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INDUSTRIAL RELATIONS

(HRM Specialisation)

SEMESTER - VI

BUSINESS ADMINISTRATION

BLOCK - 1



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BACHELOR IN BUSINESS ADMINISTRATION

INDUSTRIAL RELATIONS

Block 1

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COURSE INTRODUCTION

The course “Industrial Relation” of B.B.A. 6th semester is a Human Resource Management specialisation 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 human resource management. This course will also enhance the learner’s knowledge on different aspects of Industrial relations.

The course has 15 units and is divided into two blocks: Block 1 and Block 2.

Block 1 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.

Block 2 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 blocks 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. It will be better 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.

BLOCK INTRODUCTION

This is the first block of the course “Industrial Relations”. This block consists of seven units.

The first unit explains Meaning and definition of Industrial Relations (IR), Evolution of Industrial Relations (IR), Approaches to Industrial Relations (IR), Trade unionism,Bipartite and Tripartite bodies, Causes of Industrial Disputes, Nature of Industrial Dispute and Classification of Industrial Dispute

The second unit is about Environmental Theory: Dunlop’s System Theory (1980); Implant Theory: Flanders; HYMAN; Gandhian Approach to IR: The Trusteeship Theory of Mahatma Gandhi The third unit describes about Industrial Workers – Background, Education, Skills and Adjustments, Characteristics of Industrial Worker, Absenteeism and Influence of Trade Unions

The fourth unit enlighten us with the Growth of Trade Union in India,Legal Framework of Trade Unions In India, Distinctive Feature of Indian Labour and Employment Laws, Trade Union Recognition,Problems of Trade Unions,Employee Association: Membership and Financial Status and Trade Union Act

The fifith unit explains Nature and Scope of Industrial Dispute; Causes and Consequences of Industrial Dispute; Prevention and Settlement of Industrial Dispute in India; Nature and Cause of Grievance and Grievance Redressal Procedure

The sixth unit explains about meaning and Objectives of Discipline;Principles for Maintenance of Discipline; Types of Discipline; Essentials of a Good Disciplinary System; Disciplinary Action-Punishment for Disciplinary Action and Procedure for Disciplinary Action.

The seventh unit explains Statutory Measures for Dispute Settlement and Non-Statutory Measures for Dispute Settlement

The eighth unit is about meaning and Concept of Collective Bargaining, Objectives of Collective Bargaining, Features of Collective Bargaining,Strategies and Approaches to Collective Bargaining, Collective Bargaining Process, Impact of Collective Bargaining and Workers’ Participation In Management

The structure of Block 1 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 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

I 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.



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: Growth of Industrial Employment in India

It is evident in the above table 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 respectable 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.



3.7 FURTHER 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.

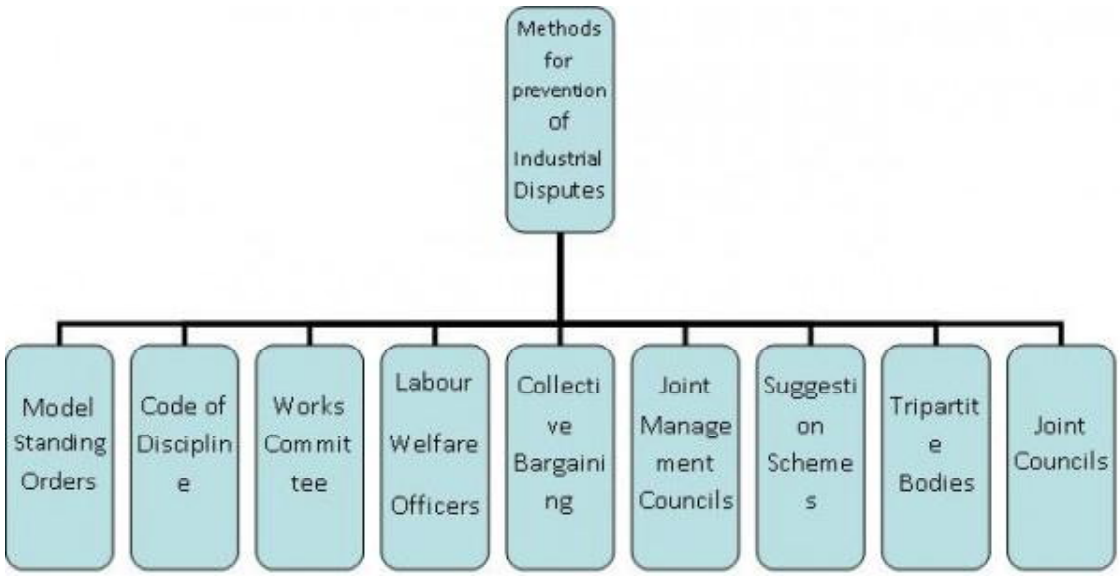


Fig: Methods of Dispute Prevention

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

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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

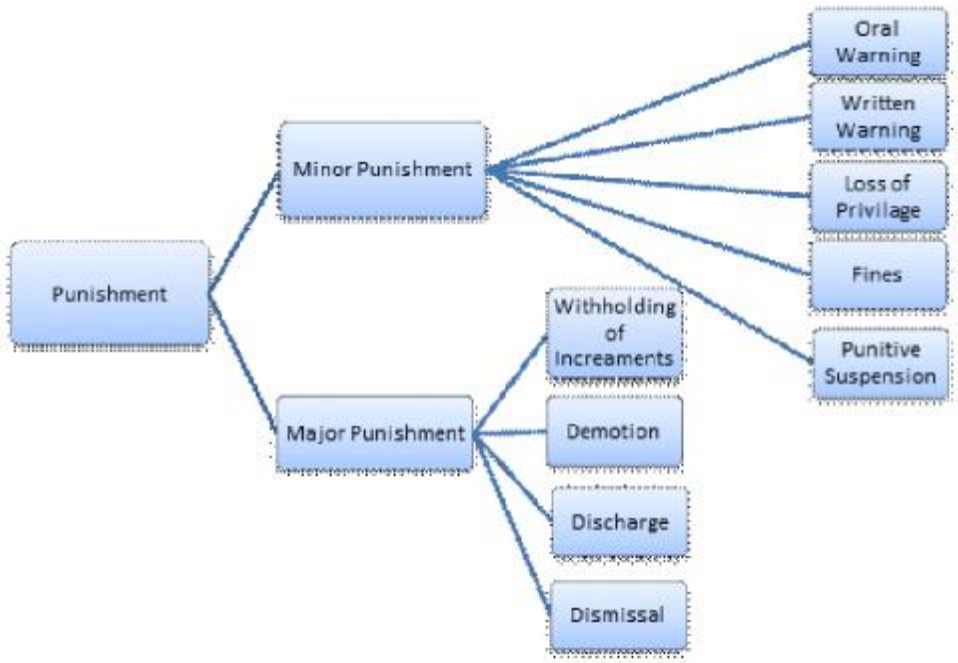


Fig 10.1 : Types of Punishment

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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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.



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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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