists of a number of steps. It begins with the presentation of the charter of demands and ends with reaching an agreement, which would serve as the basic law governing labor management relations over a period of time in an enterprise. Mutual trust and understanding serve as the by products of harmonious relations between the two parties.
- It a bipartite process. This means there are always two parties involved in the process of collective bargaining. The negotiations generally take place between the employees and the management. It is a form of participation.
- Negotiations form an important aspect of the process of collective bargaining i.e., there is considerable scope for discussion, compromise or mutual give and take in collective bargaining.
- Collective Bargaining is continuous process. It enables industrial democracy to be effective. It uses cooperation and consensus for settling disputes rather than conflict and confrontation.
- Collective bargaining is a formalized process by which employers and independent trade unions negotiate terms and conditions of employment and the ways in which certain employment-related issues are to be regulated at national, organizational and workplace levels.
- Collective bargaining is a complementary process i.e. each party needs something that the other party has; labor can increase productivity and management can pay better for their efforts.
- Collective bargaining tends to improve the relations between workers and the union on the one hand and the employer on the other.
- Collective bargaining takes into account day to day changes, policies, potentialities, capacities and interests.
- It is a political activity frequently undertaken by professional negotiators.

CHECK YOUR PROGRESS

Q 3: State one feature of Collective Bargaining.

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8.6 STRATEGIES AND APPROACHES TO COLLECTIVE BARGAINING

The collective bargaining process generally encompasses the following four types of activities:

1. **Distributive-Bargaining:** In distributive bargaining, one party's gain is another party's loss. This is most commonly explained in terms of a pie. Disputants can work together to make the pie bigger, so there is enough for both of them to have as much as they want, or they can focus on cutting the pie up, trying to get as much as they can for themselves. In general, distributive bargaining tends to be more competitive. It involves haggling over the distribution of surplus. Under it, the economic issues like wages, salaries and bonus are discussed. This type of bargaining is also known as conjunctive-bargaining.
2. **Integrative-Bargaining:** This involves negotiation of an issue on which both the parties may gain, or at least neither party loses. In general, it tends to be more cooperative than distributive bargaining. This type of bargaining is also known as cooperative bargaining.
3. **Attitudinal-Restructuring:** When there is a backlog of bitterness between both the parties, attitudinal restructuring is required to maintain smooth and harmonious industrial relations. It develops a bargaining environment and creates trust and cooperation among the parties. This involves shaping and reshaping some attitudes like trust or distrust, friendliness or hostility between labor and management.
4. **Intra-organizational-Bargaining:** It generally aims at resolving internal conflicts. This is a type of maneuvering to achieve consensus with the workers and management. Even within the union, there may be differences between groups. Within the management also, there may be differences. Trade unions maneuver to achieve consensus among the conflicting groups.

There are three elements in the system of collective bargaining:-

1. **Issues for consideration:** It is a matter of anxiety when the organization of workers is weak and they have to struggle for recognition by the employers. Under such a circumstance, they might have to fight for their union recognition as well as the union security. The issues are either of employment related aspects of the organization or the

personal matters of employee and thus it includes the matters of wages, fringe benefits, working condition as well as the promotion, transfer, discharge and dismissal etc respectively.

2. **Procedure for consideration**: The bargaining machinery and the procedure those are adopted to solve a problem may vary according to different circumstances. It is dependent upon the decision of two parties whether they ,that means, the employers or managements in one hand and the workers as well as their unions on the other hand are willing to conduct the bargaining process either by their own or by involving a third party, such as the government intervenes to bring about a settlement between them.

3. **Collective agreements and their implementation:** Collective agreement is a type of agreement which is the outcome of the process of collective bargaining and it occurs between an employer, a group of employers or one or more employer's organizations on the one hand and one or more representative worker 's organizations on the other hand. The collective bargaining agreement may also mean a compromise between the two parties both of whom have their own own self interest. The parties are agreed to abide by the rules and regulation mentioned in the agreements as a guide to carry on their relationship on certain matters for a specified period of time. It has been observed that in some countries, negotiations at the level of a single undertaking are preferred in view of the special conditions prevailing therein in opposite to the situation where the countries favour the negotiation at the level of industry as it tends to harmonise the working conditions as well as provide the uniform benefits to all the concern. The content of collective agreements vary considerably from plant to plant and from industry to industry and usually covers the items that are related to the wages, working conditions, working hours, fringe benefits and the job security etc. Legally a collective agreement binds not only the parties to it but also the persons on behalf of whom they are acting. It is always a common thing among the workers in a given undertaking that they may not belong to the union which has signed the agreements or that they are non-unionised. Therefore in a number of countries the law provides for compulsory coverage of agreements or settlements on the employers and all the employees in an establishment. There is no doubt that the proper implementation of the collective agreements as well as its afterwards monitoring is totally dependent on the good faith of the parties involved. In India, there are prevailing three types of agreements, namely:-

   a. voluntary agreements,

b. settlements, and

c. consent awards.

The type of collective agreement is known as voluntary agreement when it is the result of direct negotiation between the parties and when the parties are responsible for its implementation. Settlements are the collective agreements where you will find an intervention of government agencies. When the situation of reaching a collective agreement is that here in this case the matter of dispute is placed under the reference to industrial tribunal/court, then the collective agreement is known as consent awards.

8.7 COLLECTIVE BARGAINING PROCESS

It is known to us that collective bargaining is generally a negotiative process that goes on between the representatives of employee and employer of the organization. In this bargaining process, employees are represented as a union or other labour organization which then negotiates with the employer to determine the conditions of employment. The system of collective bargaining results out the collective bargaining agreement (CBA) that may be either of procedural agreements or of substantive agreements.

Emphasising specially on the relationship between the workers and management, this procedural agreements denote the procedures to be adopted for resolving the individual or group disputes. Here, in this agreement, the procedures adopted to resolve the individual grievances, disputes as well as to maintain discipline in the industry should be cited properly. Generally, procedural agreements provide the information on the overall terms and conditions of employment and on the codes of behavior.Then the specific issues, such as basic pay, overtime premiums, bonus arrangements, holiday entitlements, hours of work, etc are covered in a substantive agreement. Agreements are usually signed for a fixed or definite period of time. Hence a procedural agreement has to be reviewed on timely when the negotiation takes place on the matter of pay and conditions of employment under the process of collective bargaining.

The collective bargaining process comprises of five core steps:

1. **Prepare:** In this step of collective bargaining, first a negotiation team is formed that consists of the representatives of both the employer and employee. These representatives posses the adequate knowledge and skills for negotiation. In this phase, first both the employer's representatives and the union examine or review their own

situation. Then it is followed by a stage where a decision is taken regarding the issues/ matters of concern that they believe as the most important one to be raised/ included in the negotiation process. It is also tried by the representatives to find out the justified reason for choosing the topic for discussion i.e. to negotiate. We have to keep the following things in mind when we go for choosing the issue to be discussed like —— correct understanding of the main issues to be covered and intimate knowledge of operations, working conditions, production norms and other relevant conditions etc.

2. **Discuss:** Here in this stage, a discussion goes on between the parties involved about the ground rules that they will have to follower abide by during the process of negotiation. The process of collective bargaining is also not excluded from the saying that a process well begun is half done. In order to reach a collective bargaining agreement first an environment of mutual trust and understanding should be created among the members of the organization.
3. **Propose:** As all we know that propose means that the initial opening statements and the possible options those exist to resolve them. So, this phase of collective bargaining process also indicated the same thing. In a word, this phase can also be described as 'brainstorming' where there takes place an exchange of messages and opinions between the parties involved in the bargaining process.
4. **Bargain:** The parties involved in the bargaining process should posses a problem solving attitude in them. Then only the process of collective bargaining will be easy one. This stage comprises the time when 'what ifs' and 'supposals' are set forth and the drafting of agreements take place.
5. **Settlement:** In this stage, a permanent settlement is achieved i.e both the parties reach to an agreeable decision where both of them concise. Both the parties sign on the consignment and agree to abide by the terms and conditions written on it. Both the parties are agreed to support the common decision taken through mutually agreeable discussion regarding the problem or issue of negotiation. They also give the commitment to support the implementation of the agreement effectively through the joint effort of employer and employees via shared visions, strategic planning and negotiated change.

CHECK YOUR PROGRESS

Q 4: Mention the five core steps of the collective bargaining process.

i) .....

ii) .....

iii) .....

iv) .....

v) .....

8.8 IMPACT OF COLLECTIVE BARGAINING IN INDIA

Collective bargaining in India has been the subject matter of industrial adjudication since long and has been defined by our Law Courts. In *Karol Leather Karamchari Sangathan v. Liberty Footwear Company*(1961 I LLJ. 504) the Supreme Court observed that, "Collective bargaining is a technique by which dispute as to conditions of employment is resolved amicably by agreement rather than coercion."

In *Ram Prasad Viswakarma v. Industrial Tribunal* (1972, LLJ. 212) the Court observed that, "It is well known how before the days of 'collective bargaining', labour was at a great disadvantage in obtaining reasonable terms for contracts of service from its employer.As trade unions developed in the country and Collective bargaining becamethe rule, the employers found it necessary and convenient to deal with the representatives of workmen, instead of individual workmen, not only for the making or modification of contracts but in the matter of taking disciplinary action against one or more workmen and as regards of other disputes."

According to the Court, the Industrial Disputes Act, 1947 seeks to achieve social justice on the basis of collective bargaining. In an earlier judgment in Titagarh Jute Co. Ltd. v. SriramTiwari(1982 II LLJ 491) , the Calcutta High Court clarified that this policy of the legislature is also implicit in the definition of 'industrial dispute'.

In *Bharat Iron Works v. BhagubhaiBalubhaiPatel*(AIR 1990 SC 247), it was held that "Collective bargaining, being the order of the day in the democratic, social welfare State, legitimate trade union activities, which must shun all kinds of physical threats, coercion or violence, must march with a spirit of tolerance, understanding and grace in dealings on the part of the employer. Such activities can flow in healthy channel only on mutual cooperation between the employer and the employees and cannot be considered as irksome by the management in the best interests of its business. Dialogue with representatives of a union help striking a delicate balance in adjustments and settlement of various contentious claims and issues."

These cases and their consequent decisions only bring out the basic element in the concept i.e., civilized confrontation between employers and employees and the whole process

is regulated by statutory provisions.

8.8.1 Position of Collective Bargaining in India

The history of the trade union movement shows that unions are affiliated to one or the other political parties. As a result most of the trade unions are controlled by outsiders. Critics say that the presence of outsiders, is one of the important reasons for the failure of collective bargaining in India.

The Trade Unions Act, 1926, permits outsiders to be the office bearers of a union to the extent of half the total number of office bearers. Among them, to be the leader of the union, one does not have to actually work in the industry. Experience shows that outsiders who have little knowledge of the background of labour problems, history of labour movement, fundamentals of trade unionism and the technique of the industry and with even little general education assume the charge of labour union and become the self-appointed custodian of the welfare of workers. The employers, therefore, have been reluctant to discuss and negotiate industrial matters with outsiders, who have no personal or direct knowledge of day to day affairs of the industry. Employees also refuse recognition to the unions which are either controlled by the politicians or affiliated to a particular political party or controlled by a particular individual. Owing thereto, it has been observed that he State must outright ban “outsiders” from the trade union body. Further, provision for political funds by trade unions should be eliminated, since it invariably encourages the politicians to prey upon them. This aspect has, however, been overlooked by the National Commission on Labour. The Commission does not favour a legal ban on non-employees for holding the union office. It is only hopeful that internal leadership would develop through their education and training. This is considered as a gradual process. Accordingly the Commission suggests proportion of the outsiders and the workers in a union executive. However, on realizing the problems of outsiders in the Union, the Industrial Relations Bill, 1988 proposes to reduce the number of outsiders to two only.

8.8.2 Politicization of Trade Union movement in India

The Trade-Union Movement in India is divided on political lines and exists on the patronage of various political Parties. Political patronage of trade-unions has given a

new direction to the movement whose center of gravity is no longer the employees or workmen. Since the public sector which is really the instrumentality of the State, has emerged as the biggest employer in this country, the collective bargaining -between the union patronized by the party-in-power and the employer has become an important methodology in the search for workers votes by political parties. It is because of this process that agreements conferring benefits are signed even in those units where financial losses are mounting. Observations are also indicative of instances when in spite of wage increase end improved conditions of service; there has been no corresponding improvement in production or the productivity. Rather losses are found to be passed on to the consumers by increasing prices of the products.

8.9 WORKERS' PARTICIPATION IN MANAGEMENT

WPM means different things to different people depending upon their objectives and expectations. For example, for management it is a joint consultation prior to decision making, for workers it means co-determination, for trade unions It is the harbinger of a new order of social relationship and a new set of power equation within organisations, while for government it is an association of labour with management without the final authority or responsibility in decision making.

In the words of Mehtras "Applied to industry, the concept of participation means sharing the decision-making power by the rank and file of an industrial organisation through their representa-tives, at all the appropriate levels of management in the entire range of managerial action".

According to Keith Davis, "Workers' participation refers to the mental and emotional involve-ment of a person in a group situation which encourages him to contribute to group goals and share in responsibility of achieving them".

We shall get a deatil idea about Workers' Participation in Management in unit 10 of this course.

CHECK YOUR PROGRESS

Q 5: Define Workers' Participation in Management.

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8.10 LET US SUM UP

In this unit we have discussed the following:

- Collective bargaining is a process of negotiating between management and workers represented by their representatives for determining mutually agreed terms and conditions of work which protect the interest of both workers and the management. According to Dale Yoder', "Collective bargaining is essentially a process in which employees act as a group in seeking to shape conditions and relation-ships in their employment".
- The basic objective of collective bargaining is to arrive at an agreement between the management and the employees determining mutually beneficial terms and conditions of employment.
- A detailed description about the five core steps namely- prepare, discuss, propose, bargain and settlement of collective bargaining process is given in this unit.
- Collective Bargaining machinery essentially is a reflection of a particular social and political climate. The history of the trade union movement shows that unions are affiliated to one or the other political parties. As a result most of the trade unions are controlled by outsiders. Critic says that the presence of outsiders, is one of the important reasons for the failure of collective bargaining in India.
- According to Keith Davis, "Workers' participation refers to the mental and emotional involve-ment of a person in a group situation which encourages him to contribute to group goals and share in responsibility of achieving them".

8.11 FURTHER READING

1) Ratnam C S V (2003), *Negotiated Change: Collective Bargaining, Liberalization and Restructuring in India,* 1st edition,SAGE Publications Pvt. Ltd, India,
2) Patil B R (2000), *Collective Bargaining*, Orient Blackswan Pvt Ltd., New Delhi,
3) Current Approaches to Collective Bargaining by ILO,International Labour Office (6 September 1989)

8.12 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: According to Dale Yoder', "Collective bargaining is essentially a process in which employees act as a group in seeking to shape conditions and relation-ships in their employment".

Ans to Q No 2: The basic objective of collective bargaining is to arrive at an agreement between the management and the employees determining mutually beneficial terms and conditions of employment.

Ans to Q No 3: One of the features of Collective Bargaining is that it is a formalized process by which employers and independent trade unions negotiate terms and conditions of employment and the ways in which certain employment-related issues are to be regulated at national, organizational and workplace levels.

Ans to Q No 4: (i) Prepare

(ii) Discuss

(iii) Propose

(iv) Bargain

(v) Settlement

Ans to Q No 5: According to Keith Davis, "Workers' participation refers to the mental and emotional involve-ment of a person in a group situation which encourages him to contribute to group goals and share in responsibility of achieving them".

⑦ 8.13 MODEL QUESTIONS

Q 1: Draw attention to the concept, features and advantages of Collective Bargaining as a tool for decision-making and dispute management in industries.

Q 2: Highlight a few strategies of Collective Bargaining often found to be in practice in indian industries.

Q 3: Project a comparative discussion on the different approaches to Collective Bargaining.

Q 4: Being one of the primary stakeholders of any industrial relations, Workers' Participation in Management can prove to be a fruitful step towards maintaining a congenial relationship in the industry. Comment.

Q 5: Explain the process of collective bargaining.

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UNIT 9 : LABOUR WELFARE AND SOCIAL SECURITY

UNIT STRUCTURE

9.1 Learning Objectives

9.2 Introduction

9.3 Labour Welfare

9.4 Evolution of Social Security Measures

9.5 Health and Safety Programmes

9.6 Objectives of Workers' Education

9.7 Let Us Sum Up

9.8 Further Reading

9.9 Answers To Check Your Progress

9.10 Model Questions

9.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- discuss the meaning and importance of Labour welfare
- relate labour welfare as a social security measure
- phase out the evolution of social security measures in the country
- get deeper insights into health and safety programmes in practice in industries.

9.2 INTRODUCTION

Man is a social animal. And, more often than not, people work due to obligations rather than by choice. As such, taking extra efforts to make for their welfare at work and/or outside their work premises should be the responsibility of those who make them work. Although, there has been no stated limits to the scope of welfare provisions that may be facilitated by organisations, but there has certainly to be specific standards set so as to ensure some kind of uniformity in this respect, across industries. Many legal frameworks have been designed to ensure the same. This unit, attempts to highlight concepts, practices and legal provisions relating to labour welfare and social security in India.

9.3 LABOUR WELFARE

The meaning and implications of Labour Welfare differ widely across times, regions, industries, countries, social values and customs, the general economic development of the people and the political ideologies prevailing at particular moments.

According to Balfour committee, "Labour welfare refers to the efforts made by the employers to improve the working and living conditions over and above the wages paid to them. In its widest sense it comprises all matters affecting the health, safety, comfort and general welfare of the workmen, and includes provision for education, recreation, thrift schemes, convalescent homes". It covers almost fields of activities of workers e.g., social, economic, industrial and educational.

In the words of Prof. H.S. Kirkaldy, "The whole field of welfare is one in which much can be done to combat the sense of frustration of the industrial workers, to relieve them of the personal and family worries, to improve their health, to offer them some sphere in which they can excel others and to help them to a wider conception of life."

According to N. M. Joshi, "welfare work covers all the efforts which employers take for the benefit of their employees over and above the minimum standards of working conditions fixed by the Factories Act and over and above the provisions of the social legislation providing against accident, old age, unemployment and sickness."

In the second Asian Regional Conference of ILO, it was stated that workers' welfare may be understood to mean "such services, facilities and amenities which may be established in or in the vicinity of undertakings to enable the persons employed in them to perform their work in healthy and peaceful surroundings and to avail of facilities which improve their health and high morale."

According to Labour Investigation Committee. "Anything done for the intellectual, physical, moral and economic betterment of the workers, whether by the employers, by the government or by other agencies over and above what is laid down by law or what is normally expected on the part of the contractual benefits for which worker may have bargained."

CHECK YOUR PROGRESS

Q 1: What do you understand by Labour welfare?

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9.4 EVOLUTION OF SOCIAL SECURITY MEASURES

The emergence of industrial revolution changed both the nature of insecurity as well as the remedies provided for it in the society. The United States of America is considered to be the birth place of modern social security measures.

The social security measures in the USA were inaugurated with the enactment of the Social Security Act, 1935 under which a United Social Insurance System was established as the first major step taken in the field of social security. By the same Act of 1935, an old age pension system was also established. In the year 1938, a Social Security Board was set up to administer social security measures in the United States.

The introduction of social security measures in India is comparatively a recent one. The climate for industrial security in India started from the 10th Session of the International Labour Conference held in 1927 in which two Conventions and Recommendations were adopted for social security in the country which were discussed thread-bare in the Indian Legislative Assembly in 1928. As an aftermath of this discussion, the Assembly, however, resolved that the introduction of any comprehensive scheme for social security on the lines proposed by the ILO was impracticable under the conditions then prevailing in the country.

Thereafter, the Preparatory Asian Regional Labour Conference, held in New Delhi in 1947 adopted a comprehensive resolution on social security implementation in various Asian Countries. The Employees State Insurance Act, 1948 was enacted in India to inaugurate the social security measures in the country, as a resultant initiative of the former resolution.
India, as a 'Welfare State', is expected to take care of the citizens from the 'cradle to the grave'. In the backdrop of this very realization, the constitution of India lays down that the State shall, within the limits of its resources and development, make effective provisions for securing public assistance in event of unemployment, old age, sickness, and disablement. Since then, various social security schemes have been introduced in the country. Among the social assistance schemes, old-age assistance schemes are the most important ones. The Government of Uttar Pradesh initiated the introduction of the old-age assistance scheme for the first time in 1957.

This scheme was designed to pay a monthly benefit to needy individuals over the age of 70 years who had no one to support them. As a ripple-effect to this initiative of the UP Government, similar schemes were introduced in Andhra Pradesh in 1961, Tamil Nadu in 1962, Punjab and Haryana in 1963 and subsequently in many other states. The eligibility

conditions to avail of these benefits and levels of benefits, however, differ across the States.

CHECK YOUR PROGRESS

Q 2: Which is considered to be the place of origin of modern social security measures?

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9.5 HEALTH AND SAFETY PROGRAMMES

Health and safety programs ensure that workers are protected, risks are minimized, and a healthy and safe workplace is maintained. All employers must establish some form of health and safety program at the workplace. An effective program will:

- Identify and control hazards in the workplace.
- Help prevent injuries and disease.
- Limit an organization's financial losses resulting from injuries and disease.
- Promote a positive health and safety culture.
- Outline the importance of, and provide guidance on, health and safety processes such as workplace inspections, investigations, safe work procedures, management meetings for health and safety, joint OHS committee requirements, and the tracking and trending of OHS records and statistics.
- Include sub-programs focused on health and safety issues pertinent to your site. For example, your site may have a specific lockout program, a fall protection program, or a confined space entry program.

The newest trend in workplace safety and health has been to incorporate all areas that affect human health for both workers and non-workers into one unit, the environmental, health, and safety (EHS) department. This department of professionals not only strives to protect the immediate health and safety of the workers, but protects the environment and public as well.

CHECK YOUR PROGRESS

Q 3: What is the basic aim of Health and safety programs in industries?

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9.6 OBJECTIVES OF WORKERS' EDUCATION

- To empower the workers as employees of the organization and to develop a sense of belongingness as effective instruments of amicable industrial relations and maintaining industrial peace.
- To develop amongst the workers a greater understanding of the problems of their social and economic environment, their responsibilities towards family members, and their rights and obligations as citizens, as workers in industry and as members and officials of trade union.
- To strengthen among all sections of the working class, including rural workers, a sense of patriotism, national integrity, unity, amity, communal harmony, secularism and pride in being an Indian.
- To equip all sections of workers, including rural workers and women workers, for their intelligent participation in social and economic development of the nation in accordance with its declared objectives.
- To develop capacity of workers in all aspects to meet the challenges of the country from time to time..
- To meet the needs of workers to have access to ways of acquiring and continuous up gradation of knowledge and skills that they require to find and hold a job.
- To develop strong, united and more responsible trade unions and to strengthen democratic processes and traditions in the trade union movement through more enlightened members and better trained officials

Objectives of Rural Workers' Education

- To educate rural workers in protecting and promoting their individual and social interests.
- To educate the rural workers to enhance their self-confidence and build-up a scientific attitude.
- To promote among rural workers, critical awareness of the problems of their socio-economic environment and their privileges and obligations as workers, as members of the village community and as citizens.
- To educate rural workers in developing their organizations through which they can fulfill socio-economic functions and responsibilities in rural economy and strengthen democratic, secular, and socialist fiber of rural society like motivating rural workers for family welfare planning and to combat social evils.

CHECK YOUR PROGRESS

Q 4: State two objectives of Workers' Education.

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9.7 LET US SUM UP

- Labour welfare is a flexible and elastic concept. Its meaning and implications differ widely with times, regions, industries, countries, social values and customs, the general economic development of the people and the political ideologies prevailing at particular moments. As such, a precise definition is rather difficult.
- In the pre-industrial society, security against various contingencies was provided by the institutions like joint family, caste, guild, village community, religious institutions, etc. Eventually, the emergence of industrial revolution changed both the nature of insecurity as well as the remedies provided for it. The United States of America is considered to be the birth place of modern social security measures.
- The introduction of social security measures in India is expectedly a recent one. In fact, the making of climate for industrial security in India started from the 10 Session of the International Labour Conference held in 1927 in which two Conventions and Recommendations were adopted for social security in the country.
- Among the various objectives of Workers' Education, one of the primary is to strengthen among all sections of the working class, including rural workers, a sense of patriotism, national integrity, unity, amity, communal harmony, secularism and pride in being an Indian.

9.8 FURTHER READING

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3) Kumar H L(2016), *Obligations of Employers: Under Labour Laws*, 8th Edition, Universal Law Publishing, India, 2016.

4) Sarma A M(2015), *Aspects of Labour Welfare and Social Security,* 12th Edition, Himalaya Publishing House, India.

✓9.9 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: In the second Asian Regional Conference of ILO, it was stated that workers' welfare may be understood to mean "such services, facilities and amenities which may be established in or in the vicinity of undertakings to enable the persons employed in them to perform their work in healthy and peaceful surroundings and to avail of facilities which improve their health and high morale."

Ans to Q No 2: The United States of America is considered to be the birth place of modern social security measures.

Ans to Q No 3: Health and safety programs are aimed at ensuring that workers are protected, risks are minimized, and a healthy and safe workplace is maintained.

Ans to Q No 4: Two important objectives of Workers' Education are as follows –

- To develop amongst the workers a greater understanding of the problems of their social and economic environment, their responsibilities towards family members, and their rights and obligations as citizens, as workers in industry and as members and officials of trade union.
- To develop capacity of workers in all aspects to meet the challenges of the country from time to time.

?9.10 MODEL QUESTIONS

Q 1: Define and explain the concept of Labour welfare.

Q 2: Discuss the evolutionary phases of Social Security measures in India.

Q 3: Suggest a few measures that can ensure effectiveness of Employee Health and Safety Programs.

Q 4: An educated worker is an asset for the industry. In the light of the given statement, project a few important objectives of Workers' Education.

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UNIT 10 : WORKER'S PARTICIPATION IN MANAGEMENT

UNIT STRUCTURE

10.1 Learning Objectives

10.2 Introduction

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10.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- discuss the features and objectives of Worker's Participation in Management in general and with special reference to India
- identify and understand the forms of WPM practiced in India
- realize the merits and demerits of WPM along with being able to suggest measures to make WPM effective.

10.2 INTRODUCTION

Workers are the people who put in their sweat and limbs to industrial functioning. By virtue of this very position that they hold in industries, they are the ones who face the grass-root challenges and problems of production, processing and others. Hence, the earlier tendency to keep them aloof of decision-making cannot hold good in the long run functioning and existence of the organization. Today, with the need to better educate and train workers so as to enable them to operate under advanced information and technological settings, it is also

required that they be made a crucial part of the decision-making process. Thus, the emphasis upon WPM, is discussed in this unit.

10.3 CONCEPT OF WORKERS PARTICIPATION IN MANAGEMENT

According to the ILO, "Workers' participation may, broadly be taken to cover all terms of association of workers and their representatives with the decision-making process, ranging from exchange of information, con-sultations, decisions and negotiations to more institutionalized forms such as the presence of work-ers' members on management or supervisory boards or even management by workers themselves as practised in Yugoslavia".

There exists much difference of opinions regarding the perception of WPM due to the differential pattern of practices adopted by various countries while implementing Workers' Participation in Man-agement.

For example, in Great Britain and Sweden, WPM is in the form of Joint Consultation through Joint Consultative Committees; Works Committees in France; Co-determination Committees in West Ger-many; Joint Work Council in Belgium; Workers' Council and Management Board in Yugoslavia and Union Management Co-operation in USA.

In India, WPM is in the form of Labour Management Cooperation implemented through the agencies like Works Committees, Joint Management Councils (JMCs) Shop Councils, Unit Councils and Joint Councils.

However, in essence all of these practices uphold the same basic principles. WPM is a system of communication and consulta-tion, either formal or informal, by which the workers of an organisation are kept informed, as and when required, about the affairs of the undertaking and through which they express their opinion and contribute to decision-making process of management.

10.4 FEATURES AND OBJECTIVES OF WPM

The following are the main characteristic features of WPM:

1. Participation implies practices which increase the scope for employees' share of influence in decision-making process with the assumption of responsibility.
2. Worker's participation in management differs from collective bargaining in the sense that while the former is based on mutual trust, information sharing and mutual problem

solving; the latter is essentially based on power play, pressure tactics, and negotiations.

3. Participation presupposes willing acceptance of responsibility by workers.
4. The basic rationale for worker's participation in management is that workers invest their labour and their fates to their place of work. Thus, they contribute to the outcomes of organization. Hence, they have a legitimate right to share in decision-making activities of organisation.
5. Workers participate in management not as individuals but as a group through their representatives.

The objective of WPM, as envisaged in the Second Five Year Plan of India is to ensure:

1. Increase in productivity for the benefit of all concerned to an enterprise, i.e., the employer, the employees and the community at large.
2. Satisfaction of worker's urge for self-expression in the matters of enterprise management.
3 Making employees better understood of their roles in the organisation.

In ultimate sense, the objective of WPM in India is to achieve organizational effectiveness and the satisfaction of the employees.

As such, the obejectives of WPM in India may be summed up as follows:

1. Promote mutual understanding between management and workers, i.e., industrial harmony.
2. Establish and encourage good communication system at all levels.
3. Create and promote a sense of belongingness among workers.
4. Help handle resistance to change.
5. Induce a sense among workers to contribute their best for the cause of organisation.
6. Create a sense of commitment to decisions to which they were a party.

CHECK YOUR PROGRESS

Q 1: State the prime rationale for WPM.

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Q 2: State two objectives of WPM.

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10.5 FORMS OF WPM

Mehtras has suggested five levels of workers' participation ranging from the minimum to the maximum. These are:

Informative Participation:

This refers to management's information sharing with workers regarding those items that are concerned with workers such as Balance Sheet, production, economic conditions of the plant etc. However, workers have no right of close scrutiny of the information provided and management has its prerogative to make decisions on issues concerned with workers.

Consultative Participation:

Workers, in this case, are consulted in those matters which relate to them. The role of workers is restricted to give their views only. The acceptance or non-acceptance of these views depends upon the management. Nevertheless, it provides an opportunity and a forum to the workers to express their views on matters involving their interest.

Associative Participation:

In this type of participation, the role of the workers' council is not just advisory like in case of consultative participation. This may be regarded as an advanced and improved form of consultative participa-tion where the management is under a moral obligation to acknowledge, accept and implement the unanimous decision of the council.

Administrative Participation:

In this form of participation, decisions already taken are implemented by the workers. Compared to the former three levels of participation, the degree of sharing authority and responsibility by the workers is definitely more in this participation.

Decisive Participation:

This is the ultimate level of Workers' Participation in Management. Here, the decisions are taken jointly by the management and the workers of an organisation.

Methods of Workers' Participation in Management:

1. Suggestion Method:

Suggestions from the workers, regarding improvement in working, how to avoid accidents, cleanliness etc., are invited The best suggestion from the worker is rewarded and a certificate to that effect is given to the worker so that others can make better suggestions in future. This is a method of encouraging workers' interest in the industrial establishment. This method is adopted in many organizations in India.

2. Co-partnership:

In this method, workers' participation in management is viewed as leading to industrial democracy by way of co-partnership which allows workers to participate in decision making. The employees get shares of the company and establish their ownership. This is made possible because the share of profit is not paid in cash but company shares are allotted to the workers.

As shareholders of the company, they are entailed to participate in management. This not only increases the status of workers but also leads to improvement in their attitude as they realize their responsibility and relations between workers and management become smooth. Moreover, they also receive dividend on their shares.

3. Representation on Board of Directors:

This method encourages one or two representatives of the workers to be nominated on the Board of Directors of a company wherein they enjoy the same privileges and have the same authority as other directors have. The representatives of the workers to be nominated are elected or suggested by the unions of the workers. They actively participate in the decision making process in respect of formulation of policies and procedures of the organisation. This is one of the most effective methods of ensuring Workers' Participation in Management.

4. Works Committees:

The Industrial Disputes Act 1947 provides for establishing Works Committees in every establishment employing hundred or more workers. This is done to make workers' participation legally binding. The committee consists of equal number of representative members of workers and employers/management. The object of establishing works committees is to promote healthy industrial relations. However, to make this object come true in the real sense of the term, what is required is bringing in a change in outlook on the part of both the parties.

5. Joint Management Councils:

It is not mandatory on the part of the industries to establish JMCs. These committees are set up in consultation with recognized union of the establishment and are usually formed at the plant level. The members of management are nominated by the top management and the representatives of workers are elected or nominated by the recognized trade union of the undertaking.

Industrial Policy 1956 of government of India has stressed on joint consultation between management and workers to maintain industrial peace and to promote better industrial relations in the prime sector of industries. As a consequence, the Joint Management Councils received recognition during the second five year plan. Consultative committees, that are advisory in

nature, are set up consisting of representatives of employees and employers both. These committees discuss the matters relating to workers and the working conditions. The representatives of workers and employers discuss their problems and arrive at mutually consenting solutions. Although it is not mandatory to implement the decisions so taken, managements normally consider their decisions sympathetically and implement them. Matters, such as those relating to canteen facilities, prevention of accidents, general precautions and safety measures, drinking water facilities, rules and regulations, absenteeism, training, discipline etc., are discussed in such a forum.

Shop Councils:

This system requires the industrial units having employees 500 or more to set up shop councils in all shops and departments. With an upper limit of not more than 12 members in total, these councils have an equal representation of the members of management and of workers. The tenure of the council is for two years. The council should meet at least once in a month.The decision of the shop council is to be implemented within a month's time. The shop council must make efforts to increase the productivity, to avoid wastages and to make maximum use of machines and manpower and recommend the steps to remove absenteeism.

Joint Councils:

Every undertaking employing 500 or more employees should set up a Joint Council at the unit level – the organisation of the joint council being same as that of the Shop Council. Some of the state governments extended this scheme to the undertaking having less than 200 employees. It has a chairman, Vice Chairman and secretaries who receive all the facilities required to perform their functions.

The Joint Council should meet at least once in three months. It deals with optimum production, fixation of productivity norms, matters unresolved by the shop councils. Shop councils and joint councils were the schemes implemented during emergency in 1975 but after the lifting of emergency the schemes have lost their effect.

10.6 MERITS OF WPM

Workers' Participation in Management is a tool which promotes better industrial relations and establishes industrial peace. It has several advantages, some of which are discussed below:

1. Mutual Understanding:

The employees and employers nurture two different conflicting interests and both lack the knowledge of the problems faced by them. Workers' Participation in Management brings both the parties together, thereby enabling them to understand each other's problem through an approach of mutual understanding.

2. Efficiency of Workers Increase:

The overall efficiency of workers increases as the workers become partners in the decision making process wherein they learn about various aspects of the issue under discussion. This also helps enhance their sense of responsibility while dealing with any situation in their work place.

3. Increase in Production:

Increase in efficiency of workers, better understanding between workers and employers lead to mutual cooperation which results in increased productivity and increase in total production of the enterprise.

4. Establishes Industrial Peace:

As each dispute is solved with mutual understanding and consent, both parties to the decision are equally responsible for the consequences thereof – positive or negative. In this way disputes are eliminated and industrial peace is restored.

5. Promotion of Industrial democracy:

Workers' participation in management helps in promoting industrial democracy as all parties to a conflict/dispute get equal opportunity to voice their opinion and contribute towards the final decision through active participation.

6. Welcomes Changes:

Workers' Participation in Management helps in arriving at a unanimous decision regarding whether to accept or reject any change. The changes which bring more benefits than the costs incurred on them, are accepted. Thus, there exists lesser chances of resistance to change; rather, changes are self-invited and hence, welcomed by the employees.

7. Personal Development:

Participation helps workers to express their creative instinct and they respond favourably to the challenges at the workplace as regards performance of the job. They feel free in doing so. It is possible as participation brings industrial democracy.

8. Reduces Misunderstanding:

Participation reduces misunderstanding regarding the managements' outlook. This increases the organisational balance.

9. No Outside Help to Sort-out Disputes:

In case of industrial disputes, no outside help is taken but they are sorted out within the plant itself by the employees and employers themselves in a participative mode. This helps in maintaining confidentiality of issues and decisions, wherever necessary along with boosting cohesiveness amongst workers and management in organizational functioning.

CHECK YOUR PROGRESS

Q 3: Highlight two merits of WPM.

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10.7 DEMERITS OF WPM

WPM is not devoid of its share of limitations like any other process. Some of them are**:**

1. Workers are not Enthusiastic:

Employers often believe that workers being incompetent cause delay in decisions. Some of the good decisions cannot be implemented for lack of support from the workers. Many a times, workers also lack enthusiasm in participating.

2. Weak Trade Unions:

In India, multiplicity of trade unions poses a serious threat to mutual agreement while taking decisions. This apart, political dominance also weakens the genuine strength of the unions. Moreover there are certain problems that require specialized knowledge which workers do not possess hence such problems cannot be solved through participation.

10.8 WPM IN INDIA

In India, the concept and idea of Workers' Participation in Management dates back to the 1920s when Mahatma Gandhi suggested participation of workers in management on the ground that workers contributed labour and brains while shareholders contributed money to the enterprise and that both should, therefore, share in its property. He had emphasized upon a perfect relationship of friendship and cooperation among them. It was under his guidance that, in 1920, the workers and the employers in Ahmedabad Textile Industry agreed to settle their disputes by joint discussions and consultations.

Therefore, the Ahmedabad Agreement may be regarded as a mile-stone in the history

of joint consultation or participative management in India. Consequently, India saw the setting up of some works committees in the Government Printing Presses and Railways also; as also in the Tata Iron and Steel Company, Jamshedpur. Since then, there has been no looking back. While supporting the need for works committees, the Royal Commission on Labour suggested that, to promoting industrial harmony and to avoid misunderstanding and settle disputes, not only works committees be set up, but strong trade unions be developed and labour officers be appointed.

The Commission also suggested the establishment of a joint machin-ery to deal with the more general questions, and also to act as an advisory appellate body in respect of disputes which were confined to a single establishment. These recommendations were given legal shape and form through the incorporation of provisions relating to formal statutory machinery under the Bombay Industrial Rela-tions Act, 1946 and the Industrial Disputes Act, 1947.**This was the pre-independence status of WPM in India.**

The concept and practice of WPM, in the true sense of the term, geared up force only after independence of the country. In fact, the first major step in the direction of Workers' Participation in Management in India was the enactment of the Industrial Disputes Act, 1947 with the dual purpose of prevention and settle-ment of industrial disputes. The Industrial Policy Resolution, 1948 advocated WPM by emphasizing upon the inclusion oflabour in all matters concerning industrial production. In this regard, Article 43 A of the Constitution of India states:

"The State shall take steps, by suitable legislation, or in any other way, to secure the participa-tion of workers in management of undertakings, establishments or other organisations engaged in an industry".

The First Five-Year Plan and the successive plans emphasised the need for Workers' Participation in Management. More specifically, to quote from the recommendations of the Second Five Year Plan, the following points may be highlighted:

1. WPM schemes should be introduced in selected undertakings on a voluntary basis.
2. A sub-committee consisting of representatives of workers, employers and government should be set up for considering the WPM in India.

The above recommendations, among other things, were accepted by 15th Indian Labour Confer-ence held in July 1957. The Conference appointed a 12 member sub-committee to look into further details of the scheme. The recommendations made by the sub-committee were discussed in a "Seminar on Labour-Management Co-operation" held in New Delhi on January 31 and February 1, 1958wherein a "Draft Model Agreement" between labour and

management for the establishment of the Joint Management Councils (JMCs) was drawn upto perform the following functions :

First, to fulfill its functions as an advisory body.

Second, to receive information on certain matters.

Third, to fulfill administrative responsibilities.

Thus, the Joint Management Councils (JMCs) were set up in 1958. Following the recommendations of the Administrative Reforms Commission, the Government of India accepted the inclusion of the representatives of workers on the Board of Directors of public sector undertakings. Following this, the Nationalised Banks (Management and Miscellaneous Provi-sions) Scheme 1970 also provided for the appointment of one worker director and one director from among officers to their Board for a tenure of 3 years. Thus up to July 1975, there had been three forms of Workers' Participation in Management intro-duced in India: Works Committees, Joint Management Councils and Workers-Directors (public sec-tor) on Boards of Directors.

Under the Government of India's 20-Point Economic Programmes, a new scheme of shops and plants councils was introduced in 1975 after the emergency was declared in June 1975. In 1976, the Government of India amended the constitution to incorporate Workers Participation in Management as one of the Directive Principles of State Policy.

The Janata Government also set up a "Committee Workers' Participation Management and Equity" in September 1977 under the Chairmanship of RavindraVarma, the then Union Minister of Labour. The Committee consisted of 18 members representing Central Organisations of trade unions and employers and some of the States and professional institutions of management.

The strength of Committee increased to 21 by nominating three additional members in January 1978. The terms of reference of the Committee were to consider, among other things, the need for a statutory scheme for Workers' Participation in Management. The Committee submitted its report to the Government in March 1979. The report showed that the majority of the members favoured adoption of a three-tier system of participation, viz., at the shop, plant and corporate or board levels. It also recommended to enact legislation on workers participation in management covering all undertakings, be public or private, employing 500 or more workers.

The Government accepted the recommendations made by the 21-Member Committee on Workers' Participation in Management and Equity. Based on a review of the working of the various schemes of Workers' Participation in Management, the Government formulated and

notified a new comprehensive scheme on a voluntary basis for 'Workers' Participation in Management' on 30th December, 1983. This scheme drew attention to the following aspects of WPM**:**

1. The scheme will be non-legislative.
2. It will apply to all central public sector enterprises, expect those specifically exempted.
3. It envisaged constitution of bipartite forums at shop and plant levels.
4. The mode of representation of workers representatives was to be determined by consultation with the concerned unions.
5. A wide range of work related issues were brought within the ambit of the councils.

Owing to a host of constraints such as multiplicity of unions, inter-union rivalry, lack of proper knowledge on the part of workers about the scheme, etc., it could not be as successful as was expected. As aremedy to the situation**,** the Government of India introduced a **Bill in the Parliament on 25th May 1990** to provide for**:**

1. Meaningful three-tier participation of workers in management in all industrial establishments.
2. Formulation of scheme specifying criteria regarding nomination of representatives from workers.
3. The principle of secret ballot for determining the representation of workers on the shop floor and establishment level councils.
4. Rules for monitoring the scheme.
5. Deletion of Section 3 of the Industrial Dispute Act, 1947.
6. Rules for appointment of Inspector.
7. Imprisonment up to 2 years or a fine up to Rs. 20,000 or both for contravention of the provisions.

This rendered the practice of WPM legally obligatory upon organisations and further accelerated the adoption and implementation of the process in Indian industries **post independence**.

10.9 MAKING WPM EFFECTIVE

The success of workers portion in management depends upon the following conditions:

- The attitude and outlook of the parties should be enlightened and impartial so that a free andfrank exchange of thoughts and opinions could be possible.
- Both parties should have a genuine faith in the system and in each other and be willing

to work together.

- There should be a strong trade union, which has learnt the virtues of unit and self-reliance so that they may effectively take part in collective bargaining or participation.
- Authority should be centralized through democratic management process. The participation should be at the two or at the most three levels.
- Programs for training and education should be developed comprehensively.
- Participation must work as complementary body to help collective bargaining, which creates conditions of work and also creates legal relations.
- A peaceful atmosphere should be there wherein there are no strikes and lock-outs, for their presence ruins the employees, harms the interest of the society, and puts the employees to financial losses.

10.10 LET US SUM UP

- Participation implies practices which increase the scope for employees' share of influence in decision-making process with the assumption of responsibility.
- The basic rationale tor worker's participation in management is that workers invest their labour and their fates to their place of work. Thus, they contribute to the outcomes of organization. Hence, they have a legitimate right to share in decision-making activities of organisation.
- The primary objective of WPM in India is to achieve organizational effectiveness and the satisfaction of the employees.
- In fact, the first major step in the direction of workers' participation in management in India was the enactment of the Industrial Disputes Act, 1947 with the dual purpose of prevention and settle-ment of industrial disputes. The Industrial Policy Resolution, 1948 advocated WPM by suggesting that labour should be in all matters concerning industrial production.

10.11 FURTHER READING

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✓10.12 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: The basic rationale for worker's participation in management is that workers invest their labour and their fates to their place of work. Thus, they contribute to the outcomes of organization. Hence, they have a legitimate right to share in decision-making activities of organisation.

Ans to Q No 2: Two objectives of WPM in India are to:

- Promote mutual understanding between management and workers, i.e., industrial harmony.
- Establish and encourage good communication system at all levels.

Ans to Q No 3: Two merits of WPM are – increase in workers' efficiency and increase in mutual understanding among workers.

?10.13 MODEL QUESTIONS

Q 1: Project ILO's stand on Workers' participation in Management to create understanding about the concept.

Q 2: Draw attention to the basic features and objectives of WPM in India.

Q 3: Briefly explain each of the various forms and methods of WPM practices in India.

Q 4: Emphasise upon the need for and merits of WPM in IR.

Q 5: Enlist the various demerits of WPM and suggest ways to overcome the same.

Q 6: State the conditions that make for effectiveness in Workers' Participation in Management.

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UNIT 11: LAWS RELATED TO INDUSTRIAL RELATIONS

UNIT STRUCTURE

11.1 Learning Objectives

11.2 Introduction

11.3 Evolution of Labour Laws in India

11.4 Labour legislation in the pre-independance period

11.5 Labour legislations in the post independence period

11.6 Constitutional provisions with regard to labour laws

11.7 Laws relevant to employee relations

11.8 Laws relevant to organisational conflicts

11.8.1 The Industrial Disputes Act, 1947

11.9 Laws relevant to employee wages and compensation

11.9.1 The Workmen's Compensation Act, 1923

11.9.2 The Minimum Wages Act, 1948

11.9.3 The Payment of Wages Act, 1965

11.10 Let Us Sum Up

11.11 Further Reading

11.12 Answers to check your progress

11.13 Model Questions

Schedule I, II, III and IV

11.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- learn about the evolution of labour laws
- explain the constitutional provisions with regard to labour laws
- discuss the laws related to employee relations, organisational conflicts and employee wages and compensation.

11.2 INTRODUCTION

We have already discussed about meaning of Industrial Relations the evolution of the theory and practice of Industrial Relations. In this unit we are going to discuss the various act related to employee relations. During the twentieth century a new branch of jurisprudence

known Industrial juries produce has developed in our country. The growth of industrial jurisprudence can significantly be noticed not only from increase in labour and industrial legislation but also from a large number of industrial law matters decided by the Supreme Court and High Courts. It effects directly a considerable population of our country consisting of industrialists, workmen and their families. The workers are affected by the different oppressive acts that they preferred to quit their jobs. They demand for their regular payment of wages, weekly holidays etc. Thus, those who are affected indirectly constitute bulk of the country's population. This branch of law modified the traditional law relating to master and servant and cut down the old theory of leisure fair which was based upon the 'freedom of contract ' in the larger interest of the society because that theory was found warming for the development of harmonious and amicable relations between the employers and employees. Through this unit you can understand various aspects of labour legislations.

11.3 EVOLUTION OF LABOUR LAWS IN INDIA

Labour laws also known as the employment law is he body of laws, administrative rulings and precedents which address the legal rights of, and restrictions on, working people and their organizations. Labour law defines the rights and obligations as workers, union members and employers in the workplace.

Generally, labour law covers:

- Industrial relations – certification of unions, labour management relations, collective bargaining and unfair labour practices;
- Workplace health and safety;
- Employment standards, including general holidays, annual leave, working hours, unfair dismissals, minimum wage, layoff procedures and severance pay.

Industrial relations play a vital role in establishing and maintaining industrial democracy. The industrial relations have passed through several stages in India. Social, economic, and political are the various factors influenced industrial relations in India. Labour Statistics in India comes from the first national population census which was conducted in 1872 and it explains the number of gainfully employed. Until the Second World War, data related to employment of labour collected. The Royal Commission on Labour in 1931 pointed out the need for systematic collection of labour statistics and recommended the adoption of suitable legislation regarding the different conditions of industrial labour. The result was the enactment of Industrial Statistics Act in 1942. It helps in collection of statistics on matters relating to

factories and certain specified areas of welfare and conditions of labour. Thus, different important Acts such as the Workmen's Compensation Act, 1923, the Trade Unions Act, 1926, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Employee's State Insurance Act, 1948, the Factories Act, 1948 etc made. The labour legislation modified the traditional law relating to master and servant and had cut down the old theory of Leisure fare. The workers and employers are two important pillars of our economy. Proper regulation of employer-employee relationship is a condition precedent for planned and purposeful development of society. Many changes took place. Individual contracts have been in many respects substituted by a standard form of statutory contract through legislation and judicial interpretation. The traditional right of an employer to hire and fire his workmen at his will has been subjected to many restraints. Industrial Tribunals can by their award make a contract which is binding on both the parties creating new right and imposing new obligations arising out of the award. The right of labour participation in the management has been given legislative recognition to the utter despair of the capitalist. The Industrial society all over the world has been moving during the present century from contract to status and is a politico-socio-economic juristic state. Actually, industrialisation is the main factor that leads to this departure from the old theories of the law of contract and the law of master and servant. Those who control the industry have a natural tendency of multiplying their wealth and if this tendency is not controlled and checked properly the rich grows on richer and the poor becomes poorer day by day. The gap between the rich and the poor ultimately grows on to this extent that it develops into two distinct classes in any industrial society. The realization that the workmen could put a better fight if they get united was closely followed by a period of Industrial unrest leading to strikes and lockouts. In conditions so disturbed the world has witnesses the horrors of the two world wars resulting in spiral rise in the cost of living there has been consistent document from labour for in crease in wages - Democratic ideas have also growth simultaneously with the growth of industrialisation in our country. These democratic ideas have pleased for and have also helped in mass awakening and consciousness for greater power amongst the working class. Out of the struggle between workers, demanding for better share in the production and profit of the Industry and the employers' hesitation to part with it beyond a certain limit, have grown the recognition of certain principles which are coincided to be fundamental in almost all developed countries of the world. The concept of Industrial jurisprudence in our country developed only after independence. Until independence the charge in attitude of the Government and the benevolent labour legislation only aimed at

amelioration of the conditions of labour and it could hardly be said to be a deal in social justice to the working class. The birth of industrial jurisprudence in our country may be ascribed to the constitution of India,

11.4 LABOUR LEGISLATION IN THE PRE-INDEPENDANCE PERIOD

During pre-independence period, workers were hired and fired as the principal of demand and supply governed industrial relations. The employer was in a commanding position, and the conditions of employment and wages were very poor. When these conditions continued despite the efforts of leaders, it paved the way for revolutionary movements. Even after the end of the first world war, the trade union movement had not emerged. There were hardly any laws to protect the interests of worker except the Employers and Workers (Disputes). Act 1860, which was used to settle wage disputes. After the first world war, the Industrial relations concept assumed a new dimension in the sense that workers now resorted to violence and employers to lockouts. There were numerous strikes and to violence and employers to lockouts. There were numerous strikes and lockouts took place and it create disturbance during 1928-29.

As a result, the government enacted the Trade Disputes Act, 1929, to enhance the early settlement of industrial disputes. This was based on the British Industrial courts (BIC) Act, 1919. The Trade Disputes Act, 1929 differed from the BIC Act in that it did not provide for any standing machinery for the settlement of disputes. However, it was found that neither the Central Government nor the State Governments made adequate use of this law. In 1938, in order to meet the acute industrial unrest prevailing then the Bombay government enacted the Bombay Industrial Relations (BIR) Act, for that first time a permanent machinery, called the Industrial Court . It was established for settling disputes. This was replaced by the BIR Act, 1946, which was amended in 1948, 1949, 1953 and 1956. Soon after the Second World War, India faced, many problems, such as rise in the cost of living, scarcity of essential commodities, high population growth rates, massive unemployment increasingly fraudulent industrial relations situation etc.

11.5 LABOUR LEGISLATIONS IN THE POST INDEPENDENCE PERIOD

After independence, one of the significant steps taken in the field of industrial relations was the enactment of the Industrial Disputes Act, 1947, which not only provides for the establishment of permanent machinery for the settlement of Industrial disputes but also makes these awards binding and legally enforceable. Besides the Industrial Disputes Act in December 1947, an Industrial Conference was held in India, where an appeal was made to labour and management in the form of an industrial True Resolution to maintain industrial harmony.

After independence, the growth of labour legislations can be classified as follows -

1.1947: a) Enactment of Industrial Disputes Act 1947 along with permanent machinery to Settle industrial disputes.

b) Industrial Trace Resolution was made. It made an appeal to labour and management to cooperate and maintain industrial pence (1947)

2. 1947-56: a) Indian Labour Conference (ILC) was formed in lines with similar body of ILO where representatives of government employees and workers met regularly and made recommendation of legislative measures. This is a tripartite body. b) A large number of legislative measures have been enacted by Indian Parliament mostly based on the recommendation from ILC as given above.

3.1957 – 65: a) In 1957, the IR emphasis shifted from “legalism” to “Voluntarism” . In this period instead of attempting to enact more labour laws and legislation, the ILO wanted toward achieving voliontary agreement between labour and management. Examples are “Code of Discipline” JMC, etc. b) Code of Discipline was introduced (1957) c) Joint Management Councils (JMC) d) Works committee

4. 1962-71: a) Political and social turmoil during this period created ripples in IR in India. Major events are chinese aggression (1962), death of Pandit Jawaharlal Nehru (1964), India Pakistan war (1965,1971), split of Indian National Congress (1969). b) National commission for labour (NCL) was appointed in 1966. It finalizes its recommendations by 1969.Some of the recommendations of NCL were processed by ILC and policy decisions taken viz recognition of bargaining agent, formation of Industrial Relations Commissions instead of Tribunals etc. However, subsequently, the Governments did not implement these recommendations.

5. 1972 - 76 :a) Considerable Industrial unrest during this period. b) National emergency was declared in June 1975 and fundamental rights were curbed. c) ILC did not meet from 1972 to 1976. d) Set up National Apex Body (NAB) and State Apex Body (SAB) instead of

NLC, based on 20 point programme. NAB and SAB were bipartite bodies' representing employees and employers.

6.1977-80: a) Emergency was repealed in 1977 and Janata Government took over Central Government for the first time from Congress Party.b) NLC was revived in 1977. c) Period of reconciliation followed. d) Draft L.R. Bill 1978 was prepared. This however, was not yet enacted.

7. Post 1980's: a) Militancy of trade Unionism showed its ugly head in 1980-81 where series of murder and assault of labour leaders (President of HMS) and CEO's (MD of Bombay Tyres) took place. b) More than 70,000 unresolved industrial disputes were lying with - Government and high rate of price rise and unemployment added to the causes of industrial unrest. c) To combat the situation Government enacted Essential Services Maintenance Act (ESMA) in 1981.

LET US KNOW

Since Independence till 1954, the period when V.V. Giri was the labour Minister, all official pronouncements emphasized that labour should become self-reliant. An equally forceful new had been to prefer reliance upon the Government. This cross current of approach to the labour policy gave mark to anew approach known as Tripartism.

CHECK YOUR PROGRESS

Q1. Fill up the blanks:-

i) The Employers and Workers (Disputes) Act 1860 which was used to settle ..... disputes.

ii) The Government enacted the trade disputes Act in the year .....

iii) Trade Disputes Act was based on the..... Industrial Court Act, 1919.

iv) In the year 1938 , in order to meet the acute industrial unrest prevailing then the Bombay Govt. Enacted the ....Act.

v) Essential Services Maintenance Act, (ESMA) was enacted in the year .....

11.6 CONSTITUTIONAL PROVISIONS WITH REGARD TO LABOUR LAWS

The relevance of the dignity of human labour and the need for protecting and safeguarding the interest of labour as human beings has been enshrined in Chapter III (Articles 16, 19, 23 & 24) and Chapter IV (Articles 39, 41, 42, 43, 43A & 54) of the Constitution of India keeping in line with Fundamental Rights and Directive Principles of State Policy.

The legislations can be categorized as follows:

1. Labour laws enacted by the Central Government, where the Central Government has the sole responsibility for enforcement.
2. Labour laws enacted by Central Government and enforced both by Central and State Governments.
3. Labour laws enacted by Central Government and enforced by the State Governments.
4. Labour laws enacted and enforced by the various State Governments which apply to respective States
5. The Constitution of India provides detailed provisions for the rights of the citizens and also lays down the Directive Principles of State Policy which set an aim to which the activities of the state are to be guided. These Directive Principles provide:
   a. for securing the health and strength of employees, men and women;
   b. that the tender age of children are not abused;
   c. that citizens are not forced by economic necessity to enter avocations unsuited to their age or strength;
   d. just and humane conditions of work and maternity relief are provided; and
   e. that the Government shall take steps, by suitable legislation or in any other way, to secure the participation of employee in the management of undertakings, establishments or other organisations engaged in any industry.

11.7 LAWS RELEVANT TO EMPLOYEE RELATIONS

This section is about the Trade union Act, 1926.We have already discusses in detail about the concept and the Trade Union Act in the unit 4 of this course.(Please Refer to Unit 4 of this course)

11.8 LAWS RELEVANT TO ORGANISATIONALCONFLICTS

In this section we will discuss about the laws related to organisational conflicts. We will discuss the Industrial Disputes Act, 1947

11.8.1 The Industrial Disputes Act, 1947

Introduction: The Industrial Disputes Act, 1947 came into existence in April 1947. It was enacted to make provisions for investigation and settlement of industrial disputes and for providing certain safeguards to the workers.

Definition of Industrial Disputes: An industrial dispute may be defined as a conflict or difference of opinion between management and workers on the terms of employment. It is a disagreement between an employer and employees' representative; usually a trade union, over pay and other working conditions and can result in industrial actions. When an industrial dispute occurs, both the parties, that is the management and the workmen, try to pressurize each other. The management may resort to lockouts while the workers may resort to strikes, picketing or gheraos.

As per Section 2(k) of Industrial Disputes Act, 1947, an industrial dispute is defined as any dispute or difference between employees and employers, or between employers and workmen, or between workmen and which is connected with the employment or non employment or the terms of employment or with the conditions of labour, of any person.

Objective of the Act: The objective of the Industrial Disputes Act is to secure industrial peace and harmony by providing machinery and procedure for the investigation and settlement of industrial disputes by negotiations.

The Act also lays down:

a. The provision for payment of compensation to the Workman on account of closure or lay off or retrenchment.
b. The procedure for prior permission of appropriate Government for laying off or retrenching the workers or closing down industrial establishments
c. Unfair labour practices on part of an employer or a trade union or workers.

Applicability: The Industrial Disputes Act extends to whole of India and applies to every industrial establishment carrying on any business, trade, manufacture or distribution of goods and services irrespective of the number of workmen employed therein. Every person employed in an establishment for hire or reward including contract labour, apprentices and part time employees to do any manual, clerical, skilled, unskilled, technical, operational or supervisory work, is covered by the Act.

Offences/Penalties under the Act: The following table shows the offences and penalties under the Act.

Authorities Empowered By This Act: The following table reflects the authorities empowered by the act.

CHECK YOUR PROGRESS

Q2: Define Industrial Dispute

……..

.....

Q3: Write the main objective of Industrial dispute Act, 1947.

……

.....

11.9 LAWS RELEVANT TO EMPLOYEE WAGES AND COMPENSATION

In this section we shall discuss about the acts related to employee wages and compensation. We shall discuss about:

a. The workmen Compensation Act,1923
b. Minimum Wages Act, 1948
c. The Payment Bonus Act, 1965

Let us first discuss the Workmen's Compensation Act , 1923

11.9.1 The Workmen's Compensation Act, 1923

The Workmen's Compensation Act, aims to provide workmen and/or their dependents some relief in case of accidents arising out of and in the course of employment and causing either death or disablement of workmen. It provides for payment by certain classes of employers to their workmen compensation for injury by accident.

Meaning of Workmen (Sec.2 (n)): "**Workmen**" means any person (other than a person whose employment is of a casual nature and who is employed otherwise than for the purposes of the employer's trade or business) who is (i) a railway servant as defined in clause (34) of section 2 of the Railways Act, 1989 (24 of 1989), not

permanently employed in any administrative, district or sub divisional office of a railway and not employed in any such capacity as is specified in Schedule II, or (ia)

(a) a master, seaman or other member of the crew of a ship,

(b) a captain or other member of the crew of an aircraft,

(c) a person recruited as driver, helper, mechanic, cleaner or in any other capacity in connection with a motor vehicle,

(d) a person recruited for work abroad by a company, and who is employed outside India in any such capacity as is specified in Schedule II and the ship, aircraft or motor vehicle, or company, as the case may be, is registered in India, or

(ii) employed in any such capacity as is specified in Schedule II, whether the contract of employment was made before or after the passing of this Act and whether such contract is expressed or implied, oral or in writing; but does not include any person working in the capacity of a member of the Armed Forces of the Union; and any reference to a workman who has been injured shall, where the workman is dead, include a reference to his dependants or any of them.

The provisions of the Act have been extended to cooks employed in hotels, restaurants using power, liquefied petroleum gas or any other mechanical device in the process of cooking.

Employees Entitled to Compensation: Every employee (including those employed through a contractor but excluding casual employees), who is engaged for the purposes of

Section	Offence	Penalty
Sec.25-Q	Lay-Off or Retrenchment without prior permission - Contravening the provisions of Section 25-M or 25-(N)	Workman entitled to all benefits as if they had not been laid off. Employer shall be punishable with imprisonment upto 1 month and / or fine upto Rs. 1000.
Sec.25-R(1)	Illegal Closure: - Closing down an undertaking without complying with the provisions of Section 25-O(1)	Workman entitled to all benefits as if there had not been any closure. Employer shall be punishable with imprisonment upto 6 month and / or fine upto Rs. 5000.
Sec.25-R(2)	Contravening an order refusing permission to close down the undertaking under Section 25-O or a direction given under Section 25-P	Workman entitled to all benefits as if there had not been any closure. Employer shall be punishable with imprisonment upto 1 year and / or fine upto Rs. 5000, with a further fine of upto 2000 Rs for each day of contravention after conviction

Sec.25-T, 25-U	Committing an Unfair Labour Practice.	Imprisonment upto 6 months and / or fine upto Rs. 1000.
Sec.26 (1)	Illegal strikes by a workman - workman who commences, continues or otherwise acts in furtherance, of, a strike which is illegal under that Act	Imprisonment for 1 month and / or fine upto Rs. 50.
Sec.26 (2)	Illegal lockout -employer who commences, continues, or otherwise acts in furtherance of a lock-out which is illegal under this Act	Imprisonment for 1 month and / or fine upto Rs. 1000.
Sec.**27**	Instigation - Any person who instigates or incites others to take part in, or otherwise acts in furtherance of, a strike or lock-out which is illegal under that Act	Imprisonment for 6 month and / or fine upto Rs. 1000.
Sec.**28**	Financial Assistance to a Strike - Any person who knowingly expends or applies any money in direct furtherance or support of any illegal strike or lock-out	Imprisonment for 6 month and / or fine upto Rs. 1000.
Sec.**29**	Breach of settlement or award binding under the act	Imprisonment for 6 month and / or fine + an additional fine of Rs. 200 per day if breach continues after conviction.
Sec.**30**	Disclosing confidential information in contravention of the provisions of Section 21	Imprisonment for 6 month and / or fine Rs. 1000.
Sec.**30-A**	Closing down any undertaking without complying with the provisions of Section 25- FFA	Imprisonment for 6 month and / or fine Rs. 5000.
Sec.**31(1)**	Contravention of Section 33 - Service conditions remaining unchanged during pendency of proceedings	Imprisonment for 6 month and / or fine Rs. 1000.
Sec.**31(2)**	Contravening any other provision where specific penalty is not provided for.	Fine upto Rs. 100.

employers business and who suffers an injury in any accident arising out of and in the course of his employment, shall be entitled for compensation under the Act.

Section	Offence	Penalty
Central Government	To determine the extent of the act and to make rules to give effect to the Act	appoint Conciliation Officers, Boards of Conciliation, Courts of Inquiry, Labour Courts and Tribunals, to refer disputes to these bodies, to make rules, to delegate its powers to other officers, and to amend the Schedules to the Act
State Government	To make rules to give effect to the Act in the State and to implement the act in the State	To appoint Conciliation Officers, Boards of Conciliation, Courts of Inquiry, Labour Courts and Tribunals, to refer disputes to these bodies, to make rules, to delegate its powers to other officers, and to amend the Schedules to the Act
Conciliation Officer	Appointed by the appropriate government to mediate in and promote the settlement of industrial disputes	To enter the premises of any establishment related to a dispute, enforce the attendance of any person for examination
Court of Inquiry	Constituted by the appropriate government for inquiring into any matter appearing to be connected with or relevant to an Industrial Dispute	To enter the premises of any establishment related to a dispute, enforce the attendance of any person for examination, compel the production of documents, appoint one or more people having special knowledge of the matter
Board of Conciliation	Appointed by the appropriate government for promoting the settlement of an industrial dispute.	To enter the premises of any establishment related to a dispute, enforce the attendance of any person for examination, compel the production of documents, appoint one or more people having special knowledge of the matter
Labour Courts	Appointed by the appropriate government for the adjudication of industrial disputes relating to any matter specified in the Second Schedule and for performing such other functions as may be assigned to them under this Act.	To enter the premises of any establishment related to a dispute, enforce the attendance of any person for examination, compel the production of documents, appoint one or more people having special knowledge of the matter
Tribunals	Appointed by the appropriate government for the adjudication of Industrial Disputes relating to matters specified in IInd or III rd Schedule.	To enter the premises of any establishment related to a dispute, enforce the attendance of any person for examination, compel the production of documents, appoint one or more people having special knowledge of the matter
National Tribunals	Appointed by the appropriate government for the adjudication of Industrial Disputes of national importance / affecting several States.	To enter the premises of any establishment related to a dispute, enforce the attendance of any person for examination, compel the production of documents, appoint one or more people having special knowledge of the matter

Employers Liability for Compensation (Accidents): The employer of any establishment covered under this Act, is required to compensate an employee:

a. Who has suffered an accident arising out of and in the course of his employment, resulting into (i) death, (ii) permanent total disablement, (iii) permanent partial disablement, or (iv) temporary disablement whether total or partial, or

b. Who has contracted an occupational disease.

Employer Shall Not Be Liable:

a. In respect of any injury which does not result in the total or partial disablement of the workmen for a period exceeding **three days**;

b. In respect of any injury not resulting in death, caused by an accident which is directly attributable to-

i. the workmen having been at the time thereof under the influence or drugs, or

ii. the wilful disobedience of the workman to an order expressly given, or to a rule expressly framed, for the purpose of securing the safety of workmen, or

iii. the wilful removal or disregard by the workmen of any safeguard or other device which he knew to have been provided for the purpose of securing the safety of workmen.The burden of proving intentional disobedience on the part of the employee shall lie upon the employer.

iv. when the employee has contacted a disease which is not directly attributable to a specific injury caused by the accident or to the occupation; or

v. when the employee has filed a suit for damages against the employer or any other person,in a Civil Court.

Contracting Out: Any contract or agreement which makes the workman give up or reduce his right to compensation from the employer is null and void insofar as it aims at reducing or removing the liability of the employer to pay compensation under the Act.

Definition of Disablement: Disablement is the loss of the earning capacity resulting from injury caused to a workman by an accident.

Disablements can be classified as (a) Total, and (b) Partial.

It can further be classified into (i) Permanent, and (ii) Temporary, Disablement, whether permanent or temporary is said to be total when it incapacitates a worker for all work he was capable of doing at the time of the accident resulting in such disablement.

- **Total disablement** is considered to be permanent if a workman, as a result of an accident, suffers from the injury specified in Part I of Schedule I (given at the end of the unit) or

suffers from such combination of injuries specified in Part II of Schedule I (given at the end of the unit) as would be the loss of earning capacity when totalled to one hundred per cent or more. Disablement is said to be permanent partial when it reduces for all times, the earning capacity of a workman in every employment, which he/she was capable of undertaking at the time of the accident. Every injury specified in Part II of Schedule I (given at the end of the unit) is deemed to result in permanent partial disablement.

- **Temporary disablement** reduces the earning capacity of a workman in the employment in which he/she was engaged at the time of the accident.

Accident Arising Out Of And In The Course Of Employment: An accident arising out of employment implies a casual connection between the injury and the accident and the work done in the course of employment. Employment should be the distinctive and the proximate cause of the injury. The three tests for determining whether an accident arose out of employment are:

1. At the time of injury workman must have been engaged in the business of the employer and must not be doing something for his personal benefit;
2. That accident occurred at the place where he as performing his duties; and
3. Injury must have resulted from some risk incidental to the duties of the service, or inherent in the nature condition of employment.

a. Arising out of employment: The injury should arise out of employment i.e. the cause should be a proximate cause not a remote cause.In the case of **Mackenzie v. I.M. Issak**, it was observed that the word arising out of employment means that injury which is resulted from the risk incidental to the duties of the service which unless engaged in the duty owing to the master , it is reasonable to believe that the workman would not otherwise have suffered. There must be a casual relationship between the accident and the employment.

b. Arising in the course of employment: The workman, at the time of accident must have been employed in the performance of his duties and the accident took place at or about the place where he was performing his duties.

EMPLOYER'S LIABILITY FOR COMPENSATION: Under the Section 3 of the Act provides the liability of the employer, in case of occupational diseases or personal injuries or the prescribed manner in which compensation has pay to the workmen.

a. *In case of occupational diseases:*

i. Where a workman employed in any employment specified in Part A of Schedule III (see schedules at end of this unit) contracts any disease specified therein, as an occupational diseases peculiar to that employment , it is deemed to be injury by accident out of and in the course of such employment ,

ii. Such employment period should be continuously doing for six months under the same employer as specified in the Part B of Schedule III.

iii. Contract any such diseases to a workman, whilst he is in service of one or more employers (not necessarily the same employer) in any employment specified in Part C of Schedule III for such continuous period as the Central Government may specify.

iv. If it is proved:

a. Contract any such occupational diseases to a workman, whilst he is in service of one or more employers in any employment specified in Part C of Schedule III (see schedules at end of this unit) and that occupational diseases is peculiar in nature to that employment during a continuous period which is less than the period specified under this sub section for that employment;

b. That the disease has arisen out of and in the course of the employment.

v. The Central Government or the State Government, after giving, by notification in the Official Gazette, not less than three months' notice of its intention so to do, may, by a like notification, add any description of employment to the employments specified in Schedule III, and shall specify in the case of employments so added the diseases which shall be deemed for the purposes of this section to be occupational diseases peculiar to those employments respectively, and thereupon the provisions of sub-section (2) shall apply In the case of a notification by the Central Government, within the territories to which this Act extends or, in case of a notification by the State Government, within the State as if such diseases had been declared by this Act to be occupational diseases peculiar to those employments.

vi. Except as mentioned above, no compensation shall be payable to a workman in respect of any disease unless the disease is directly attributable to a specific injury by accident arising out of and in the course of his employment.

b. *In case of Personal Injuries:*

i. **Personal injuries:** Here the injury means physical or bodily injury caused by an accident which may include nervous shock or break-down or mental strain.

ii. **Accident:** The word 'accident' has not been defined in the Act. But in common expression, it means a mishap or an untoward event which is not expected or designed.

iii. **Arising out of employment and in the course of employment:**

iv. *Theory of notional extension of employment:* The injury should be caused by an accident which must have arisen in the course of employment i.e. the accident must take place at a time and the place when he was doing his master's job.

v. *When employer is not liable:*

A. When the injury does not result of disablement for a period exceeding 3 days.

B. When the injury not resulting in death or permanent total disability is due to any of the following:

a. the workman was at the time of accident, under the influence of drink or drugs,

b. the workman wilfully disobeyed an order expressly framed for the purpose of securing safety of workers,

c. the workman wilfully disregards or removes any safety guards or safety devices which he knew to have been provided for the safety of workman.

vi. *Suit for damages in a court barred:* Under Section 3(5), a workman has to institute in a Civil Court, a suit for damages against the employer or any other person to entitle compensation under the Workmen's Compensation Act, 1923.

Let us now discuss about Minimum Wages Act,1948

11.9.2 The Minimum Wages Act, 1948

The main objective of this Act, is fixing a minimum rate of wages in number of industries where the labours are not organized and sweated labours are most dominant.The Act aims at preventing the exploitation of workers or labours in some industries, for which, the appropriate Government is empowered to take steps to prescribe minimum rates of wages in certain employment.

The Minimum Wages Fixing Machinery convention was held at Geneva in the year 1928 by ILO with reference to remuneration of workers in those industries where the, level of wages was substantially low and the labour was vulnerable to exploitation, being not well organised and having less effective bargaining power. This Act may be called the Minimum Wages Act 1948.The Act enables the Central and State Government to fix minimum rates of wages payable to employees in selected number of 'sweated' industries. The Act extends to the whole of India.

Employer's Checklist for Minimum Wages: The employer must pay every employee wages as fixed by the Government.

(a) Wages must be paid in cash.

(b) For the fixation of minimum wages, the employment must have been in Schedule originally or added to the Schedule by a notification under Section 27 of the Act.

(c) The employer can take actual work on any day up to 9 hours in a 12 hours shift, but he must pay double the rate for any hour or part of an hour of actual work in excess of 9 hours or for more than 48 hours in any week.

(d) Once a minimum wage is fixed according to the provisions of the Act, the employer must pay to every employee engaged in a Scheduled employment, minimum wages notification for that class of employees.

(e) The employer should fix wage period for the payment of wages at intervals not exceeding one month or such other larger period as may be prescribed.

(f) The employer should pay wages on a working day within seven days of the end of wage period or within 10 days if 1000 or more persons are employed in an establishment.

(g) The employer should pay the wages to a person discharged not later than the second working day after his discharge.

(h) Every employer should maintain a register of wages at workplace specifying the following particulars for each wage period in respect of each employed person:

i. Minimum rate of wages payable;

ii. The number of days in which overtime was worked;

iii. The gross wages;

iv. The wages actually paid and the date of payment.

(i) Every employer should get the signature or the thumb impression of every person employed on the wage book and the wage slips.

(j) The employer should exhibit at main entrance to the establishment and its offices, a notice in respect of the following in English and local language:

i. Minimum rates of wages;

ii. Abstracts of the Acts and rules made there under;

iii. Name and address of the Labour Inspector/ Asst. Commissioner of Labour etc.

Fixation of Minimum Wage Rate in India: Minimum rate of the wages fixed or revised consists of the following:

- A basic rate of wages and a special allowance, *viz*., cost of living allowance ;

- A basic rate of wages with or without cost of living allowance and cash value of concessions for supplies of essential commodities ;
- An all inclusive rate, i.e. basic rate, cost of living allowance and cash value of concessions.

The Government may fix the minimum rates of wages either by the hour, by the day, by the month or by such wage period as may be prescribed.

Cost of Living Allowance: The minimum basic wages fixed are linked to consumer price index as a counter measure against inflation. The cost of living is set twice in a year. The Commissioner of Labour notifies the rate 1st of April and 1st of October. The rates are fixed on the basis of the average rise in the State industrial workers consumer price index numbers for half year ending December and June respectively.

Variable Dearness Allowance: Dearness Allowance is payable to monthly, daily and piece rate earners. Every six months the respective State Governments issues the Cost of Living Index number for each and every scheduled employment.

Let us now discuss the Payment of Wages Act,1965

11.9.3 The Payment of Wages Act, 1965

The payment of Bonus Act provides for payment of bonus to persons employed in certain establishments of the basis of profits or on the basis of production or productivity and for matters connected therewith. It extends to the whole of India and is applicable to every factory and to every other establishment where 20 or more workmen are employed on any day during an accounting year.

Eligibility for Bonus: Every employee receiving salary or wages upto 20,000(raised from 10,000 to 20,000) p.m. and engaged in any kind of work whether skilled, unskilled, managerial, supervisory etc. is entitled to bonus for every accounting year if he has worked for at least 30 working days in that year.

Where an employee has not worked for all the working days in an accounting year, the minimum bonus of one hundred rupees or, as the case may be, of sixty rupees, if such bonus is higher than 8.33 per cent, of his salary or wage for the days he has worked in that accounting year, shall be proportionately reduced. However employees of L.I.C., Universities and Educational institutions, Hospitals,

Chamber of Commerce, R.B.I., IFCI, U.T.I., IDBI, NABARD, SIDBI, Social Welfare institutions are not entitled to bonus under this Act.

Calculation for Working Days in an Accounting Year: An employee shall be deemed to have worked in an establishment in any accounting year also on the days on which

a. he/she has been laid off under an agreement or as permitted by standing orders under the Industrial Employment (Standing Orders) Act, 1946 (20 of 1946), or under the Industrial Disputes Act, 1947 (14 of 1947), or under any other law applicable to the establishment;
b. he/she has been on leave with salary or wage;
c. he/she has been absent due to temporary disablement caused by accident arising out of and in the course of his employment; and
d. the employee has been on maternity leave with salary or wage, during the accounting year.

Disqualification for Bonus: Notwithstanding anything contained in the act, an employee shall be disqualified from receiving bonus, if he is dismissed from service for fraud or riotous or violent behaviour while in the premises of the establishment or theft, misappropriation or sabotage of any property of the establishment.

Minimum and Maximum Bonus Payable

Minimum Bonus

- The minimum bonus which an employer is required to pay even if he suffers losses during the accounting year or there is no allocable surplus is 8.33 % of the salary or wages during the accounting year, or
- Rs. 100 in case of employees above 15 years and Rs 60 in case of employees below 15 years, at the beginning of the accounting year, whichever is higher

Maximum Bonus

If in an accounting year, the allocable surplus, calculated after taking into account the amount 'set on' or the amount 'set of' exceeds the minimum bonus, the employer should pay bonus in proportion to the salary or wages earned by the employee in that accounting year subject to a maximum of 20% of such salary or wages.

Time Limit for Payment: The bonus should be paid in cash within 8 months from the close of the accounting year or within one month from the date of enforcement of the award

or coming into operation of a settlement following an industrial dispute regarding payment of bonus.

However if there is sufficient cause extension may be applied for.

C**alculation of Bonus under the Act (Amendment of 2015):** If the gross earning of the employees is below Rs.21000, they are eligible to pay bonus. Calculation of bonus are as follows:

- If Basic+DA is below Rs.7000 then bonus will be calculated on the actual amount.
- If Basic+DA is above Rs.7000 then the bonus will be calculated on Rs.7000.

The following are the examples of calculation of bonus:

- **If the Basic salary of the employee is less than or equal to Rs 7,000**

  Amar is working as an engineer in a Company in Bangalore. His basic salary is Rs. 6,500 per month.

  Formula: Basic Salary*8.33% = Bonus per month 6500*8.33% = 541.45 (6497.4 per annum)

- **If the Basic salary of the employee is higher than Rs 7,000**

  Kaushik is working as a Sales officer in one of the shops in Delhi. His basic salary is Rs. 18,000 per month.

  Formula: Basic Salary*20% = Bonus per month 7,000*20% = 1400 per month

- **If the Basic salary of the employee is higher than Rs 21,000**

  There is no bonus applicable to employees having a basic salary of more than Rs 21,000.

Duties / Rights of Employer

Duties

- To calculate and pay the annual bonus as required under the Act
- To submit an annul return of bonus paid to employees during the year, in Form D, to the Inspector, within 30 days of the expiry of the time limit specified for payment of bonus.
- To co operate with the Inspector, produce before him the registers/ records maintained, and such other information as may be required by them.
- To get his account audited as per the directions of a Labour Court/ Tribunal or of any such other authority.

Rights

An employer has the following rights:

- Right to forfeit bonus of an employee, who has been dismissed from service for fraud, riotous or violent behaviour, or theft, misappropriation or sabotage of any property of the establishment.
- Right to make permissible deductions from the bonus payable to an employee, such as, festival/interim bonus paid and financial loss caused by misconduct of the employee.
- Right to refer any disputes relating to application or interpretation of any provision of the Act, to the Labour Court or Labour Tribunal.

Rights of Employees

- Right to claim bonus payable under the Act and to make an application to the Government, for the recovery of bonus due and unpaid, within one year of its becoming due.
- Right to refer any dispute to the Labour Court/Tribunal Employees, to whom the Payment of Bonus Act does not apply, cannot raise a dispute regarding bonus under the Industrial Disputes Act.
- Right to seek clarification and obtain information, on any item in the accounts of the establishment.

CHECK YOUR PROGRESS

Q4: What is meant by Workmen's Compensation?

.....

Q5: Write aims of the minimum wages Act.

.....

Q6: What is meant by The payment of Bonus Act?

.....

11.10 LET US SUM UP

- Labour laws also known as the employment law is he body of laws, administrative rulings and precedents which address the legal rights of, and restrictions on, working people and their organizations.
- Labour law defines the rights and obligations as workers, union members and employers in the workplace.

- The Industrial Disputes Act, 1947 came into existence in April 1947.It was enacted to make provisions for investigation and settlement of industrial disputes and for providing certain safeguards to the workers.
- The Workmen's Compensation Act, aims to provide workmen and/ or their dependents some relief in case of accidents arising out of and in the course of employment and causing either death or disablement of workmen. It provides for payment by certain classes of employers to their workmen compensation for injury by accident.
- The main objective of minimum wages act, 1948 is fixing a minimum rate of wages in number of industries where the labours are not organized and sweated labours are most dominant. The Act aims at preventing the exploitation of workers or labours in some industries, for which, the appropriate Government is empowered to take steps to prescribe minimum rates of wages in certain employment.
- The payment of Bonus Act provides for payment of bonus to persons employed in certain establishments of the basis of profits or on the basis of production or productivity and for matters connected therewith.

11.11 FURTHER READING

1. N. D. Kapoor (2010);*Handbook of Industrial Law*; Sultan Chand & Son
2. Monappa, Nambudiri, Selvaraj (2012); *Industrial Relations and Labour Laws,* Tata Mcgraw Hill Education Private Limited.
3. H.L.Kumar (2012); *Labour laws Everybody should know*; Universal Law Publishers

11.12 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: i) Wage ii) 1929 iii) British iv) Bombay Industrial Relation v) 1981

Ans to QNo. 2: An industrial dispute may be defined as a conflict or difference of opinion between management and workers on the terms of employment.

Ans to QNo. 3: The main objective of the Industrial Disputes Act is to secure industrial peace and harmony by providing machinery and procedure for the investigation and settlement of industrial disputes by negotiations.

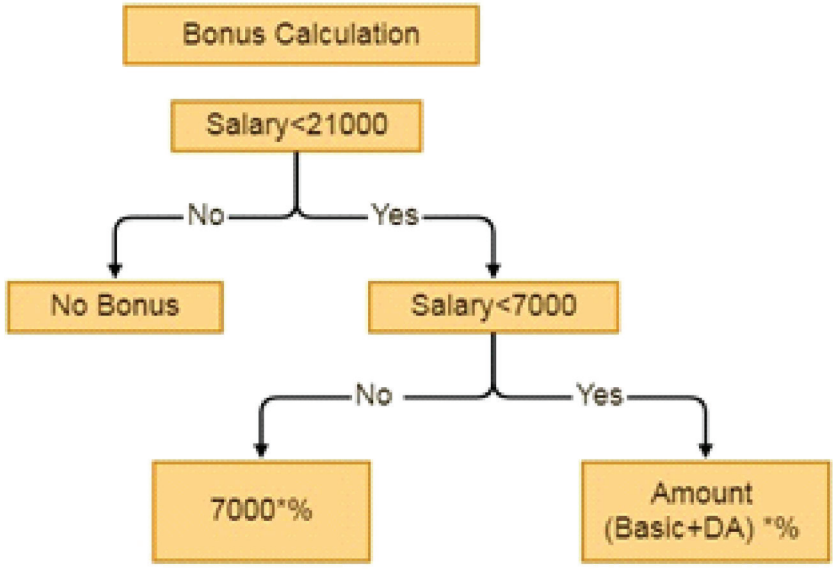
Ans to QNo.4: The Workmen's Compensation Act, aims to provide workmen and/or their dependents some relief in case of accidents arising out of and in the course of employment and causing either death or disablement of workmen.

Ans to QNo.5: The minimum wages Act aims at preventing the exploitation of workers or labours in some industries, for which, the appropriate Government is empowered to take steps to prescribe minimum rates of wages in certain employment.

Ans to QNo.6: The payment of Bonus Act provides for payment of bonus to persons employed in certain establishments of the basis of profits or on the basis of production or productivity and for matters connected therewith.

11.13 MODEL QUESTIONS

1. Discuss the evolution of labour laws in india
2. Discuss the labour legislation in the pre-independance period and in the post independence period
3. Write the constitutional provisions with regard to labour laws
4. Write a note on industrial disputes act, 1947
5. Explain the workmen's compensation act, 1923
6. Write the meaning of workmen (sec.2 (n)) of the workmen's compensation act, 1923
7. What is temporary disablement and total disablement
8. Explain accident arising out of and in the course of employment
9. Write the employer's liability for compensation
10. Explain minimum wages act, 1948
11. What are the employer's checklist for minimum wages
12. Why the payment of bonus act, 1965 is important.expain
13. Discus the eligibility for bonus under the payment of bonus act, 1965
14. Explain minimum and maximum bonus payable under the payment of bonus act, 1965
15. What is the calculation of bonus under the payment of bonus act,1965 (amendment of 2015)



Note: Minimum bonus = 8.33%; Maximum bonus = 20%

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EXTRACT FROM SCHEDULE I
[See Secs. 2(g) and (1) and 4]

Description of Injury	*Percentage of Loss of earning capacity*
PART I	
List of injuries deemed to result in permanent total disablement	
Loss of both hands or amputation at higher sites	100
Loss of Hand and a foot	100
Loss of sight to such an extent as to render the claimant unable to perform any work for which eye-sight is essential	100
Very severe facial disfigurement	100
Absolute deafness	100
PART II	
List of injuries deemed to result in permanent partial disablement	
Apputation cases–upper limbs (either arm)	
Amputation through shoulder joint ...	90
Loss of a hand or of the thumb and four fingers of one hand or amputation from 11.43cms below tip of olecranon ...	60
Loss of thumb ...	30
Loss of four fingers of one hand ...	50
Loss of three fingers of one hand ...	30
Loss of two fingers of one hand ...	20
Loss of terminal phalanx of thumb ...	20
Amputation cases–lower limbs	
Amputation of both feet resulting in end-bearing stumps ...	90
Amputation at hip ...	90
Amputation below middle thigh to 8.89 cms. below knee ...	60
Amputation below knee with stump exceeding 8.89 cms but not exceeding 12.7 cms ...	50
Amputation below knee with stump exceeding 12.7 cms. ...	50
Amputation of one foot resulting in end-bearing ...	50

Other injuries		
Loss of one eye, without complication, the other being normal	...	40
Loss of vision of one eye, without complications or disfigurement of eye-ball, the other being normal	...	30
Loss of fingers of right or left hand		
Index finger		
Whole	...	14
Two phalanges	...	11
One phalanx	...	9
Middle finger		
Whole	...	12
Two phalanges	...	9
One phalanx	...	7
Ring or little finger		
Whole	...	7
Two phalanges	...	6
One phalanx	...	5

EXTRACT FROM SCHEDULE II

[See Section 2(1) (n)]

LIST OF PERSONS WHO, SUBJECT TO THE PROVISIONS OF SECTION 2 (1) (n) ARE INCLUDED IN THE DEFINITION OF WORKMEN

The following persons are workmen within the meaning of Section 2(1)(n) and subject to the provisions of that Section, that is to say, any person who is—

(i) employed, otherwise than in a clerical capacity or on a railway, in connection with the operation [repair] or maintenance of a lift or a vehicle propelled by steam or other mechanical power or by electricity or in connection with the loading or unloading or any generation or supply of gas; or

(xx) employed in a lighthouse as defined in clause (d) of Section 2 of the Indian Lighthouse Act, 1927 (17 of 1927); or

(xxi) employed in producing cinematogrph pictures intended for public exhibition or in exhibiting such pictures; or

(xxii) employed in the training, keeping or working of elephants or wild animals; or

(xxiii) employed in the tapping of palm-trees or the felling or logging of trees, or the transport of timber by inland waters, or the control or extinguishing of forests fires; or

(xxiv) employed in operations for the catching or hunting of elephants or other wild animals; or

(xxv) employed as a diver; or

(xxvi) employed in the handling or transport of goods in, or within the precincts of—

(a) any warehouse or other place in which goods are stored, and in which on any one day of the preceding twelve months ten or more persons have been so employed; or

(b) any market in which on any one of the preceding twelve months fifty or more persons have been so employed; or

(xxvii) employed in any occupation involving the handing and manipulation of radium or X-rays apparatus or contact with radioactive substances; or

(xxviii) employed in or in connection with the construction, erection, dismantling, operation or maintenance of an aircraft as defined in Section 2 or the Indian Aircraft Act, 1934 (22 of 1934); or

(xxix) employed in horticultural operations, forestry, bee-keeping or of ahave arisen out of and in the course of employment. As such, the employer is liable to pay compensation if the disease can be directly attributable to a specific injury by accident arising out of and in the course of employment.

If the employment is a contributory cause or has accelerated the death of a workman or if the death was due not only to the disease but to the disease coupled with the employment, then it could be said that the death arose out of the employment. The most important case on this point is :

Mackinnon Mackenzie & Co. Pvt. Ltd. v. *Rita Fernandes*, (1969) 2L.L.J. 812. A workman while working on a ship died. He was a heart patient and died of cardiac failure. His wife claimed, and was paid, compensation. The case was treated as an accident arising out of and in the course of employment.

The Court distinguished in this case two situations :

(1) Even if a workman is suffering from a pre-existing disease, if the disease is aggravated or accelerated because of the particular nature of employment and the worker loses his life, his death results from injury by the accident under the Workmen's Compensation Act, 1923.

(2) If a person dies as a natural consequence of the disease or if his life is shortened

because of wear and tear of the job requirements, in such cases injury would not be treated accident within the meaning of the Workmen's Compensation Act, 1923.

A detailed list of occupational diseases is given in Schedule III (reproduced below) of the Act.

Schedule III (which has been substituted by the Amendment Act of 1948) is divided into 3 parts in relation to the liability of employer to pay compensation in case of occupational diseases.

EXTRACT FROM SCHEDULE III

(Sec Sec. 3)

List of occupational disease

Part A

This Part includes :

(i) infectious and parastic diseases contracted in an occupation where there is a particular risk of contamination,

(ii) diseases caused by work in compressed air and by lead or its toxic compounds, and

(iii) poisoning by nitrous fumes and by organo phosphorus compounds.

The employer is liable to pay compensation when a workman employed by him contracts any of the diseases specified in Part A at any time.

Part B

This Part includes :

(a) diseases caused by (i) phosphorus, mercury, chromium, arsenic, manganese, beryllium, cadmium, flourine or their toxic compounds, (ii) benzene or its toxic homologues, (iii) nitro and amino toxic derivatives of benzene or its homologues, (iv) radioactive substances and ionising radiations, (v) carbodisulphide, (vi) nitroglycerine or other nitroacid esters, (viii) alcohols and ketones,

(b) occupational cataract due to infra-red radiations,

(c) skin diseases caused by physical, chemical or biological agents not included in other items,

(d) hearing impairment caused by noise, occupational asthma caused by recognised sensitising agents inherent to the work process,

(e) lung cancer and mesotheliomas caused by asbestos,

(f) snow blindness in snow bound areas,

(g) diseases due to effect of heat/cold in extreme hot/cold climate.

The employer is liable if a workman contracts any of the diseases specified in Part B while in his service for a continuous period of 6 months. This period of 6 months does not include a period of service under any other employer in same kind of employment.

Part C

This Part includes :

(i) pneumoconioses caused by sclerogenic mineral dust (silicosis, anthraoosilicosis, asbestosis) and silico-tuberculosis provided that silicosis is an essential factor in causisng the resultant incapacity or death, disobedience' comprehends within its scope a deliberate and intended disobedience and involves the doing of something with the knowledge or a certainty that it is likely to result in a serious injury or with a reckles disregard to the consequences. A workman who wilfully disobeys a rule is not entitled to compensation for personal injury [*Maung Ba Tun* v. *Manung Ohn Khin* A.I.R. (1938) Rang. 289].

EXTRACT FROM SCHEDULE IV

(See Sec. 4)

Factors for working out lump-sum equivalent of compensation amount in case of permanent disablement and death.

Completed years of age on the last birthday of the workman immediately preceding the date on which the compensation fell due Factor

Completed years of age on the last birthday of the workman immediately preceding the date on which the compensation fell due Factor

1	2		1	2
Not more than	16	228.54	Not more than 41	181.37
	17	227.49	42	178.49
	18	226.38	43	175.54
	19	225.22	44	172.52
	20	224.00	45	169.44
	21	222.71	46	166.29
	22	221.37	47	163.07
	23	219.95	48	159.80
	24	218.47	49	156.47
	25	216.91	50	153.09

26	215.28	51	149.67
27	213.57	52	146.20
28	211.79	53	142.68
29	209.92	54	139.13
30	207.98	55	135.56
31	205.95	56	131.95
32	203.85	57	128.33
33	201.66	58	124.70
34	199.40	59	121.05
35	197.06	60	117.41
36	194.64	61	113.77
37	192.14	62	110.14
38	189.56	63	106.52
39	186.90	64	102.93
40	184.17	65	or more 99.37

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UNIT 12 : INDUSTRIAL HEALTH

UNIT STRUCTURE

12.1 Learning Objectives

12.2 Introduction

12.3 Meaning of Industrial Health and Safety

12.4 Importance of Industrial Health and Safety

12.5 Occupational Hazards and Diseases

12.6 Protection Against Hazards

12.7 Statutory Provisions Concerning Health in India

12.8 Let Us Sum Up

12.9 Further Reading

12.10 Answers To Check Your Progress

12.11 Model Questions

12.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- understand the meaning and importance of industrial health and safety
- identify various occupational hazards and diseases and provisions for their prevention and cure.

12.2 INTRODUCTION

The mental and physical health of the worker is of much significance in order to ensure a healthy working environment and industrial relations. Inspite of what is popularly stated that “one should keep their personal and professional lives separate”, it is not possible in real practice. This is because of the fact that ultimately, it is one and the same person that we are talking of. If only the worker feels a sense of security towards his/her ownself and towards his/her domestic and social existence, would better contribution towards the job be guaranteed. Realising this need of the worker, various provisions of health and safety of industrial workers have been initiated by many organizations alongwith legal frameworks being designed to safeguard the same.

12.3 MEANING OF INDUSTRIAL HEALTH AND SAFETY

Occupational Health and Safety (OHS) is a multidisciplinary field concerned with the safety, health, and welfare of people at work. Industrial safety, in the context of occupational safety and health, refers to the management of all operations and events within an industry, for protecting its employees and assets by minimizing hazards, risks, accidents and near misses.

Industrial safety covers a number of issues and topics affecting safety of personnel and equipment in a particular industry such as the following:

- General Safety - General aspects of safety which are common to all
- Occupational Safety and Health - Particularly associated with the occupation
- Process and Production Safety - Safety in the process and production etc.
- Material Safety - Safety of the materials used in the production
- Workplace Safety - Safety issues directly related to the workplace
- Fire Safety - Fire safety, in particular the risks associated to the industry
- Electrical Safety - In general and in particular, arising from the equipment used
- Building and Structural Safety - Safety in general including installations as per existing building code
- Environmental Safety - Issues of environmental safety (direct or indirect impact of the industry)

CHECK YOUR PROGRESS

Q 1: What is the meaning of Occupational Safety and Health?

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.....

12.4 IMPORTANCE OF INDUSTRIAL HEALTH AND SAFETY

1. Productive Work Environments

Sense of safety in the work place builds up the zeal to work amongst workers; thereby leading to higher quality contribution towards work, better ideas generated by a peaceful mind, longer stay at work, etc. These, in turn, makes for better completion of tasks and better achievement of goals and targets.

2. Happier Employees

Safety at work brings in contentment and happiness, backed up by a sense of satisfaction towards work. This helps in creating happier employees who willingly contribute their best towards the job, showcase more cohesiveness towards work partners or work teams, maintain peace and harmony during crisis, and so on.

3. Higher Standards of Work Premises

A proper and continuous implementation and monitoring of Industrial Health and Safety Schemes/measures ensure that work premises are kept to higher standards for safety, cleanliness, and housekeeping.

4. Absenteeism Drops

Absenteeism rates in the work place, arising out of job-related illnesses, accidents, fatigue, dissatisfaction, etc. drop when effective safety programs are introduced.

5. Decrease in Employee Insurance Claims

Since proper maintenance of health and safety measures reduces the risks of accidents, bad health, etc related to the work environment, there is also a counter effect of the same on Worker Compensation insurance claims. A decrease in such claims is often evidenced under the circumstances in the respective organisations that adds to the advantages of industrial health and safety to the management as well.

6. Enhances Brand Value And Goodwill of the Company/Organisation

Maintaining health and safety standards proves to be advantageous not only to the workers and management but also benefits the image of the organization as a whole. Clients, customers, prospective employees and job-seekers, and the public and society at large looks up to such organisations. This can go a long way in smooth functioning and growth of the organization as a brand in the long run.

7. Reduces Business Costs And Disruption

A reduction in work stoppages and man-days lost due to malfunctioning, accidents and grievances also leads to a corresponding reduction in work-related disruptions and business costs.

12.5 OCCUPATIONAL HAZARDS AND DISEASES

The four main types of occupational hazards and diseases are as follows:

1. Chemical Hazards:

The common chemical substances used in industries, such as carbon monoxide, carbon diox-ide, nitrogen dioxide, sulphur dioxide, hydrocarbons, sulphuric acid, tannic acid acetic acid, fumeric acid, ozone, limes and alkalies cause injury to the employee when they are absorbed through skin and by inhaling or ingesting. Workers may suffer from temporary or chronic respiratory diseases, skin diseases, allergy, heart disease, cancer and neurological disorders as a result of constant exposure to these chemicals in their work place. These diseases often shorten employee s life expectancy.

2. Biological Hazards:

These hazards are manifested by diseases caused by bacteria, fungi, vi-ruses, insects, dietary deficiencies, excessive drinking, allergies, brain fever, imbalances, tetanus, stresses and strains because of negligence in maintaining proper health and safety conditions at work or due to the work culture and environment that prevails in the organization.

3. Environmental Hazards:

Environmental hazards may include noise pollution, vibration and shocks, illumination, radiation, heat, ventilation, air and water pollution. These hazards often correspond to the nature of work, use of devices, materials and machineries for the job to be done, physical infrastructure on the job front, provision of basic sanitation and hygiene facilities, etc. These hazards cause redness of eyes, genetic disorders, cancer, sterility, hearing loss, nerve injury etc., to workers.

4. Psychological Hazards:

Industrial/job stress caused by various stressors such as task and role demands, organisational leadership, lack of group cohesion, intergroup and interpersonal conflicts, life and career changes, etc., lead to emotional disturbances which, in turn, lead to fatigue and exhaustion. In the absence of proper HR policies, these causes of stress often go unattended in the workplace resulting in silent creeping in of psychological pressure and imbalance amongst workers. These, in turn, become the causes of various health problems like high blood pressure, diabetes, cardiac disorders, etc.

Definition of Work-Related Diseases and Occupational Diseases

In the third edition of the ILO's *Encyclopaedia of Occupational Health and Safety*, a distinction was made among the pathological conditions that could affect workers in which diseases due to occupation (occupational diseases) and diseases aggravated by work or having a higher incidence owing to conditions of work (work-related diseases) were separated from conditions having no connection with work.

The subject was discussed at an international symposium on work-related diseases organized by the ILO in Linz, Austria, in October 1992 (ILO 1993). The relationship between work and disease could be identified in the following categories:

- *occupational diseases,* having a specific or a strong relation to occupation, generally with only one causal agent, and recognized as such
- *work-related diseases*, with multiple causal agents, where factors in the work environment may play a role, together with other risk factors, in the development of such diseases, which have a complex aetiology
- *diseases affecting working populations*, without causal relationship with work but which may be aggravated by occupational hazards to health.

Criteria for Identification of Occupational Diseases in General

Two main elements are present in the definition of occupational diseases:

- the exposure-effect relationship between a specific working environment and/or activity and a specific disease effect
- the fact that these diseases occur among the group of persons concerned with a frequency above the average morbidity of the rest of the population.

List of Occupational Diseases

The ILO list plays a key role in harmonizing the development of policy on occupational diseases and in promoting their prevention. The stand of occupational diseases, however, tends to differ from country to country. In developed countries, heavy industries such as steel fabrication and underground mining have greatly diminished, and environmental conditions have improved. Service industries and automated offices have risen in relative importance. There has been a significant increase in the women composition of the workforce. Hence, the increase in need for day care for children. With work-shift patterns drastically changing along with work culture patterns, stress, in all aspects, is now an important problem.

On the other hand, in developing countries, heavy industries are rising rapidly to supply local and export needs, and providing employment to these burgeoning populations. Rural populations are moving to cities in search of employment and to escape poverty.

CHECK YOUR PROGRESS

Q 2: State the categories into which occupational hazards and diseases may be classified.

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12.6 PROTECTION AGAINST HAZARDS

Effective controls protect workers from workplace hazards; help avoid injuries, illnesses, and incidents; minimize or eliminate safety and health risks; and help employers provide workers with safe and healthful working conditions. In order to effectively control and prevent hazards, employers should:

- Involve workers, who often have the best understanding of the conditions that create hazards and insights into how they can be controlled.
- Develop plans with measures to protect workers during emergencies and non-routine activities.
- Evaluate the effectiveness of existing controls to determine whether they continue to provide protection, or whether different controls may be more effective. Review new technologies for their potential to be more protective, more reliable, or less costly.
- Identify and evaluate options for controlling hazards, using a “hierarchy of controls.”
- Use a hazard control plan to guide the selection and implementation of controls, and implement controls according to the plan.

12.7 STATUTORY PROVISIONS CONCERNING HEALTH IN INDIA

The Constitution on Employees’ right to health:

Article 21 of the Indian Constitution guarantees the protection of life and personal liberty of a person. Under this “right to life”, various Supreme Court judgments have been based. To cite as an example, the case of Consumer Education Research Center Vs. Union Of India3 may be considered where the Supreme Court has held that, “Occupational accidents and diseases remain the most appalling human tragedy of modern industry and one of its most serious forms of economic waste.” The judgment further went on to state that, “Therefore, we hold that right to health, medical aid to protect the health and vigor to a worker while in service or post retirement is a fundamental right under Article21, read with Articles 39(e), 41, 43, 48A and all related Articles and fundamental human rights to make the life of the workman meaningful

and purposeful with dignity of person."

In this respect, the Indian Constitution has shown notable concern to workmen in factories and industries as envisaged in its Preamble and the Directive Principles of State Policy. Special mention has been made of workers' health and safety in the Directive Principles of State Policy:

a) It provides for securing the health and strength of workers, men and women,
b) It emphasizes upon the assurance that the tender age of children is not abused,
c) It states that citizens are not forced by economic necessity to enter avocations unsuited to either their age or strength,
d) It provides for just and humane conditions of work and maternity relief, and
e) That the Government shall take steps, by suitable legislation or in any other way, to secure the participation of workers in the management of undertakings, establishments or other organizations engaged in any industry.

Occupational health Laws:

The Factories Act, 1948, the Mines Act, 1952,The Dock Workers (Safety, Health & Welfare) Act, 1986 are some of the laws, which contain provisions regulating the health of workers in an establishment set up and operating in India. On the other hand, the Employees' State Insurance Act, 1948 and the Workmen's Compensation Act, 1923 look into the compensation related benefits due to be given to workers.

Health Provisions under the Factories Act, 1948

The Factories Act, 1948 lays down that employees should work in healthy and sanitary conditions so far as the manufacturing will allow and that precautions should be taken for their safety and for the prevention of accidents.

Section 10 of the Act lays down that a State Government may appoint qualified medical practitioners as 'certifying surgeons' to discharge the following duties:

a) Examination and certification of young persons and examination of persons engaged in 'hazardous occupation'.
b) Exercising medical supervision where the substances used or new manufacturing processes adopted may result in a likelihood of injury to the workers.
c) Exercising medical supervision in case of young persons to be employed in work likely to causeinjury.

The Employees' State Insurance (ESI) Act, 1948:

It is a social security legislation enacted with the object of ameliorating various risks and

contingencies sustained by workers while serving in a factory or establishment.

The Act contains provisions for cash benefit in the case of sickness, maternity and employment injury, payment in the form of pension to the dependents of workers who died of employment injury and medical benefit to workers. It recognizes the contributory principle against such contingencies, provides protection against sickness, replaces lumpsum payments by pension in the case of dependents benefit and places the liability for claims on a statutory organization.

The main source of revenue for the ESI Fund is the Contribution paid by the employers and the employees. The purposes for which the Fund is to be used include payment of benefits, provision of medical treatment to insured families, meet charges in connection with medical treatment, maintenance of hospitals, dispensaries, etc.

Section 39 of the Act makes the employer primarily liable for the payment of contribution on behalf of himself and his employees towards the ESI Fund.

The Act lays down provisions to set up an ESI Corporation, to promote measures to improve health and welfare of insured persons and a Medical Benefit Council to advise the Corporation on medical benefits, certification, etc.

The discretionary powers with respect to using the Fund amount lie solely with the Corporation along with the State Governments.

In case of misuse of the contribution by employer, the employee can sue the employer in the Employees' State Insurance Court set up by the respective State Government.

Where an employee makes a claim on the grounds of sickness, disablement or maternity, it has to be made against the ESI Corporation and not against the employer. Under the Workmen's Compensation Act, 1923, there exists a legal obligation on the employer to pay compensation to workmen involved in accidents arising during the course of their employment.

Compensation is decided on the nature of injury caused. Where the injury from an accident results in the death of the workman, the minimum compensation payable is around Rs.50, 000 and the maximum may extend to Rs. 3 lacs. In case of permanent total disablement and permanent partial disablement, compensation may extend to Rs.60, 000, depending on its nature. Further the amount of compensation is calculated on the wage-group to which the workman belongs and the time-period for which he has worked.

12.8 LET US SUM UP

- Industrial safety in the context of occupational safety and health refers to the management of all operations and events within an industry, for protecting its employees and assets by minimizing hazards, risks, accidents and near misses. The relevant laws, compliance and best practices in the industry have most of the issues addressed for the best protection possible. Employers are to make sure that these are strictly adhered to to have maximum safety.
- Industrial safety covers a number of issues and topics affecting safety of personnel and equipment in a particular industry. The following topics are generally discussed:
  - General Safety - General aspects of safety which are common to all
  - Occupational Safety and Health - Particularly associated with the occupation
  - Process and Production Safety - Safety in the process and production etc.
  - Material Safety - Safety of the materials used in the production
  - Workplace Safety - Safety issues directly related to the workplace
  - Fire Safety - Fire safety, in particular the risks associated to the industry
  - Electrical Safety - In general and in particular, arising from the equipment used
  - Building and Structural Safety - Safety in general including installations as per existing building code
  - Environmental Safety - Issues of environmental safety (direct or indirect impact of the industry)
- Article 21 of the Indian Constitution guarantees the protection of life and personal liberty of a person. Various Supreme Court judgments have, under this “right to life” upheld the right to employees’ health. For instance, in the case of Consumer Education Research Center Vs. Union Of India3 the Supreme Court has held that, “Occupational accidents and diseases remain the most appalling human tragedy of modern industry and one of its most serious forms of economic waste.” Further the judgment says, “Therefore, we hold that right to health, medical aid to protect the health and vigor to a worker while in service or post retirement is a fundamental right under Article21, read with Articles 39(e), 41, 43, 48A and all related Articles and fundamental human rights to make the life of the workman meaningful and purposeful with dignity of person.”
- The Indian Constitution has shown notable concern to workmen in factories and industries

as envisaged in its Preamble and the Directive Principles of State Policy.

- The Factories Act, 1948, the Mines Act, 1952,The Dock Workers (Safety, Health & Welfare) Act, 1986 are some of the laws, which contain provisions regulating the health of workers in an establishment. Whereas the Employees State Insurance Act, 1948 and the Workmen's Compensation Act, 1923 are compensatory in nature.

12.9 FURTHER READING

1) Kumar H L(2016), *Obligations of Employers: Under Labour Laws,* 8th Edition, Universal Law Publishing, India.
2) Sarma A M(2015), *Aspects of Labour Welfare and Social Security,* 12th Edition, Himalaya Publishing House, India.
3) Balge M Z(2000), *Occupational Health & Safety,* 3 edition, Natl Safety Council.

12.10 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Occupational Safety and Health (OSH), also commonly referred to as occupational health and safety (OHS), occupational health, or workplace health and safety (WHS), is a multidisciplinary field concerned with the safety, health, and welfare of people at work.

Ans to Q No 2: The four main types of occupational hazards and diseases are as follows: 1. Chemical Hazards 2. Biological Hazards 3. Environmental Hazards 4.Psychological Hazards.

12.11 MODEL QUESTIONS

Q 1: Elaborately explain various ways of ensuring Industrial Health and Safety?

Q 2: What are the various issues and topics covered under Industrial Health and Safety?

Q 3: Justify the importance of designing Industrial Health and Safety Programs for industrial workers.

Q 4: Project ILO's take on work-related and occupational diseases.

Q 5: Point out and explain the various types of Occupational Hazards and Diseases that may be commonly categorized across different industries.

Q 6: State some initiatives needed to be taken up by the employers for prevention and protection from occupational hazards.

Q 7: There exists a reasonable number of laws and provisions that relate to protection from occupational hazards and diseases in India. State and explain a few.

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UNIT 13 : CONCEPT OF WAGES

UNIT STRUCTURE

13.1 Learning Objectives

13.2 Introduction

13.3 Meaning and Concept of Wages

13.4 Objectives of Wage and Salary Administration

13.5 Theory of Wages

13.6 Methods of Wage Payment

13.7 Wage Differentials

13.8 Let Us Sum Up

13.9 Further Reading

13.10 Answers To Check Your Progress

13.11 Model Questions

13.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- learn the objectives of Wage and Salary Administration
- learn significant theories of wages
- discuss the basic methods of wage payment which lay the ground for different types of wage payments
- discuss the concept of and need for differential wages.

13.2 INTRODUCTION

Wage is determined by a host of variables like the amount of work, quality of work, ability of the employer to pay, importance of the job in the particular industry or sector, availability of manpower and that of their skills, duration of working time, currency value and economic stand, market rates, taxation systems, so on so forth. Hence, wage determination aimed at creating and managing a satisfied fleet of workers over a long period of time is not an easy task for administrators. Therefore, the necessity to develop a separate team of administrators, to look into wage issues and take compensation decisions, was strongly felt in organisations. Thus, came into existence the field of Wage and Salary administration. These set of

administrators base their decisions and practices upon what prevails and upon what has been prescribed; i.e upon information/observations of current situations and upon the existing framework of theoretical inputs as propounded by various researchers and experts of the field. This unit focus on these very concepts, theories and practices of Wage and Salary Administration.

13.3 MEANING AND CONCEPT OF WAGES

Wage is a monetary payment made by the employer to his employee for the work done orservices rendered. Wages are usually paid in cash at the end of one day, one month or one week.

Generally, compensation payable to an employee includes the following threecomponents:

- Basic compensation for the job (wage/salary)
- Incentive compensation for the employee on job
- Supplementary compensation paid to employees (fringe benefit and employee services)

According to Milkovinch and Boudreau, “Compensation refers to all forms of financial returns,

tangible services, and benefits employee received as part of their employment relationship”.

Components of Employee Remuneration:

1. Wages and salary:

Wages represent hourly rates of pay, and salary refers to the monthly rate of pay, irrespective ofthe number of hours put in by the employee. They differ from employee to employee, and depend upon the nature of job,seniority, and merit.

2. Incentives:

Incentives are paid in addition to wages and salaries and are also called ‘payments by results’.Incentives depend upon productivity, sales, profit, or cost reduction efforts.

3. Fringe benefits:

These are monetary benefits provided to employees. Some examples of fringe benefits are:

(a) Provident fund, (b) Gratuity, (c) Medical care, (d) Hospitalization payment, (e) Accident relief, (f) Health and Group insurance, etc

4. Perquisites:

Perquisites are special benefits offered to managers/executives so as to retain

competentexecutives. Some of the perquisites offered by organisations include the following: (a) Company car for travelling, (b) Clubmembership, (c) Paid holidays, (d) Furnished house or accommodation, (e) Stock option schemes, etc.

5. Non-monetary benefits:

As the name suggests, there is no payment in money that takes place while offering these benefits. But they certainly do give psychological satisfaction to employees even when financial benefit is notavailable. Some of such benefits are: (a) Recognition of merit through certificate, etc. (b) Offeringchallenging job responsibilities, (c) Promoting growth prospects, (d) Comfortable workingconditions, (e) Competent supervision, (f) Job sharing and flexi-time, etc.

CHECK YOUR PROGRESS

Q 1: Explain the concept of Fair Wage.

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Q 2: Bring to light a few factors affecting wage and salary structure.

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Q 3: Highlight some of the components of wage structure.

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13.4 OBJECTIVES OF WAGE AND SALARY ADMINISTRATION

1. **Fair wages**: A fair wage is something more than the minimum wage which provides the barenecessities of life. It is determined by productivity of labour, prevailing rates of wages in the same or similar occupations in the same or neighbouring region, place of industry in the country‘s economy, employer‘s capacity to pay and so on.
2. **Internal & External Equity**: Internal equity means similar pay for similar work within the organisation.Differences in wages between jobs should be in proportion to the differences in the worth of thejobs. External equity is to maintain similar rates of compensation between similar jobs in similar organisations.

3. **Attract competent talent**: Through proper wage and salary administration, the organization seeksto attract talented, well qualified and hardworking people. It is often noticed that the compensation package tends to be the prime attraction for competent job-seekers when applying for a job.
4. **Retain good employees**: Through fair and competitive wages and salaries, the organizationaims at retaining competent employees and thereby, to reduce employee turnover. This also works in increasing motivation of existing employees.
5. **Satisfy employee needs**: As an organisation has certain expectations out of its employees, so also the employees expect something in return for the contributions towards their job. A key objective of adequate wages and salaries is to help employeesfulfil their various needs and expectations with the wage/salary they earn. It creates a sense of security and enhances the self-worth of theemployees.
6. **Motivate employees to higher productivity**: A well planned wage and salary systemmotivates employees to work harder, be self-motivated and self-developing – thus, resulting in higher levels of productivity.

13.5 THEORY OF WAGES

1. **Classic Wage Theory** – This Theory is based upon the fundamental concept that labour is a commodity and we have to pay the price according to its supply and demand. The greater the supply, the lower the price.And the greater the demand the higher the price.
2. **The Just Wage Theory of St. Thomas Aquinas** – This Theory describes a Just Wage as a wage which permits the recipient worker to live in a manner in keeping with his position to society. This doctrine is related to social organization based on the status of the individual in the social organization. This Theory is the basis of the implementation of the law of Minimum Wages.
3. **The Wage Fund Theory** – This theory was expounded by John Stuart Mill and his followers and is based on the Malthusian theory of population and the law or diminishing marginal returns.

   This Theory projects the idea that the working capital of the nation provides a fund from which wages can be paid and that, this fund is to be divided by all the workers proportionately.
4. **Bargaining Theory of John Davidson** – This Theory proposes that labor is a

commodity like anything that could be bought at a price by the user.

5. **The Marginal Productivity Theory** – This Theory advocates that the supply of labour in any given economy on the whole depends upon the total number of individuals who want to work and are available for work.
6. **The Purchasing Power Theory** – This Theory tries to establish the relationship between wages and the level of economic activities. According to this Theory, the level of economic growth is dependent upon the savings generated because the increase in wage creates a surplus that propels growth.
7. **Labour Theory of Value** – This Theory was propounded by Karl Marx. It emphasizes that labour is the source of all products and that without this important component, there could be no goods for human consumption. It states that every good that is produced could be tracked back to the participation of the worker and therefore, labour must get greater share of the profit.
8. **The Standard of Living Theory Of Wage-** This Theory is a recent development in the labour market. As per this Theory, wages should be based on the cost of living, which is dependent upon the economic needs of the family for basic necessities of life for food, clothing and shelter.

13.6 METHODS OF WAGE PAYMENT

Systems of wage payment:

A) Time Rate System

B) Piece Rate System

Time rate system:

Time rate system is also called as day wage system. It is the oldest and simplest method of wage payment. Wages are paid as per the time spent by the workers in the factory irrespective of the production given by them. The employer buys the hours of theworkers and pays them accordingly. In thetime rate system, efficiency, sincerity, ability is not given attention and all the workers are paidat one and the same rate as per the period spent in the factory.

Advantages of time rate system:

1) Easy and simple: Time rate is easy to understand and simple to follow and calculate. Wagecalculations are also easy and quick. Each worker knows how much wage payment he is entitledto at the end of the month.
2) Guaranteed minimum wage: It gives the guarantee of certain minimum wage payment

toevery worker irrespective of their working capacity. Workers get a regular and stable income andthis gives a sense of security to all workers as regards wage payment.

3) Maintains quality of production: Quality of production is maintained here as the workers arenot in a hurry to complete the work because of thetemptation to earn more. Workers tend to work slowly and with care. Accidents too are less asworkers use the machines in a careful manner.

4) Support from trade unions: Workers and trade unions accept and support time rate system asall workers are placed in one category as regards wage payment. This ensures unity amongworkers.

5) Avoids quarrels among workers: Time rate avoids heart burning and quarrels among theworkers as uniform wages are paid to all.

6) Convenient in modern factory system: Time rate payment is convenient in modern factorysystem where production process is continuous and integrated. It is not possible to measure thework completed by one individual worker and hence time rate system is convenient.

Disadvantages of time rate system:

1) Not scientific: Time rate is not scientific system of wage payment as there is no direct linking between wages and production/productivity.

2) Absence of positive encouragement: There is no positive encouragement to workers to improve their efficiency/ performance as the wage rate is uniformto all workers; whether efficient or inefficient.

3) No distinction between workers: This system makes no distinction between efficient and lazy workers as both are paid at one rate which may seem unfair to the ones who are efficient.

4) No initiative to workers: Time rate fails to encourage workers to take more interest andinitiative in their work as wage payment is not linked with the production.

5) Labour cost may increase: There is a possibility of increase in thelabour cost without corresponding increase in the production under this system. Workers may work with slowspeed, give less production and still collect the wage as per time or day fixed.

6) Strict supervision: Strict supervision of the workers is essential as payment isfor period and not production.

7) No effect on productivity/ efficiency: Time rate fails to raise productivity and efficiency oflabour force as it is not an incentive system of wage payment.

Piece rate system:

This system is just the opposite of the time rate. It is an incentive wage system as it encourages workers to produce more and also to earn more. Under this system, wages are paid as per the output or production given by the worker and notas per the time spent by the worker in the factory.

Advantages of piece rate system:

1) Linking of wages with production: As wages are linked with production or productivity, itraises the productivity of labour.
2) Distinction between efficient and inefficient workers: This system distinguishes between efficient and inefficient workers. Efficient workers support the piece rate system as their efficiency gets rewarded, but it is notpreferred by unskilled and inefficient workers as theircapacity to produce is less and hence, payment received is also less.
3) Encourages workers to take initiative in the work: Piece rate system encourages workers totake more interest and initiative in the work as every worker gets full reward for his efforts.
4) Fair to employer and employees: This system is fair to both employers as well as employees. This can be justified by the fact that while employees get income in proportion to production given by them and the employer getsproduction in proportion to the wage paid.
5) Incentive system: It serves as an incentive to work for the workers as it promises additional pay for additional work done.
6) Limited supervision: The system does not necessitate strict supervision over the workers as their wage payment is directly linked with theirsincerity and ability to produce.
7) Freedom of work to workers: Workers enjoy more freedom to work and there is effective controlon the cost of production in the piece rate system.
8) Brings cordial relations: This system ensures cordial labour- management relations and industrialpeace to a large extent.

Limitation of piece rate system

1. Workers suffer even when they are not at fault: Sometimes workers suffer in wage paymenteven when they are not at fault. Production of workers may be low due to various external factors like strikes, power failures, breakdown of machinery, etc. inspite of their presence in the factory throughout the working hours; thus, resulting in lesser production.
3. Complicated system: Piece rate system is complicated and difficult as it is difficult

tounderstand by ordinary workers. Management is required to maintain elaborate records of productiongiven by each worker.

4. Disturbs unity of workers: This system affects the unity of workers as there exists non-uniformity in wage distribution. Trade unions opposepiece rate system on the ground that it will lead to rivalry among workers and destroy unity among them.
5. Not fair to trainees: Piece rate system is not fair to trainees, as their capacity to produce tends to be less initially which also fetches them lesser wages inspite of being sincere and hard working.
6. Adverse effect on Quality of production: Workers focus may shift to speedier production rather than better quality in production. This may also result in greater degree of errors and wastages; not to mention a higher probability of accidents as well. All in all, it may, therefore, exhibit an adverse effect on quality of production.

CHECK YOUR PROGRESS

Q 4: Name the two popular methods of wage payment.

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13.7 WAGE DIFFERENTIALS

Wage differential is a term used in labour economics to analyze the relation between the wage rate and the unpleasantness, risk, or other undesirable attributes of a particular job.

The wage paid to workers varies greatly. These wage differentials are mostly the result of differences in workers' ability and the workers' effort in performing the job. There are also wage differentials across occupations, because of differences in the demand and supply of laborers for particular job or occupation.

Wage differentials reflect difference in the physical and mental abilities of workers, differences in productivity, in the efficiency of management and in consumer preferences, and act as sign posts for labour mobility. By providing an. important incentive for labour mobility, they bring about a re-allocation of the labour force under changing circumstances.

Wage differentials may lead to the following consequences:

(a) Cause labor to be allocated among different occupations, industries and, geographical areas in the economy in such a manner as to maximise the national product

(b) Enable full employment of the resources of the economy to be attained; and

(c) Facilitate the most desirable rate of economic progress.

Under competitive conditions, wages are determined by conditions of demand (productivity of workers) and conditions of supply (attractiveness of jobs). The level of wages would depend upon the relative scarcity of supply in relation to demand.

Reasons For Wage Differentials

(a) Differences in the efficiency of the labour, which may be due to inborn quality, education, and conditions under which work may be done.

(b) The existence of non-competing groups due to difficulties in the way of the mobility of labour from low paid to high paid employments.

(c) Differences in the agreeableness or social esteem of employment.

(d) Differences in the nature of employment and occupations.

Types Of Compensation Differentials

(a) Occupational Wage Differentials

Occupational differentials are based on skill, experience and training taken by the employees and may be inter plant, inter industry or inter regional. Inter plant differentials imply the differences in pay for the same or a similar job in the same industry, while inter industry differentials imply compensation differences for the same or similar jobs between industries in the same locations or in the same labour market at the same time.

(b) Skill Based Wage Differentials

Wage differences among different degrees of skill of the workers appears come under this category. Skilled workers on an average earn more than semi-skilled, unskilled and casual workers in any industry and in any state or country.

(c) Gender Based Differentials

Based on the gender differences roles, suitability to a job, physical capacity to produce, etc. wages of male and female workers may sometimes differ. While some jobs may need a masculine role, some others may need a feminine role for their effective performance. These considerations employ women for some roles and only men for some roles, but because of the difference in the capacity to work the pay or wages differ accordingly, creating wage/ salary differentiations.

(d) Work Behaviour Based Differentiation

The extent of efforts required to perform any task or work also vary, which necessitates wage or salary differentiation. While there may be some jobs that require manual work, there may be some others that require mixed efforts of machine and hand, and yet some others

that require automation only to be supervised or monitored. Moreover, the complexity of work also makes differentiation in pay packages.

(e) Experience Based Differentiation

With experience comes expertise and hence, improved the quality and productivity. This calls for a rise in pay as well. This rise may vary according to the level of excellence achieved, degree of supervision needed, and the number of years of experience.

(f) Industry based

Industrial and occupational differentials exist because of requirement of different skill sets and imbalance in demand and supply of personnel having such skills. Wages and salaries are usually fixed on the basis of skills required to perform a job. Shortage of supply of such personnel also induces the payment of higher pay for jobs requiring a higher or specialized skill level. Presently, in India, various occupations based on the salary structure in descending order may be arranged as follows:

1. Consultancy
2. Financial services
3. Investment banking
4. Information technology
5. Fast-moving consumer goods
6. Advertising
7. Pharmaceuticals
8. Chemicals
9. Consumer durables
10. Electronics
11. Electricals
12. Automobiles
13. Other engineering

CHECK YOUR PROGRESS

Q 5: What do you understand by wage differentials?

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13.8 LET US SUM UP

- According to Milkovinch and Boudreau, Compensation refers to all forms of financial returns, tangible services, and benefits employee received as part of their employment relationship.
- Two important systems of wage payment are: A) Time Rate System and B) Piece Rate System
- Wage differential is a term used in labour economics to analyze the relation between the wage rate and the unpleasantness, risk, or other undesirable attributes of a particular job.
- The wage paid to workers varies greatly. These wage differentials are mostly the result of differences in worker ability and the workers' effort in performing the job. There are also wage differentials across occupations, because of differences in the demand and supply of laborers for particular job or occupation.

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13.10 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Fair wages is the wage which is above the minimum wage but below theliving wage. Obviously the lower limit of the fair wage is the minimum wage and the upper limitis set by the ability of the industry to pay.

Ans to Q No 2: Some of the factors affecting wage and salary structure are – organisation's ability to pay, cost of living, supply and demand of labour, job requirements, productivity, prevailing market rate, etc.

Ans to Q No 3: Some of the components of wage structure are – incentives, fringe benefits, perquisites and non-monetary benefits apart from the basic wage and salary.

Ans to Q No 4: The two methods of wage payment are – the Time Rate System and the Piece Rate System.

Ans to Q No 5: Wage differential is a term used in labour economics to analyze the relation between the wage rate and the unpleasantness, risk, or other undesirable attributes of a particular job.The wage paid to workers varies greatly. These wage differentials are mostly the result of differences in worker ability and the workers' effort in performing the job.

?13.11 MODEL QUESTIONS

Q 1: Explain the factors affecting Wage and Salary administration.

Q 2: Enlist and explain the components of Wage.

Q 3: Highlight the objectives and goals of Wage and Salary Administration.

Q 4: Discuss the methods of wage payment.

Q 5: Discuss the concept, merits and demerits of the Time Rate System of wage payment.

Q 6: Discuss the concept, merits and demerits of the Piece Rate System of wage payment.

Q 7: What do you understand by wage differentials? Highlight the factors influencing wage differentials.

Q 8: Throw light upon the various types of wage differentials.

Q 9: Make a comparative analysis of the various theories of wages.

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UNIT 14 : TECHNOLOGY AND INDUSTRIAL RELATIONS

UNIT STRUCTURE

14.1 Learning Objectives

14.2 Introduction

14.3 Technological Change-Concept and Importance

14.4 IT and IT Enabled Service Sectors in India

14.5 Industries in IT Sector in India

14.6 Let Us Sum Up

14.7 Further Reading

14.8 Answers To Check Your Progress

14.9 Model Questions

14.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- build up some idea regarding the concept and phases of Technological Change
- gather understanding about the impact of technological change in the world and especially, in India
- learn about the growth of IT and IT enabled Service Sector in India
- get an idea about some major players in the IT sector in India.

14.2 INTRODUCTION

Technology has brought the world closer and has gone a long way in improving working processes, conditions and relations. It has brought about speed at a lesser risk of trial and error by ensuring a ready-to-use flow of information regarding all determinants of the work and its environment. Apart from playing a supporting role in many sectors by helping in R and D, Public Relations Recording and Reporting, Accounting and Finance, Payment, HR and marketing, etc – IT has also established itself as an individual distinctive sector in the course of time. And this sector is only found to grow faster and faster with each passing day. The entry and growth of this sector is of much prominence even in India. This unit discusses the impact of technological change and moves on to highlight the growth of IT and IT Enabled Service Sector in the country.

14.3 TECHNOLOGICAL CHANGE – CONCEPT AND IMPORTANCE

Technological change is an increase in the efficiency of a product or process that results in an increase in output, without an increase in input.

Technological change means the technical knowledge used in the production of capital and machinery. Technological progress comprises of creation of skill, new means of production, new uses of raw materials and the widespread use of machinery.

The various changes in technology leads to an increase in the productivity of labour, capital and other production factors. Prof. Frankel assumes that the, "Technological change is not a mere improvement in the technical know-how. It means much more than this. It should be preceded by sociological change also, a willingness and desire on the part of community to modify their social, political and administrative institutions so as to make them fit with new techniques of production and faster tempo of economic activity." In the words of J. P. Dewhurts, " technology can be thought of as the change in the production process of material and human skills".

The process of growth of technical knowledge, which brings about technological change, can be divided into the following stages:

(a) Formulation of scientific principles

(b) Application of these principles to give technical problems

(c) Development of technical inventions to the point of commercial exploitation.

In the first stage, there takes place an advancement in scientific knowledge; in the second, application of this knowledge to some useful purposes happens; and in the third, there takes place commercialization of invention which is called innovation. This phase has a great significance in the process of development – economic, commercial, social and technological. Schumpeter has distinguished between invention and innovation. As explained by him, invention implies the discovery of a new technique while innovation is practical application of invention in production for the market.Inventions are carried on by the inventors with large capital investments at every stage as it needs not only a scientific attitude but an attitude of the community and an entrepreneurial skill of high order with the ability to understand the possibilities of employing scientific incentives for commercial purposes. This makes invention a scientific fact while innovation an economic fact.

Therefore, commercialization may be said to originate from scientific advancement.

Importance and need

Technological backwardness is one of the primary causes of poverty in underdeveloped countries. It has been observed that a specific level of technological advancement is the necessary pre-condition for rapid growth.

While slow technological growth leads to poverty, poverty retards technological growth – it is a vicious circle. It is due to this reason that the task of technological change in underdeveloped countries is difficult. Moreover, the social set up in backward pre-industrial economies is not conducive to technological improvements on any significant scale.

As such, it becomes necessary either to explore new technology or import technology from industrially advanced countries to promote the economic growth. In this regard, the U.N. experts observed that, "unless special effort is made, the process of technological development in the UDC's will be relatively slow and the gap in technology will continue to grow wider as the cumulative scientific progress of developed countries accelerates."

CHECK YOUR PROGRESS

Q 1: Describe Technological Change.

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Q 2: Phase out the process of growth of technological change.

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14.4 IT AND IT ENABLED SERVICE SECTORS IN INDIA

IT enabled Services (ITES), also called web enabled services or remote services or Tele-working, covers the entire gamut of operations which exploit information technology for improving efficiency of an organization. This sector has not only changed the way the world looks at India but has also made significant contributions to the Indian economy. Information Technology (IT) is one of the world's fastest growing economic activities, also the fastest growing in India, which envisages easier flow of information at various levels in the desired pattern.

ITES provide a wide range of career options that include opportunities in call Centre, medical transcription, medical billing and coding, back office operations, revenue claims

processing, legal databases, content development, payrolls, logistics management, GIS (Geographical Information System), HR services, web services etc.

According to a research report published by National Association of Software and Service Companies (NASSCOM), 'IT-BPO Sector in India: Strategic Review 2010,' the IT-BPO industry is estimated to aggregate revenues of US$ 73.1 billion in FY2010, with the IT software and services industry accounting for US$ 63.7 billion of revenues.

IT services is expected to grow by 2.4 per cent in 2010, and 4.2 per cent in 2011 as companies coming out of recession harness the need for information technology to create competitive advantage.

India's forte in the Information Technology domain include the following:

- Programming
- Project Management
- Program Management
- EAI/BPM
- Data Mining / Analytics
- Business Development /Analysis
- CRM
- Systems Administration
- Network / Infrastructure
- R&D

The Indian IT - BPO sector including the domestic and exports segments continue to gain strength, experiencing high levels of activity both onshore as well as offshore. The companies continue to move up the value-chain to offer higher end research and analytics services to their clients. NASSCOM predicts that the Indian IT-BPO revenues may touch US$ 225 billion by 2020.

So far as the country's Forte in ITES Sector is concerned, the following are included in the list:

- Voice
- Non Voice
- Technical support

14.5 INDUSTRIES IN IT SECTOR IN INDIA

According to an article in the Times of India, India's liberalization was possible due to its

IT industry. Information Technology & Information Technology Enabled Services (IT-ITES) sector is a field which is undergoing rapid evolution and is changing the shape of Indian business standards. In the 1990s, the industry started off with an export of nearly $100 million with around 5,000 employees. Now it is an industry that thrives globally and India's IT exports are now around $70 billion with 2.8 million employees working in this sector. This sector includes software development, consultancies, software management, online services and business process outsourcing (BPO). IT sector is positioned as one of the top two industries in the country today.

Expectations are that India's IT industry would experience a growth rate of 12 - 14% during 2016 - 2017 as per a report by India's software industry body National Association of Software and Services Companies (NASSCOM.) In another NASSCOM-McKinsey report, India's position in the global offshore IT industry has been projected as based on five factors - abundant talent, creation of urban infrastructure, operational excellence, conducive business environment and finally, continued growth in the domestic IT sector.This clearly shows that information technology is a sector which will likely be one of the emerging markets in the days to come as India's economy requires more hardware, software and other IT services.

Factors like the global market and sustenance of its rate of growth influence this sector to a large extent. The recession in the United States also impacted the IT community in India negatively. Some challenges which the industry is facing are inadequate infrastructure, tax issues and limited preferential access for local firms. China and Taiwan are examples of low cost destinations, and India needs to change its current tax structure so that it can outdo competition from other countries.Inspite of this segment being promising and having vast potential, there are also concerns regarding the demand-supply gap, which is widening.

The Indian IT industry generates huge employment opportunities in the country, which acts a boon to the seriously negative education-employment ratio evidenced since some time now. The IT sector also brings in benefits to the country's export and Foreign Direct Investments (FDI). India is now a major destination for IT outsourcing. New markets have opened up in the Middle East, Africa, Eastern Europe, and South and South East Asia. There is no dearth of IT job opportunities in India as of now. In fact,India is expected to overtake even the US in respect of havingthe most number of software developers by 2018 (52 lakh developers in India against America's 42 lakhs.)

Cities like Bengaluru, Delhi, Noida, Gurgaon, Hyderabad, Chennai, Bombay and Cochin are some of the places which have developed into potential IT hubs of the country, thanks to

the presence of some of the top IT companies. The top IT companies in India that offer job opportunities in this field are *Tata Consultancy Services (TCS), Wipro Technologies, Cognizant, Yahoo!, Google, Tech Mahindra, Infosys Technologies, HP ,Capgemini, iGATE Patni, Accenture, L&T, EY, Convergys, MphasiS, Genpact, HCL Technologies* and *Godrej Infotech*. These are now key players which contribute to the growth of the Indian economy through telecommunication, software development, design, mobile commerce, e-commerce, BPO and knowledge process outsourcing (KPO).

The IT industry is one which is not limited to software development alone. Technology can be applied in libraries, hospitals, banks, shops, prisons, hotels, airports, train stations and many other places through database management systems, or through custom-made software as seen fit.Credit goes to the IT sector that today almost everything can be done online from shopping, ticketing, filing Income Tax returns, etc to training, learning, counseling, organizing meetings, and what not.

The contributions being made by the IT industry towards the country's GDP has led to a steady growth of the Indian economy. India's IT industry is regarded as a hub of innovators providing world class technology solutions across the globe. Various international organizations have set up their offices here in India like Google, Accenture etc. It has helped in changing Indian economy from anagricultural based economy to a knowledge driven economy.

This sector has even helped the domestic economy to integrate with the world economy. It has given birth to e-governance practices, as a result of which people get an easy access via e-health, e-education, e-ticketing etc. to the various governmental services.

Key drivers of growth in the IT sector

- Low cost of operation and tax advantages
- Supportive government policies
- Availability of technically skilled manpower
- Rapid introduction of IT technologies in major sectors such as telecom, BFSI.
- Strong growth in export demand
- use of new technologies like cloud computing
- Government established SEZs

CHECK YOUR PROGRESS

Q 3: Which are the categories or branches of India's presence in the ITES Sector?

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14.6 LET US SUM UP

- Technological change means the technical knowledge used in the production of capital and machinery. The various changes in technology leads to an increase in the productivity of labour, capital and other production factors. Technological progress comprises of creation of skill, new means of production, new uses of raw materials and the widespread use of machinery.
- The process of growth of technical knowledge can be divided into following stages:
  - Formulation of scientific principles
  - Application of these principles to give technical problems
  - Development of technical inventions to the point of commercial exploitation.
- The IT Industry is the fastest growing segment of the Indian economy. According to a research report published by National Association of Software and Service Companies (NASSCOM), 'IT-BPO Sector in India: Strategic Review 2010,' the IT-BPO industry is estimated to aggregate revenues of US$ 73.1 billion in FY2010, with the IT software and services industry accounting for US$ 63.7 billion of revenues.
- One of the biggest factor that has helped India to make its mark on the world map is its booming IT industrial sector. The contributions being made by the IT industry towards the country's GDP has led to a steady growth of the Indian economy. India's IT industry is regarded as a hub of innovators providing world class technology solutions across the globe. Various international organizations have set up their offices here in India like Google, Accenture etc. It has helped in changing Indian economy from a agricultural based economy to a knowledge driven economy.

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✓14.8 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: A technological change is an increase in the efficiency of a product or process that results in an increase in output, without an increase in input. In other words, someone invents or improves a product or process, which is then used to get a bigger reward for the same amount of work.Technological change means the technical knowledge used in the production of capital and machinery.

Ans to Q No 2: The process of growth of technical knowledge can be divided into following stages:

(a) Formulation of scientific principles

(b) Application of these principles to give technical problems

(c) Development of technical inventions to the point of commercial exploitation.

Ans to Q No 3: India's forte in ITES Sector is :

- Voice
- Non Voice
- Technical support

?14.9 MODEL QUESTIONS

Q 1: Create understanding about the concept and process of Technological Change.

Q 2: Not only is change in technology inevitable but also much needed. Justify.

Q 3: Give an account of the growth and prospects of the IT and ITES Sector in India.

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UNIT 15 : INDIA AND ILO

UNIT STRUCTURE

15.1 Learning Objectives

15.2 Introduction

15.3 Objectives and Structure of ILO

15.4 Impact of ILO

15.5 Ratification of ILO Standards

15.6 ILO Recommendation

15.7 Let Us Sum Up

15.8 Further Reading

15.9 Answers To Check Your Progress

15.10 Model Questions

15.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- learn about the objectives and structure of functioning of the ILO
- discuss the importance of ILO standards and recommendations in so far labour issues, across the globe, are concerned
- realise the benefits of becoming a member nation of the ILO structure.

15.2 INTRODUCTION

Labour mobility across the nations has been in practice for long times. In course of time, this has led to international labour problems for various reasons and also underlined the need for understanding the problems of international labour. In 1919, the ILO came into existence as a solution to this problem.

The ILO was born as a result of the peace conference at the end of World War I at Versailles on April 19, 1919. Being an original signatory of the treaty of peace, India became member of ILO in 1919. In fact, ILO is the only international organisation that survived the Second World War even after dissolution of its parent body 'the League of Nations'. Its main concern is to make the world know that world peace is subject to be affected by unjust conditions of its labour. Thus, ILO deals with international labour problems.

15.3 OBJECTIVES AND STRUCTURE OF ILO

The main objectives of ILO as contained in the preamble to its constitution are to:

1. Provide social justice to workers.
2. Avoid injustice, depravation and exploitation of labour.
3. Build up human working conditions to the labour

In the 26th session of the International Labour Conference held at Philadelphia in April in 1944 during the Second World War, the principles of ILO were affirmed as follows:

1. Labour is not a commodity.
2. Freedom of expression and of association is essential to sustained growth.
3. Poverty anywhere constitutes a danger to prosperity everywhere.
4. War against want requires to be carried out by joint efforts by government, management and workers together on equal status and with democratic traditions.

The objectives of the ILO were redefined at the Philadelphia conference in 1944. This was termed as "Declaration of Philadelphia. The following 10 objectives were enunciated at the above Philadelphia Conference":

1. Full employment and the raising of standards of living.
2. Employ workers on jobs for which they have adequate skill and satisfaction to work.
3. Provide training and development facilities to achieve the above objective.
4. Provide due share of profit as compensation to ensure a minimum level of living standard to all employed and protection as and when needed.
5. Accept collective bargaining as a right of workers and a means of improving productivity between employees and management.
6. Extend social security measures to provide a basic income to all in need and also medical cover.
7. Protect the life and health of workers in all occupations.
8. Provision for child welfare and maternity protection.
9. Provide adequate nutrition, housing and facilities for recreation and culture.
10. Provision for quality education and vocational opportunity.

Structure

The International Labour Organization (ILO) is the only tripartite UN agency with government, employer and worker representatives. This tripartite structure makes the ILO a unique forum in which the governments and the social partners of the economy of its 187

member States can freely and openly debate and elaborate labour standards and policies. The components of the ILO structure are as follows:

The International Labour Office is the permanent secretariat of the International Labour Organization - its operational headquarters. Administration and management are decentralized in regional, area and branch offices in more than 40 countries under the leadership of a Director-General.

A Director-General is elected every five years by the Governing Body. Subject to the instructions of the Governing Body, the Director-General is responsible for the efficient conduct of the International Labour Office and other duties as may be assigned.

The Administrative Tribunal examines employment-related complaints by officials of the International Labour Office and of the other international organizations that have recognized its jurisdiction. It is currently open to approximately 46,000 international civil servants who are serving or former officials of some 60 organizations.

The ILO is universally regarded as an authoritative source of knowledge on the world of work. The Organization has established institutes and centres that provide specialized research, training and support for the ILO's offices and constituents.

CHECK YOUR PROGRESS

Q 1: When did ILO come into existence?

.....

.....

Q 2: State the objectives of ILO as contained in its Constitution.

.....

.....

15.4 IMPACT OF ILO

The ILO's impact on IR can be broadly looked at from two dimensions in India– it exhibits its influence upon labour policy and labour legislation, and trade union movement in the country. Like other progressive countries, in India also Labour Code and Labour Policy are evolved based on the conventions and recommendations of the ILO.Both ILO and conventions and recommendations adopted by it appear to have given their impetus to the development of labour legislations in India especially after 1947 when the Indian National Government assumed

office at the Centre.

However, looking back, it has been observed that many of the labour laws passed in India since 1920 have derived their motive force from discussions at the Geneva Conferences of the ILO. India has been one of the founder members of the ILO. It has been taking very active part in its deliberations. The Committee on Conventions set up in 1954 studies all the conventions and recommendations and makes recommendations for their ratifications. The Government of India has ratified the various provisions of its labour legislations in accordance to the ILO ratifications from time to time.

Modern trade Union Movement in the country may be said to have begun after World War I and therefore, it can be said that the beginning of the Trade Union Movement of India coincided with the establishment of the ILO. The AITUC owes its immediate origin to ILO. Thus, ILO has a strong bearing on the Indian Trade Unionism in quite a number of ways.

Indian worker representatives have been attending international labour conferences and ILO sessions since the emergence of early federations of trade unions in India. This has helped in the creation of a sense of solidarity among the workers by removing the feeling of isolation among them and also by awakening the consciousness among them of their rights and privileges.

Further, the close interaction of the Indian (worker) delegates with their counterparts from other countries at the annual international labour conferences strengthened international solidarity and social justice among the workers across the countries.

The information disseminated by the ILO on various aspects of labour problems to the workers and their unions also helped workers unite for the solution of their problems. Thus, the influence of the ILO on Trade Union/ Labour Union Movement in India has been quite perceptible and significant.

15.5 RATIFICATION OF ILO STANDARDS

Being a founding member of ILO, India has deep respect for international labour laws and standards. India follows in principle and true spirit the four pillars of decent work agenda of ILO i.e. fundamental principles of rights at work, employment, social protection and social dialogue.

ILO Conventions are international labour instruments or treaties, which on ratification create legally binding obligations upon the member States. As on July 2015, ILO has adopted 189 conventions and 204 recommendations. Out of 189 ILO Conventions, **India has so far**

ratified 43 ILO Conventions and 1 protocol which includes four core or fundamental human rights Conventions like Forced Labour Convention **(C-29),** Equal remuneration Convention **(C-100),** Abolition of Forced labour Convention **(C-105)** and Discrimination (Employment & Occupation) Convention **(C-111)** and three priority/governance conventions such as Labour Inspection Convention (No.81), Employment and Social Policy Convention (No.122) and Tripartite Consultations (International Labour Standards) (No.144). During 104th session of ILC, India supported the adoption of recommendation (R-204) on "Transition from Informal to Formal Economy" by ILO.

Ratification Procedures and India's Approach to Ratification: After adoption of an ILO instrument in International Labour Conference, the member country has to place it before the competent authority for information as required under article 19 of ILO Constitution. This is followed by a detailed examination of the possibility and feasibility of ratifying an ILO convention in the context of the country's existing legal framework is undertaken through consultation with concerned ministries and other stakeholders. On obtaining Concurrence on the ratification issue, a Cabinet Note on the Convention in question is prepared by Ministry of Labour and Employment (MoLE). Once the cabinet note is approved, a statement is placed before the parliament and the same is communicated to ILO for information. As an ILO Convention is ratified, India is obliged to provide periodic report regarding the application of the conventions under Article 22 of ILO Constitution. A ratifying country voluntarily undertakes to apply their provisions, to adapt national laws and practices to their requirements. After ratification of an ILO Convention it becomes legally binding. A ratifying country is subject to international supervisory procedures. The unratified Conventions of the ILO are also reviewed at appropriate intervals in relation to our National laws and practices.

Thus, ratification of an ILO Convention is a voluntary process. India follows an elaborate process for ratification and ratifies an ILO Convention only when the national laws and practices conform with the provisions of the Convention concerned.

India's approach in respect of International Labour Standards has always been positive. The ILO instruments have provided guidelines and useful framework for the evolution of legislative and administrative measures for the protection and advancement of the interest of labour. India very well realizes that ratification of an ILO convention imposes legally binding obligations on the country concerned and, therefore, India has been careful in ratifying Conventions. It has always been the practice that India ratifies a Convention when there is full satisfaction that domestic laws and practices are in conformity with the relevant ILO

Convention. It may be noteworthy to mention herein that India has identified Ratification of Core Conventions as a key priority area in the **Decent Work Country Programm**e of ILO for 2013-2017.

The Government of India is committed to the ethos and culture of tripartism. There is effective social dialogue at every stage of policy formulation and implementation through representation of employers and workers of organizations in Advisory Committees on all labour related areas. To serve the purpose, various supporting forums have been established such as the Standing Labour Committee, Indian Labour Conference, Industrial Tripartite Committee and National Labour Commission to discuss issues related to labour in India.

15.6 ILO RECOMMENDATION

- International labour standards are central to the activities of the International Labour Organization. Over the years, the governments of member States and theiremployers' and workers' organizations have built up a system of international standards in all work-related matters, such as the abolition of forced labour, freedom of association, equality of treatment and opportunity, employment promotion and vocational training, social security, conditions of work, maternity protection, minimum age for entering the labour market, and protection of migrants and categories of workers such as seafarers.
- In June of each year, after considerable preparatory work, representatives of governments, and employers' and workers' organizations of all member countries meet in the International Labour Conference in Geneva, to adopt or revise those standards which will become international labour Conventions or Recommendations. These international instruments deal with people and their work. The Conventions are binding for countries which ratify them.
- These standards are subject to constant supervision by the ILO. Each member country agrees to present periodically to the International Labour Office a report on the measures taken to apply, in law and in practice, the Conventions which it has ratified. The government reports are examined by the Committee of Experts on the Application of Conventions and Recommendations, composed of some twenty independent, eminent figures in either the legal or social field and who are also specialists in labour matters. The Committee submits an annual report to the International Labour Conference, which is closely examined by a tripartite committee composed of government, employer and worker members.

- In parallel with this mechanism of regular supervision, procedures written into the ILO Constitution also contribute to observing the system of international labour standards. Employers' and workers' organizations can lodge representations with the International Labour Office on a member State's non-compliance with a Convention it has ratified. If the representation is judged receivable by the ILO Governing Body, it appoints a tripartite committee to examine the issue. This committee submits a report containing its conclusions and recommendations to the Governing Body.
- Moreover, any member country can lodge a complaint with the International Labour Office against another member country which, in its opinion, has not ensured in a satisfactory manner the implementation of a Convention which both of them have ratified. The Governing Body has the option to establish a Commission of Inquiry to examine the issue and present a report on the subject. This process may also be set in motion by the Governing Body itself or on complaint of a delegate to the Conference.
- The Commission of Inquiry formulates recommendations on measures to be taken, if necessary. The governments concerned then have three months to accept these recommendations. If they do not, they may submit the case to the International Court of Justice.
- If a member State does not comply with the recommendations of the Commission of Inquiry or with the decision of the International Court of Justice, within the stipulated time, the Governing Body may "recommend to the Conference such action as it may deem wise and expedient to secure compliance therewith".
- The supervisory system of the ILO also includes a standing tripartite committee of the Governing Body responsible for examining complaints concerning freedom of association and the right to organize, rights which have a central place in the ILO Constitution. Since its creation in 1951, this committee has examined over 1,800 cases concerning both employers' and workers' organizations in countries all around the world.
- The supervisory mechanisms concerning the application of standards are extremely important. They ensure that the principles, once enunciated, are actually put into effect. In many cases, the regular supervisory procedure, based on the periodic examination of reports by the Committee of Experts and the Conference Committee, has proved to be effective.
- Measures taken at the national level to put the Conventions into force are a crucial factor. International labour standards play an important role in the elaboration of national

legislation, even in those countries which have not ratified a given Convention. Governments of member countries often refer to the ILO Conventions in questions concerning the adoption of labour laws or modifying existing legislation. The provisions of the standards are used as a basis for establishing national laws. International Labour Conventions thus have an impact which goes well beyond the legal obligations which they engender.

- The Recommendations are not subject to ratification. They therefore do not carry the legal requirements of Conventions. They are often adopted at the same time as Conventions dealing with the same subject, which they complement in more detail. Recommendations are aimed at member countries and their goal is to stimulate and guide national programmes in given areas. They have also left their mark on law and practice in countries around the world.
- The standard-setting function is the strength of the International Labour Organization. It draws its uniqueness from the constant search for a consensus between public authorities and the principal interested parties, namely employers and workers. The entire process of international labour standards, from their elaboration to the supervision of their application and their promotion is motivated by tripartism, which is a peaceful means of conducting work relations involving the full participation of employers and workers in the decisions which affect them. Governments and employers' and workers' organizations are thus partners in the framework of this unique international organization, the ILO, whose objective is to improve the lot of all people in their work. Standards are the principal means which it puts at their disposal for bringing this about.

15.7 LET US SUM UP

- The main objectives of ILO contained in the preamble to its constitution are to:
  - Provide social justice to workers.
  - Avoid injustice, depravation and exploitation of labour.
  - Build up human working conditions to the labour
- Ratification of an ILO Convention is a voluntary process. India follows an elaborate process for ratification. India ratifies an ILO Convention only when the national laws and practices conform with the provisions of the Convention concerned.

- Government of India is committed to the ethos and culture of tripartism. There is effective social dialogue at every stage of policy formulation and implementation through representation of employers and workers organizations in Advisory Committees on all labour related areas.

15.8 FURTHER READING

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15.9 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: The ILO was born as a result of the peace conference at the end of World War I at Versailles on April 19, 1919.

Ans to Q No 2: The main objectives of ILO contained in the preamble to its constitution are to:

- Provide social justice to workers.
- Avoid injustice, depravation and exploitation of labour.
- Build up human working conditions to the labour.

15.10 MODEL QUESTIONS

Q 1: Elaborately explain the objectives and structure of the ILO.

Q 2: Discuss the role of each structural component of the ILO.

Q 3: Briefly project the ratification procedure of the ILO and India's approach to such

ratification.

Q 4: Present a brief list of some of the major recommendations of the ILO.

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