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INDUSTRIAL RELATIONS

(HRM Specialisation)

SEMESTER - VI

BUSINESS ADMINISTRATION

BLOCK - 2

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BACHELOR IN BUSINESS ADMINISTRATION

INDUSTRIAL RELATIONS

Block 2

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BLOCK INTRODUCTION

This is the second block of the course “Industrial Relations”. This block consists of eight units.

The eight unit is about collective bargaining and its concepts and background.

The ninth unit is about introduction to Labour Welfare, Evolution of Social Security Measures and Health and Safety Programmes

The tenth unit is about Concept of Workers Participation in Management (WPM), Features and Objectives of Workers Participation in Management, Forms of Workers Participation in Management (WPM), Merits and demerits of Workers Participation in Management, Workers Participation in Management in India and Making Workers Participation in Management Effective

The eleventh explains the evolution of Labour Laws in India, Labour legislation in the pre-independance period; Labour legislations in the post independence period;Constitutional provisions with regard to labour laws; Laws relevant to employee relations; Laws relevant to organisational conflicts and Laws relevant to employee wages and compensation

The twelfth unit enlighten us with meaning of Industrial Health and Safety; Importance of Industrial Health and Safety; Occupational Hazards and Diseases; Protection Against Hazards and Statutory Provisions Concerning Health in India

The thirteenth unit explains the Meaning and Concept of Wages; Objectives of Wage and Salary Administration; Theory of Wages; Methods of Wage Payment and Wage Differentials

The fourteenth unit explains about technological Change-Concept and Importance,IT and IT Enabled Service Sectors in India and Industries in it Sector in India

The fifteenth unit explains objectives and Structure of ILO; Impact of ILO; Ratification of ILO Standards and ILO Recommendation

The structure of Block 2 is as follows :

UNIT 8 : Collective Bargaining

UNIT 9 : Labour welfare and Social Security

UNIT 10 : Workers Participation in Management

UNIT 11 : Laws related to Industrial Relations

UNIT 12 : Industrial Health

UNIT 13 : Concept of Wages

UNIT 14 : Technology and Industrial Relations

UNIT 15 : India and ILO

UNIT 8: COLLECTIVE BARGAINING

UNIT STRUCTURE

8.1 Learning Objectives

8.2 Introduction

8.3 Meaning and Concept of Collective Bargaining

8.4 Objectives of Collective Bargaining

8.5 Features of Collective Bargaining

8.6 Strategies and Approaches to Collective Bargaining

8.7 Collective Bargaining Process

8.8 Impact of Collective Bargaining

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

8.9 Workers' Participation In Management

8.10 Let Us Sum Up

8.11 Further Reading

8.12 Answers to Check Your Progress

8.13 Model Questions

8.1 LEARNING OBJECTIVES

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

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

8.2 INTRODUCTION

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

Then we will come to know about the activities include in the

collective bargaining process. The discussion also includes the nature and feature of it. You will come to know about the importance of collective bargaining in respect of employer, employee as well as the society.

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

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

8.3 MEANING AND CONCEPT OF COLLECTIVE BARGAINING

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

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

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

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

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

8.4 OBJECTIVES OF COLLECTIVE BARGAINING

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

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

stakeholders etc .

9. Collective bargaining can also be defined as a political activity in the sense that it can be frequently undertaken by professional negotiators too.



CHECK YOUR PROGRESS

Q 1: Define Collective Bargaining.

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Q 2: List a basic objective of Collective Bargaining

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8.5 FEATURES OF COLLECTIVE BARGAINING

- It is a group process, wherein one group, representing the employers, and the other, representing the employees, sit together to negotiate terms of employment.
- Collective bargaining is a process in the sense that it consists of a number of steps. It begins with the presentation of the charter of demands and ends with reaching an agreement, which would serve as the basic law governing labor management relations over a period of time in an enterprise. Mutual trust and understanding serve as the by products of harmonious relations between the two parties.
- It a bipartite process. This means there are always two parties involved in the process of collective bargaining. The negotiations generally take place between the employees and the management. It is a form of participation.
- Negotiations form an important aspect of the process of collective bargaining i.e., there is considerable scope for discussion, compromise or mutual give and take in collective bargaining.
- Collective Bargaining is continuous process. It enables industrial democracy to be effective. It uses cooperation and consensus for settling disputes rather than conflict and confrontation.

- Collective bargaining is a formalized process by which employers and independent trade unions negotiate terms and conditions of employment and the ways in which certain employment-related issues are to be regulated at national, organizational and workplace levels.
- Collective bargaining is a complementary process i.e. each party needs something that the other party has; labor can increase productivity and management can pay better for their efforts.
- Collective bargaining tends to improve the relations between workers and the union on the one hand and the employer on the other.
- Collective bargaining takes into account day to day changes, policies, potentialities, capacities and interests.
- It is a political activity frequently undertaken by professional negotiators.



CHECK YOUR PROGRESS

Q 3: State one feature of Collective Bargaining.

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8.6 STRATEGIES AND APPROACHES TO COLLECTIVE BARGAINING

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

1. **Distributive-Bargaining:** In distributive bargaining, one party's gain is another party's loss. This is most commonly explained in terms of a pie. Disputants can work together to make the pie bigger, so there is enough for both of them to have as much as they want, or they can focus on cutting the pie up, trying to get as much as they can for themselves. In general, distributive bargaining tends to be more competitive. It involves haggling over the distribution of surplus. Under it, the economic issues like wages, salaries and bonus are discussed. This type of bargaining is also known as conjunctive-bargaining.

2. **Integrative-Bargaining:** This involves negotiation of an issue on which both the parties may gain, or at least neither party loses. In general, it tends to be more cooperative than distributive bargaining. This type of bargaining is also known as cooperative bargaining.
3. **Attitudinal-Restructuring:** When there is a backlog of bitterness between both the parties, attitudinal restructuring is required to maintain smooth and harmonious industrial relations. It develops a bargaining environment and creates trust and cooperation among the parties. This involves shaping and reshaping some attitudes like trust or distrust, friendliness or hostility between labor and management.
4. **Intra-organizational-Bargaining:** It generally aims at resolving internal conflicts. This is a type of maneuvering to achieve consensus with the workers and management. Even within the union, there may be differences between groups. Within the management also, there may be differences. Trade unions maneuver to achieve consensus among the conflicting groups.

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

1. **Issues for consideration:** It is a matter of anxiety when the organization of workers is weak and they have to struggle for recognition by the employers. Under such a circumstance, they might have to fight for their union recognition as well as the union security. The issues are either of employment related aspects of the organization or the personal matters of employee and thus it includes the matters of wages, fringe benefits, working condition as well as the promotion, transfer, discharge and dismissal etc respectively.
2. **Procedure for consideration**: The bargaining machinery and the procedure those are adopted to solve a problem may vary according to different circumstances. It is dependent upon the decision of two parties whether they ,that means, the employers or managements in one hand and the workers as well as their unions on the other hand are willing to conduct the bargaining process either by their own or by involving a third party, such as the government intervenes to bring

about a settlement between them.

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

   a. voluntary agreements,
   b. settlements, and

c. consent awards.

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

8.7 COLLECTIVE BARGAINING PROCESS

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

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

The collective bargaining process comprises of five core steps:

1. **Prepare:** In this step of collective bargaining, first a negotiation team is formed that consists of the representatives of both the employer and employee. These representatives posses the adequate knowledge and skills for negotiation. In this phase, first both the employer's representatives and the union examine or review their own situation. Then it is followed by a stage where a decision is taken regarding the issues/ matters of concern that they believe as the most important one to be raised/ included in the negotiation process. It is also tried by the representatives to find out the justified reason for choosing the topic for discussion i.e. to negotiate. We have to keep the following things in mind when we go for choosing the issue to be discussed like —— correct understanding of the main issues to be covered and intimate knowledge of operations, working conditions, production norms and other relevant conditions etc.
2. **Discuss:** Here in this stage, a discussion goes on between the parties involved about the ground rules that they will have to follower abide by during the process of negotiation. The process of collective bargaining is also not excluded from the saying that a process well begun is half done. In order to reach a collective bargaining agreement first an environment of mutual trust and understanding should be created among the members of the organization.
3. **Propose:** As all we know that propose means that the initial opening statements and the possible options those exist to resolve them. So, this phase of collective bargaining process also indicated the same thing. In a word, this phase can also be described as 'brainstorming' where there takes place an exchange of messages and opinions between the parties involved in the bargaining process.
4. **Bargain:** The parties involved in the bargaining process should posses a problem solving attitude in them. Then only the process of collective bargaining will be easy one. This stage comprises the time when 'what ifs' and 'supposals' are set forth and the drafting of agreements take place.
5. **Settlement:** In this stage, a permanent settlement is achieved i.e

both the parties reach to an agreeable decision where both of them concise. Both the parties sign on the consignment and agree to abide by the terms and conditions written on it. Both the parties are agreed to support the common decision taken through mutually agreeable discussion regarding the problem or issue of negotiation. They also give the commitment to support the implementation of the agreement effectively through the joint effort of employer and employees via shared visions, strategic planning and negotiated change.



CHECK YOUR PROGRESS

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

i) .....

ii) .....

iii) .....

iv) .....

v) .....

8.8 IMPACT OF COLLECTIVE BARGAINING IN INDIA

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

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

one or more workmen and as regards of other disputes."

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

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

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

8.8.1 Position of Collective Bargaining in India

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

The Trade Unions Act, 1926, permits outsiders to be the office bearers of a union to the extent of half the total number of office bearers. Among them, to be the leader of the union, one does not have to actually work in the industry. Experience shows that outsiders who have little knowledge of the background of labour

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

8.8.2 Politicization of Trade Union movement in India

The Trade-Union Movement in India is divided on political lines and exists on the patronage of various political Parties. Political patronage of trade-unions has given a new direction to the movement whose center of gravity is no longer the employees or workmen. Since the public sector which is really the instrumentality of the State, has emerged as the biggest employer in this country, the collective bargaining -between the union patronized by the party-in-power and the employer has become an important methodology in the search for workers votes by political parties. It is because of

this process that agreements conferring benefits are signed even in those units where financial losses are mounting. Observations are also indicative of instances when in spite of wage increase end improved conditions of service; there has been no corresponding improvement in production or the productivity. Rather losses are found to be passed on to the consumers by increasing prices of the products.

8.9 WORKERS' PARTICIPATION IN MANAGEMENT

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

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

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

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

CHECK YOUR PROGRESS



Q 5: Define Workers' Participation in Management.

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8.10 LET US SUM UP

In this unit we have discussed the following:

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



8.11 FURTHER READING

1) Ratnam C S V (2003), *Negotiated Change: Collective Bargaining, Liberalization and Restructuring in India,* 1st edition,SAGE Publications Pvt. Ltd, India,

2) Patil B R (2000), *Collective Bargaining*, Orient Blackswan Pvt Ltd., New Delhi,

3) Current Approaches to Collective Bargaining by ILO,International Labour Office (6 September 1989)



8.12 ANSWERS TO CHECK YOUR PROGRESS

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

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

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

Ans to Q No 4: (i) Prepare

(ii) Discuss

(iii) Propose

(iv) Bargain

(v) Settlement

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



8.13 MODEL QUESTIONS

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

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

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

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

Q 5: Explain the process of collective bargaining.

*** ***** ***

UNIT 9 : LABOUR WELFARE AND SOCIAL SECURITY

UNIT STRUCTURE

9.1 Learning Objectives
9.2 Introduction
9.3 Labour Welfare
9.4 Evolution of Social Security Measures
9.5 Health and Safety Programmes
9.6 Objectives of Workers' Education
9.7 Let Us Sum Up
9.8 Further Reading
9.9 Answers To Check Your Progress
9.10 Model Questions

9.1 LEARNING OBJECTIVES

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

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

9.2 INTRODUCTION

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

and social security in India.

9.3 LABOUR WELFARE

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

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

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

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

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

According to Labour Investigation Committee. "Anything done for the intellectual, physical, moral and economic betterment of the workers, whether by the employers, by the government or by other agencies over

and above what is laid down by law or what is normally expected on the part of the contractual benefits for which worker may have bargained."



CHECK YOUR PROGRESS

Q 1: What do you understand by Labour welfare?

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9.4 EVOLUTION OF SOCIAL SECURITY MEASURES

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

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

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

Thereafter, the Preparatory Asian Regional Labour Conference, held in New Delhi in 1947 adopted a comprehensive resolution on social security implementation in various Asian Countries. The Employees State Insurance Act, 1948 was enacted in India to inaugurate the social security measures

in the country, as a resultant initiative of the former resolution.

India, as a 'Welfare State', is expected to take care of the citizens from the 'cradle to the grave'. In the backdrop of this very realization, the constitution of India lays down that the State shall, within the limits of its resources and development, make effective provisions for securing public assistance in event of unemployment, old age, sickness, and disablement. Since then, various social security schemes have been introduced in the country. Among the social assistance schemes, old-age assistance schemes are the most important ones. The Government of Uttar Pradesh initiated the introduction of the old-age assistance scheme for the first time in 1957.

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



CHECK YOUR PROGRESS

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

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9.5 HEALTH AND SAFETY PROGRAMMES

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

- Identify and control hazards in the workplace.
- Help prevent injuries and disease.

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

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



CHECK YOUR PROGRESS

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

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9.6 OBJECTIVES OF WORKERS' EDUCATION

- To empower the workers as employees of the organization and to develop a sense of belongingness as effective instruments of amicable industrial relations and maintaining industrial peace.
- To develop amongst the workers a greater understanding of the problems of their social and economic environment, their responsibilities towards family members, and their rights and

obligations as citizens, as workers in industry and as members and officials of trade union.

- To strengthen among all sections of the working class, including rural workers, a sense of patriotism, national integrity, unity, amity, communal harmony, secularism and pride in being an Indian.
- To equip all sections of workers, including rural workers and women workers, for their intelligent participation in social and economic development of the nation in accordance with its declared objectives.
- To develop capacity of workers in all aspects to meet the challenges of the country from time to time..
- To meet the needs of workers to have access to ways of acquiring and continuous up gradation of knowledge and skills that they require to find and hold a job.
- To develop strong, united and more responsible trade unions and to strengthen democratic processes and traditions in the trade union movement through more enlightened members and better trained officials

Objectives of Rural Workers' Education

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



CHECK YOUR PROGRESS

Q 4: State two objectives of Workers' Education.

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9.7 LET US SUM UP

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



9.8 FURTHER READING

1) Misra S N(2013), *Labour and Industrial Law,* Central Law Publications, India.

2) Kumar H L(2016), *Labour Problems and Remedies*, 13th Edition, Universal Law Publishing, India.

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

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



9.9 ANSWERS TO CHECK YOUR PROGRESS

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

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

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

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

I To develop amongst the workers a greater understanding of the problems of their social and economic environment, their

responsibilities towards family members, and their rights and obligations as citizens, as workers in industry and as members and officials of trade union.

- To develop capacity of workers in all aspects to meet the challenges of the country from time to time.



9.10 MODEL QUESTIONS

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

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

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

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

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UNIT 10 : WORKER'S PARTICIPATION IN MANAGEMENT

UNIT STRUCTURE

10.1 Learning Objectives

10.2 Introduction

10.3 Concept of Workers Participation in Management

10.4 Features and Objectives of WPM

10.5 Forms of WPM

10.6 Merits of WPM

10.7 Demerits of WPM

10.8 WPM in India

10.9 Making WPM Effective

10.10 Let Us Sum Up

10.11 Further Reading

10.12 Answers To Check Your Progress

10.13 Model Questions

10.1 LEARNING OBJECTIVES

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

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

10.2 INTRODUCTION

Workers are the people who put in their sweat and limbs to industrial functioning. By virtue of this very position that they hold in industries, they are the ones who face the grass-root challenges and problems of production, processing and others. Hence, the earlier tendency to keep them aloof of decision-making cannot hold good in the long run functioning

and existence of the organization. Today, with the need to better educate and train workers so as to enable them to operate under advanced information and technological settings, it is also required that they be made a crucial part of the decision-making process. Thus, the emphasis upon WPM, is discussed in this unit.

10.3 CONCEPT OF WORKERS PARTICIPATION IN MANAGEMENT

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

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

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

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

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

10.4 FEATURES AND OBJECTIVES OF WPM

The following are the main characteristic features of WPM:

1. Participation implies practices which increase the scope for employees' share of influence in decision-making process with the assumption of responsibility.
2. Worker's participation in management differs from collective bargaining in the sense that while the former is based on mutual trust, information sharing and mutual problem solving; the latter is essentially based on power play, pressure tactics, and negotiations.
3. Participation presupposes willing acceptance of responsibility by workers.
4. The basic rationale for worker's participation in management is that workers invest their labour and their fates to their place of work. Thus, they contribute to the outcomes of organization. Hence, they have a legitimate right to share in decision-making activities of organisation.
5. Workers participate in management not as individuals but as a group through their representatives.

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

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

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

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

1. Promote mutual understanding between management and workers, i.e., industrial harmony.
2. Establish and encourage good communication system at all levels.
3. Create and promote a sense of belongingness among workers.

4. Help handle resistance to change.
5. Induce a sense among workers to contribute their best for the cause of organisation.
6. Create a sense of commitment to decisions to which they were a party.



CHECK YOUR PROGRESS

Q 1: State the prime rationale for WPM.

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Q 2: State two objectives of WPM.

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10.5 FORMS OF WPM

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

Informative Participation:

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

Consultative Participation:

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

Associative Participation:

In this type of participation, the role of the workers' council is not just advisory like in case of consultative participation. This may be regarded as an advanced and improved form of consultative participa-tion where

the management is under a moral obligation to acknowledge, accept and implement the unanimous decision of the council.

Administrative Participation:

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

Decisive Participation:

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

Methods of Workers' Participation in Management:

1. Suggestion Method:

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

2. Co-partnership:

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

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

3. Representation on Board of Directors:

This method encourages one or two representatives of the workers

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

4. Works Committees:

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

5. Joint Management Councils:

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

Industrial Policy 1956 of government of India has stressed on joint consultation between management and workers to maintain industrial peace and to promote better industrial relations in the prime sector of industries. As a consequence, the Joint Management Councils received recognition during the second five year plan. Consultative committees, that are advisory in nature, are set up consisting of representatives of employees and employers both. These committees discuss the matters relating to workers and the working conditions. The representatives of workers and employers discuss their problems and arrive at mutually consenting solutions. Although it is not mandatory to implement the decisions so taken, managements

normally consider their decisions sympathetically and implement them. Matters, such as those relating to canteen facilities, prevention of accidents, general precautions and safety measures, drinking water facilities, rules and regulations, absenteeism, training, discipline etc., are discussed in such a forum.

Shop Councils:

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

Joint Councils:

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

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

10.6 MERITS OF WPM

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

1. Mutual Understanding:

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

2. Efficiency of Workers Increase:

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

3. Increase in Production:

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

4. Establishes Industrial Peace:

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

5. Promotion of Industrial democracy:

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

6. Welcomes Changes:

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

7. Personal Development:

Participation helps workers to express their creative instinct and

they respond favourably to the challenges at the workplace as regards performance of the job. They feel free in doing so. It is possible as participation brings industrial democracy.

8. Reduces Misunderstanding:

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

9. No Outside Help to Sort-out Disputes:

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



CHECK YOUR PROGRESS

Q 3: Highlight two merits of WPM.

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10.7 DEMERITS OF WPM

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

1. Workers are not Enthusiastic:

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

2. Weak Trade Unions:

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

10.8 WPM IN INDIA

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

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

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

The concept and practice of WPM, in the true sense of the term, geared up force only after independence of the country. In fact, the first major step in the direction of Workers' Participation in Management in India was the enactment of the Industrial Disputes Act, 1947 with the dual

purpose of prevention and settle-ment of industrial disputes. The Industrial Policy Resolution, 1948 advocated WPM by emphasizing upon the inclusion oflabour in all matters concerning industrial production. In this regard, Article 43 A of the Constitution of India states:

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

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

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

The above recommendations, among other things, were accepted by 15th Indian Labour Confer-ence held in July 1957. The Conference appointed a 12 member sub-committee to look into further details of the scheme. The recommendations made by the sub-committee were discussed in a "Seminar on Labour-Management Co-operation" held in New Delhi on January 31 and February 1, 1958wherein a "Draft Model Agreement" between labour and management for the establishment of the Joint Management Councils (JMCs) was drawn upto perform the following functions :

First, to fulfill its functions as an advisory body.

Second, to receive information on certain matters.

Third, to fulfill administrative responsibilities.

Thus, the Joint Management Councils (JMCs) were set up in 1958. Following the recommendations of the Administrative Reforms Commission, the Government of India accepted the inclusion of the representatives of workers on the Board of Directors of public sector undertakings. Following this, the Nationalised Banks (Management and Miscellaneous Provi-sions) Scheme 1970 also provided for the appointment of one worker director

and one director from among officers to their Board for a tenure of 3 years. Thus up to July 1975, there had been three forms of Workers' Participation in Management intro-duced in India: Works Committees, Joint Management Councils and Workers-Directors (public sec-tor) on Boards of Directors.

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

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

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

The Government accepted the recommendations made by the 21-Member Committee on Workers' Participation in Management and Equity. Based on a review of the working of the various schemes of Workers' Participation in Management, the Government formulated and notified a new comprehensive scheme on a voluntary basis for 'Workers' Participation in Management' on 30th December, 1983. This scheme drew attention to the following aspects of WPM**:**

1. The scheme will be non-legislative.

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

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

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

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

10.9 MAKING WPM EFFECTIVE

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

- The attitude and outlook of the parties should be enlightened and impartial so that a free andfrank exchange of thoughts and opinions could be possible.

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



10.10 LET US SUM UP

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

industrial disputes. The Industrial Policy Resolution, 1948 advocated WPM by suggesting that labour should be in all matters concerning industrial production.



10.11 FURTHER READING

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3) Prasad C S D (2011), *Workers' Participation in Management,* Discovery Publishing Pvt.Ltd, India.
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10.12 ANSWERS TO CHECK YOUR PROGRESS

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

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

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

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



10.13 MODEL QUESTIONS

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

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

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

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

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

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

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UNIT 11: LAWS RELATED TO INDUSTRIAL RELATIONS

UNIT STRUCTURE

11.1 Learning Objectives

11.2 Introduction

11.3 Evolution of Labour Laws in India

11.4 Labour legislation in the pre-independance period

11.5 Labour legislations in the post independence period

11.6 Constitutional provisions with regard to labour laws

11.7 Laws relevant to employee relations

11.8 Laws relevant to organisational conflicts

11.8.1 The Industrial Disputes Act, 1947

11.9 Laws relevant to employee wages and compensation

11.9.1 The Workmen's Compensation Act, 1923

11.9.2 The Minimum Wages Act, 1948

11.9.3 The Payment of Wages Act, 1965

11.10 Let Us Sum Up

11.11 Further Reading

11.12 Answers to check your progress

11.13 Model Questions

11.1 LEARNING OBJECTIVES

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

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

11.2 INTRODUCTION

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

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

11.3 EVOLUTION OF LABOUR LAWS IN INDIA

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

Generally, labour law covers:

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

Industrial relations play a vital role in establishing and maintaining industrial democracy. The industrial relations have passed through several stages in India. Social, economic, and political are the various factors

influenced industrial relations in India. Labour Statistics in India comes from the first national population census which was conducted in 1872 and it explains the number of gainfully employed. Until the Second World War, data related to employment of labour collected. The Royal Commission on Labour in 1931 pointed out the need for systematic collection of labour statistics and recommended the adoption of suitable legislation regarding the different conditions of industrial labour. The result was the enactment of Industrial Statistics Act in 1942. It helps in collection of statistics on matters relating to factories and certain specified areas of welfare and conditions of labour. Thus, different important Acts such as the Workmen's Compensation Act, 1923, the Trade Unions Act, 1926, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Employee's State Insurance Act, 1948, the Factories Act, 1948 etc made. The labour legislation modified the traditional law relating to master and servant and had cut down the old theory of Leisure fare. The workers and employers are two important pillars of our economy. Proper regulation of employer-employee relationship is a condition precedent for planned and purposeful development of society. Many changes took place. Individual contracts have been in many respects substituted by a standard form of statutory contract through legislation and judicial interpretation. The traditional right of an employer to hire and fire his workmen at his will has been subjected to many restraints. Industrial Tribunals can by their award make a contract which is binding on both the parties creating new right and imposing new obligations arising out of the award. The right of labour participation in the management has been given legislative recognition to the utter despair of the capitalist. The Industrial society all over the world has been moving during the present century from contract to status and is a politico-socio-economic juristic state. Actually, industrialisation is the main factor that leads to this departure from the old theories of the law of contract and the law of master and servant. Those who control the industry have a natural tendency of multiplying their wealth and if this tendency is not controlled and checked properly the rich grows on richer and the poor becomes poorer day by day. The gap between the

rich and the poor ultimately grows on to this extent that it develops into two distinct classes in any industrial society. The realization that the workmen could put a better fight if they get united was closely followed by a period of Industrial unrest leading to strikes and lockouts. In conditions so disturbed the world has witnesses the horrors of the two world wars resulting in spiral rise in the cost of living there has been consistent document from labour for in crease in wages - Democratic ideas have also growth simultaneously with the growth of industrialisation in our country. These democratic ideas have pleased for and have also helped in mass awakening and consciousness for greater power amongst the working class. Out of the struggle between workers, demanding for better share in the production and profit of the Industry and the employers' hesitation to part with it beyond a certain limit, have grown the recognition of certain principles which are coincided to be fundamental in almost all developed countries of the world. The concept of Industrial jurisprudence in our country developed only after independence. Until independence the charge in attitude of the Government and the benevolent labour legislation only aimed at amelioration of the conditions of labour and it could hardly be said to be a deal in social justice to the working class. The birth of industrial jurisprudence in our country may be ascribed to the constitution of India,

11.4 LABOUR LEGISLATION IN THE PRE-INDEPENDANCE PERIOD

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

violence and employers to lockouts. There were numerous strikes and to violence and employers to lockouts. There were numerous strikes and lockouts took place and it create disturbance during 1928-29.

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

11.5 LABOUR LEGISLATIONS IN THE POST INDEPENDENCE PERIOD

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

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

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

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

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

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

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

5. 1972 - 76 :a) Considerable Industrial unrest during this period. b) National emergency was declared in June 1975 and fundamental rights were curbed. c) ILC did not meet from 1972 to 1976. d) Set up National Apex Body (NAB) and State Apex Body (SAB) instead of NLC, based on 20 point programme. NAB and SAB were bipartite bodies' representing employees and employers.

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

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



LET US KNOW

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



CHECK YOUR PROGRESS

Q1. Fill up the blanks:-

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

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

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

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

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

11.6 CONSTITUTIONAL PROVISIONS WITH REGARD TO LABOUR LAWS

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

The legislations can be categorized as follows:

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

11.7 LAWS RELEVANT TO EMPLOYEE RELATIONS

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

11.8 LAWS RELEVANT TO ORGANISATIONAL CONFLICTS

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

11.8.1 The Industrial Disputes Act, 1947

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

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

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

Objective of the Act: The objective of the Industrial Disputes Act is to secure industrial peace and harmony by providing

machinery and procedure for the investigation and settlement of industrial disputes by negotiations.

The Act also lays down:

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

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

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

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

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

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

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



CHECK YOUR PROGRESS

Q2: Define Industrial Dispute

……

……

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

……

……

11.9 LAWS RELEVANT TO EMPLOYEE WAGES AND COMPENSATION

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

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

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

11.9.1 The Workmen's Compensation Act, 1923

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

Meaning of Workmen (Sec.2 (n)): "**Workmen**" means any person (other than a person whose employment is of a casual nature and who is employed otherwise than for the purposes of the employer's trade or business) who is (i) a railway servant as defined in clause (34) of section 2 of the Railways Act, 1989 (24 of 1989),

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

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

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

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

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

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

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

Employees Entitled to Compensation: Every employee (including those employed through a contractor but excluding casual employees), who is engaged for the purposes of employers business and who suffers an injury in any accident arising out of and in the course of his employment, shall be entitled for compensation under the Act.

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

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

(iii) permanent partial disablement, or (iv) temporary disablement whether total or partial, or

b. Who has contracted an occupational disease.

Employer Shall Not Be Liable:

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

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

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

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

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

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

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

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

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

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

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

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

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

1. At the time of injury workman must have been engaged in the business of the employer and must not be doing something for his personal benefit;
2. That accident occurred at the place where he as performing his duties; and
3. Injury must have resulted from some risk incidental to the duties of the service, or inherent in the nature condition of employment.

a. Arising out of employment: The injury should arise out of employment i.e. the cause should be a proximate cause not a remote cause.In the case of **Mackenzie v. I.M. Issak**, it was observed that the word arising out of employment means that injury which is resulted from the risk incidental to the duties of the service which unless engaged in the duty owing to the master , it is reasonable to believe that the workman would

not otherwise have suffered. There must be a casual relationship between the accident and the employment.

b. Arising in the course of employment: The workman, at the time of accident must have been employed in the performance of his duties and the accident took place at or about the place where he was performing his duties.

EMPLOYER'S LIABILITY FOR COMPENSATION: Under the Section 3 of the Act provides the liability of the employer, in case of occupational diseases or personal injuries or the prescribed manner in which compensation has pay to the workmen.

a. *In case of occupational diseases:*

i. Where a workman employed in any employment specified in Part A of Schedule III (see schedules at end of this unit) contracts any disease specified therein, as an occupational diseases peculiar to that employment , it is deemed to be injury by accident out of and in the course of such employment ,

ii. Such employment period should be continuously doing for six months under the same employer as specified in the Part B of Schedule III.

iii. Contract any such diseases to a workman, whilst he is in service of one or more employers (not necessarily the same employer) in any employment specified in Part C of Schedule III for such continuous period as the Central Government may specify.

iv. If it is proved:

a. Contract any such occupational diseases to a workman, whilst he is in service of one or more employers in any employment specified in Part C of Schedule III (see schedules at end of this unit) and that occupational diseases is peculiar in nature to that employment during a continuous period which is less than the period specified under this sub section for that employment;

b. That the disease has arisen out of and in the course of the employment.

v. The Central Government or the State Government, after giving, by notification in the Official Gazette, not less than three months' notice of its intention so to do, may, by a like notification, add any description of

employment to the employments specified in Schedule III, and shall specify in the case of employments so added the diseases which shall be deemed for the purposes of this section to be occupational diseases peculiar to those employments respectively, and thereupon the provisions of sub-section (2) shall apply In the case of a notification by the Central Government, within the territories to which this Act extends or, in case of a notification by the State Government, within the State as if such diseases had been declared by this Act to be occupational diseases peculiar to those employments.

vi. Except as mentioned above, no compensation shall be payable to a workman in respect of any disease unless the disease is directly attributable to a specific injury by accident arising out of and in the course of his employment.

b. *In case of Personal Injuries:*

i. **Personal injuries:** Here the injury means physical or bodily injury caused by an accident which may include nervous shock or break-down or mental strain.

ii. **Accident:** The word 'accident' has not been defined in the Act. But in common expression, it means a mishap or an untoward event which is not expected or designed.

iii. **Arising out of employment and in the course of employment:**

iv. *Theory of notional extension of employment:* The injury should be caused by an accident which must have arisen in the course of employment i.e. the accident must take place at a time and the place when he was doing his master's job.

v. *When employer is not liable:*

A. When the injury does not result of disablement for a period exceeding 3 days.

B. When the injury not resulting in death or permanent total disability is due to any of the following:

a. the workman was at the time of accident, under the influence of drink or drugs,

b. the workman wilfully disobeyed an order expressly framed for the purpose of securing safety of workers,

c. the workman wilfully disregards or removes any safety guards or safety devices which he knew to have been provided for the safety of workman.

vi. *Suit for damages in a court barred:* Under Section 3(5), a workman has to institute in a Civil Court, a suit for damages against the employer or any other person to entitle compensation under the Workmen's Compensation Act, 1923.

Let us now discuss about Minimum Wages Act,1948

11.9.2 The Minimum Wages Act, 1948

The main objective of this Act, is fixing a minimum rate of wages in number of industries where the labours are not organized and sweated labours are most dominant.The Act aims at preventing the exploitation of workers or labours in some industries, for which, the appropriate Government is empowered to take steps to prescribe minimum rates of wages in certain employment.

The Minimum Wages Fixing Machinery convention was held at Geneva in the year 1928 by ILO with reference to remuneration of workers in those industries where the, level of wages was substantially low and the labour was vulnerable to exploitation, being not well organised and having less effective bargaining power. This Act may be called the Minimum Wages Act 1948.The Act enables the Central and State Government to fix minimum rates of wages payable to employees in selected number of 'sweated' industries. The Act extends to the whole of India.

Employer's Checklist for Minimum Wages: The employer must pay every employee wages as fixed by the Government.

(a) Wages must be paid in cash.

(b) For the fixation of minimum wages, the employment must have been in Schedule originally or added to the Schedule by a notification under Section 27 of the Act.

(c) The employer can take actual work on any day up to 9 hours in a 12 hours shift, but he must pay double the rate for any hour or part of an hour of actual work in excess of 9 hours or for more than 48 hours in any week.

(d) Once a minimum wage is fixed according to the provisions of the Act, the employer must pay to every employee engaged in a Scheduled employment, minimum wages notification for that class of employees.

(e) The employer should fix wage period for the payment of wages at intervals not exceeding one month or such other larger period as may be prescribed.

(f) The employer should pay wages on a working day within seven days of the end of wage period or within 10 days if 1000 or more persons are employed in an establishment.

(g) The employer should pay the wages to a person discharged not later than the second working day after his discharge.

(h) Every employer should maintain a register of wages at workplace specifying the following particulars for each wage period in respect of each employed person:

i. Minimum rate of wages payable;

ii. The number of days in which overtime was worked;

iii. The gross wages;

iv. The wages actually paid and the date of payment.

(i) Every employer should get the signature or the thumb impression of every person employed on the wage book and the wage slips.

(j) The employer should exhibit at main entrance to the establishment and its offices, a notice in respect of the following in English and local language:

i. Minimum rates of wages;

ii. Abstracts of the Acts and rules made there under;

iii. Name and address of the Labour Inspector/ Asst. Commissioner of Labour etc.

Fixation of Minimum Wage Rate in India: Minimum rate of the wages fixed or revised consists of the following:

- A basic rate of wages and a special allowance, *viz*., cost of living allowance ;
- A basic rate of wages with or without cost of living allowance and cash value of concessions for supplies of essential commodities ;
- An all inclusive rate, i.e. basic rate, cost of living allowance and cash value of concessions.

The Government may fix the minimum rates of wages either by the hour, by the day, by the month or by such wage period as may be prescribed.

Cost of Living Allowance: The minimum basic wages fixed are linked to consumer price index as a counter measure against inflation. The cost of living is set twice in a year. The Commissioner of Labour notifies the rate 1st of April and 1st of October. The rates are fixed on the basis of the average rise in the State industrial workers consumer price index numbers for half year ending December and June respectively.

Variable Dearness Allowance: Dearness Allowance is payable to monthly, daily and piece rate earners. Every six months the respective State Governments issues the Cost of Living Index number for each and every scheduled employment.

Let us now discuss the Payment of Wages Act,1965

11.9.3 The Payment of Wages Act, 1965

The payment of Bonus Act provides for payment of bonus to persons employed in certain establishments of the basis of profits or on the basis of production or productivity and for matters connected

therewith. It extends to the whole of India and is applicable to every factory and to every other establishment where 20 or more workmen are employed on any day during an accounting year.

Eligibility for Bonus: Every employee receiving salary or wages upto 20,000(raised from 10,000 to 20,000) p.m. and engaged in any kind of work whether skilled, unskilled, managerial, supervisory etc. is entitled to bonus for every accounting year if he has worked for at least 30 working days in that year.

Where an employee has not worked for all the working days in an accounting year, the minimum bonus of one hundred rupees or, as the case may be, of sixty rupees, if such bonus is higher than 8.33 per cent, of his salary or wage for the days he has worked in that accounting year, shall be proportionately reduced. However employees of L.I.C., Universities and Educational institutions, Hospitals, Chamber of Commerce, R.B.I., IFCI, U.T.I., IDBI, NABARD, SIDBI, Social Welfare institutions are not entitled to bonus under this Act.

Calculation for Working Days in an Accounting Year: An employee shall be deemed to have worked in an establishment in any accounting year also on the days on which

a. he/she has been laid off under an agreement or as permitted by standing orders under the Industrial Employment (Standing Orders) Act, 1946 (20 of 1946), or under the Industrial Disputes Act, 1947 (14 of 1947), or under any other law applicable to the establishment;
b. he/she has been on leave with salary or wage;
c. he/she has been absent due to temporary disablement caused by accident arising out of and in the course of his employment; and
d. the employee has been on maternity leave with salary or wage, during the accounting year.

Disqualification for Bonus: Notwithstanding anything contained in the act, an employee shall be disqualified from receiving

bonus, if he is dismissed from service for fraud or riotous or violent behaviour while in the premises of the establishment or theft, misappropriation or sabotage of any property of the establishment.

Minimum and Maximum Bonus Payable

Minimum Bonus

- The minimum bonus which an employer is required to pay even if he suffers losses during the accounting year or there is no allocable surplus is 8.33 % of the salary or wages during the accounting year, or
- Rs. 100 in case of employees above 15 years and Rs 60 in case of employees below 15 years, at the beginning of the accounting year, whichever is higher

Maximum Bonus

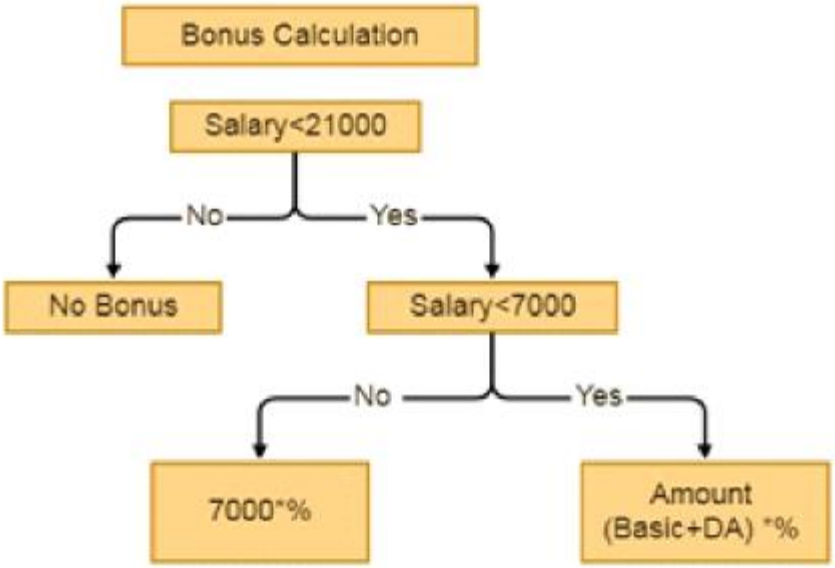
If in an accounting year, the allocable surplus, calculated after taking into account the amount 'set on' or the amount 'set of' exceeds the minimum bonus, the employer should pay bonus in proportion to the salary or wages earned by the employee in that accounting year subject to a maximum of 20% of such salary or wages.

Time Limit for Payment: The bonus should be paid in cash within 8 months from the close of the accounting year or within one month from the date of enforcement of the award or coming into operation of a settlement following an industrial dispute regarding payment of bonus.

However if there is sufficient cause extension may be applied for.

C**alculation of Bonus under the Act (Amendment of 2015):** If the gross earning of the employees is below Rs.21000, they are eligible to pay bonus. Calculation of bonus are as follows:

- If Basic+DA is below Rs.7000 then bonus will be calculated on the actual amount.
- If Basic+DA is above Rs.7000 then the bonus will be calculated on Rs.7000.



Note: Minimum bonus = 8.33%; Maximum bonus = 20%

The following are the examples of calculation of bonus:

- **If the Basic salary of the employee is less than or equal to Rs 7,000**

  Amar is working as an engineer in a Company in Bangalore. His basic salary is Rs. 6,500 per month.

  Formula: Basic Salary*8.33% = Bonus per month 6500*8.33% = 541.45 (6497.4 per annum)

- **If the Basic salary of the employee is higher than Rs 7,000**

  Kaushik is working as a Sales officer in one of the shops in Delhi. His basic salary is Rs. 18,000 per month.

  Formula: Basic Salary*20% = Bonus per month 7,000*20% = 1400 per month

- **If the Basic salary of the employee is higher than Rs 21,000**

  There is no bonus applicable to employees having a basic salary of more than Rs 21,000.

Duties / Rights of Employer

Duties

- To calculate and pay the annual bonus as required under the Act

- To submit an annul return of bonus paid to employees during the year, in Form D, to the Inspector, within 30 days of the expiry of the time limit specified for payment of bonus.
- To co operate with the Inspector, produce before him the registers/ records maintained, and such other information as may be required by them.
- To get his account audited as per the directions of a Labour Court/ Tribunal or of any such other authority.

Rights

An employer has the following rights:

- Right to forfeit bonus of an employee, who has been dismissed from service for fraud, riotous or violent behaviour, or theft, misappropriation or sabotage of any property of the establishment.
- Right to make permissible deductions from the bonus payable to an employee, such as, festival/interim bonus paid and financial loss caused by misconduct of the employee.
- Right to refer any disputes relating to application or interpretation of any provision of the Act, to the Labour Court or Labour Tribunal.

Rights of Employees

- Right to claim bonus payable under the Act and to make an application to the Government, for the recovery of bonus due and unpaid, within one year of its becoming due.
- Right to refer any dispute to the Labour Court/Tribunal Employees, to whom the Payment of Bonus Act does not apply, cannot raise a dispute regarding bonus under the Industrial Disputes Act.
- Right to seek clarification and obtain information, on any item in the accounts of the establishment.



CHECK YOUR PROGRESS

Q4: What is meant by Workmen's Compensation?

.....

Q5: Write aims of the minimum wages Act.

.....

Q6: What is meant by The payment of Bonus Act?

.....



11.10 LET US SUM UP

- Labour laws also known as the employment law is he body of laws, administrative rulings and precedents which address the legal rights of, and restrictions on, working people and their organizations.
- Labour law defines the rights and obligations as workers, union members and employers in the workplace.
- The Industrial Disputes Act, 1947 came into existence in April 1947.It was enacted to make provisions for investigation and settlement of industrial disputes and for providing certain safeguards to the workers.
- The Workmen's Compensation Act, aims to provide workmen and/ or their dependents some relief in case of accidents arising out of and in the course of employment and causing either death or disablement of workmen. It provides for payment by certain classes of employers to their workmen compensation for injury by accident.
- The main objective of minimum wages act, 1948 is fixing a minimum rate of wages in number of industries where the labours are not organized and sweated labours are most dominant. The Act aims at preventing the exploitation of workers or labours in some industries, for which, the appropriate Government is empowered to take steps to prescribe minimum rates of wages in certain employment.

- The payment of Bonus Act provides for payment of bonus to persons employed in certain establishments of the basis of profits or on the basis of production or productivity and for matters connected therewith.



11.11 FURTHER READING

1. N. D. Kapoor (2010);*Handbook of Industrial Law*; Sultan Chand & Son
2. Monappa, Nambudiri, Selvaraj (2012); *Industrial Relations and Labour Laws,* Tata Mcgraw Hill Education Private Limited.
3. H.L.Kumar (2012); *Labour laws Everybody should know*; Universal Law Publishers



11.12 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: i) Wage ii) 1929 iii) British iv) Bombay Industrial Relation v) 1981

Ans to QNo. 2: An industrial dispute may be defined as a conflict or difference of opinion between management and workers on the terms of employment.

Ans to QNo. 3: The main objective of the Industrial Disputes Act is to secure industrial peace and harmony by providing machinery and procedure for the investigation and settlement of industrial disputes by negotiations.

Ans to QNo.4: The Workmen's Compensation Act, aims to provide workmen and/or their dependents some relief in case of accidents arising out of and in the course of employment and causing either death or disablement of workmen.

Ans to QNo.5: The minimum wages Act aims at preventing the exploitation of workers or labours in some industries, for which, the appropriate

Government is empowered to take steps to prescribe minimum rates of wages in certain employment.

Ans to QNo.6: The payment of Bonus Act provides for payment of bonus to persons employed in certain establishments of the basis of profits or on the basis of production or productivity and for matters connected therewith.



11.13 MODEL QUESTIONS

1. Discuss the evolution of labour laws in india
2. Discuss the labour legislation in the pre-independance period and in the post independence period
3. Write the constitutional provisions with regard to labour laws
4. Write a note on industrial disputes act, 1947
5. Explain the workmen's compensation act, 1923
6. Write the meaning of workmen (sec.2 (n)) of the workmen's compensation act, 1923
7. What is temporary disablement and total disablement
8. Explain accident arising out of and in the course of employment
9. Write the employer's liability for compensation
10. Explain minimum wages act, 1948
11. What are the employer's checklist for minimum wages
12. Why the payment of bonus act, 1965 is important.expain
13. Discus the eligibility for bonus under the payment of bonus act, 1965
14. Explain minimum and maximum bonus payable under the payment of bonus act, 1965
15. What is the calculation of bonus under the payment of bonus act,1965 (amendment of 2015)

*** **** ****

EXTRACT FROM SCHEDULE I
[See Secs. 2(g) and (1) and 4]

Description of Injury	*Percentage of Loss of earning capacity*
PART I	
List of injuries deemed to result in permanent total disablement	
Loss of both hands or amputation at higher sites	100
Loss of Hand and a foot	100
Loss of sight to such an extent as to render the claimant unable to perform any work for which eye-sight is essential	100
Very severe facial disfigurement	100
Absolute deafness	100
PART II	
List of injuries deemed to result in permanent partial disablement	
Apputation cases–upper limbs (either arm)	
Amputation through shoulder joint ...	90
Loss of a hand or of the thumb and four fingers of one hand or amputation from 11.43cms below tip of olecranon ...	60
Loss of thumb ...	30
Loss of four fingers of one hand ...	50
Loss of three fingers of one hand ...	30
Loss of two fingers of one hand ...	20
Loss of terminal phalanx of thumb ...	20
Amputation cases–lower limbs	
Amputation of both feet resulting in end-bearing stumps ...	90
Amputation at hip ...	90
Amputation below middle thigh to 8.89 cms. below knee ...	60
Amputation below knee with stump exceeding 8.89 cms but not exceeding 12.7 cms ...	50
Amputation below knee with stump exceeding 12.7 cms. ...	50
Amputation of one foot resulting in end-bearing ...	50

Other injuries		
Loss of one eye, without complication, the other being normal	...	40
Loss of vision of one eye, without complications or disfigurement of eye-ball, the other being normal	...	30
Loss of fingers of right or left hand		
Index finger		
Whole	...	14
Two phalanges	...	11
One phalanx	...	9
Middle finger		
Whole	...	12
Two phalanges	...	9
One phalanx	...	7
Ring or little finger		
Whole	...	7
Two phalanges	...	6
One phalanx	...	5

EXTRACT FROM SCHEDULE II

[See Section 2(1) (n)]

LIST OF PERSONS WHO, SUBJECT TO THE PROVISIONS OF SECTION
2 (1) (n) ARE INCLUDED IN THE DEFINITION OF WORKMEN

The following persons are workmen within the meaning of Section 2(1)(n) and subject to the provisions of that Section, that is to say, any person who is—

(i) employed, otherwise than in a clerical capacity or on a railway, in connection with the operation [repair] or maintenance of a lift or a vehicle propelled by steam or other mechanical power or by electricity or in connection with the loading or unloading or any generation or supply of gas; or

(xx) employed in a lighthouse as defined in clause (d) of Section 2 of the Indian Lighthouse Act, 1927 (17 of 1927); or

(xxi) employed in producing cinematogrph pictures intended for public exhibition or in exhibiting such pictures; or

(xxii) employed in the training, keeping or working of elephants or wild animals; or

(xxiii) employed in the tapping of palm-trees or the felling or logging of trees, or the transport of timber by inland waters, or the control or extinguishing of forests fires; or

(xxiv) employed in operations for the catching or hunting of elephants or other wild animals; or

(xxv) employed as a diver; or

(xxvi) employed in the handling or transport of goods in, or within the precincts of—

(a) any warehouse or other place in which goods are stored, and in which on any one day of the preceding twelve months ten or more persons have been so employed; or

(b) any market in which on any one of the preceding twelve months fifty or more persons have been so employed; or

(xxvii) employed in any occupation involving the handing and manipulation of radium or X-rays apparatus or contact with radioactive substances; or

(xxviii) employed in or in connection with the construction, erection, dismantling, operation or maintenance of an aircraft as defined in Section 2 or the Indian Aircraft Act, 1934 (22 of 1934); or

(xxix) employed in horticultural operations, forestry, bee-keeping or of a have arisen out of and in the course of employment. As such, the employer is liable to pay compensation if the disease can be directly attributable to a specific injury by accident arising out of and in the course of employment.

If the employment is a contributory cause or has accelerated the death of a workman or if the death was due not only to the disease but to the disease coupled with the employment, then it could be said that the death arose out of the employment. The most important case on this point is :

Mackinnon Mackenzie & Co. Pvt. Ltd. v. *Rita Fernandes*, (1969) 2L.L.J. 812. A workman while working on a ship died. He was a heart patient and died of cardiac failure. His wife claimed, and was paid, compensation. The case was treated as an accident arising out of and in the course of employment.

The Court distinguished in this case two situations :

(1) Even if a workman is suffering from a pre-existing disease, if the disease is aggravated or accelerated because of the particular nature of employment and the worker loses his life, his death results from injury by the accident under the Workmen's Compensation Act, 1923.

(2) If a person dies as a natural consequence of the disease or if his life is shortened because of wear and tear of the job requirements, in such cases injury would not be treated accident within the meaning of the Workmen's Compensation Act, 1923.

A detailed list of occupational diseases is given in Schedule III (reproduced below) of the Act.

Schedule III (which has been substituted by the Amendment Act of 1948) is divided into 3 parts in relation to the liability of employer to pay compensation in case of occupational diseases.

EXTRACT FROM SCHEDULE III

(Sec Sec. 3)

List of occupational disease

Part A

This Part includes :

(i) infectious and parastic diseases contracted in an occupation where there is a particular risk of contamination,

(ii) diseases caused by work in compressed air and by lead or its toxic compounds, and

(iii) poisoning by nitrous fumes and by organo phosphorus compounds.

The employer is liable to pay compensation when a workman

employed by him contracts any of the diseases specified in Part A at any time.

Part B

This Part includes :

(a) diseases caused by (i) phosphorus, mercury, chromium, arsenic, manganese, beryllium, cadmium, flourine or their toxic compounds, (ii) benzene or its toxic homologues, (iii) nitro and amino toxic derivatives of benzene or its homologues, (iv) radioactive substances and ionising radiations, (v) carbodisulphide, (vi) nitroglycerine or other nitroacid esters, (viii) alcohols and ketones,

(b) occupational cataract due to infra-red radiations,

(c) skin diseases caused by physical, chemical or biological agents not included in other items,

(d) hearing impairment caused by noise, occupational asthma caused by recognised sensitising agents inherent to the work process,

(e) lung cancer and mesotheliomas caused by asbestos,

(f) snow blindness in snow bound areas,

(g) diseases due to effect of heat/cold in extreme hot/cold climate.

The employer is liable if a workman contracts any of the diseases specified in Part B while in his service for a continuous period of 6 months. This period of 6 months does not include a period of service under any other employer in same kind of employment.

Part C

This Part includes :

(i) pneumoconioses caused by sclerogenic mineral dust (silicosis, anthraoosilicosis, asbestosis) and silico-tuberculosis provided that silicosis is an essential factor in causisng the resultant incapacity or death, disobedience' comprehends within its scope a deliberate and intended disobedience and involves the doing of something with the knowledge or a certainty that it is likely to result in a serious injury or with a reckles disregard to the consequences. A workman who wilfully disobeys a rule is not entitled to compensation for

personal injury [*Maung Ba Tun* v. *Manung Ohn Khin* A.I.R. (1938) Rang. 289].

EXTRACT FROM SCHEDULE IV

(See Sec. 4)

Factors for working out lump-sum equivalent of compensation amount in case of permanent disablement and death.

Completed years of age on the last birthday of the workman immediately preceding the date on which the compensation fell due Factor

Completed years of age on the last birthday of the workman immediately preceding the date on which the compensation fell due Factor

1		2			1	2
Not more than	16	228.54		Not more than	41	181.37
	17	227.49			42	178.49
	18	226.38			43	175.54
	19	225.22			44	172.52
	20	224.00			45	169.44
	21	222.71			46	166.29
	22	221.37			47	163.07
	23	219.95			48	159.80
	24	218.47			49	156.47
	25	216.91			50	153.09
	26	215.28			51	149.67
	27	213.57			52	146.20
	28	211.79			53	142.68
	29	209.92			54	139.13
	30	207.98			55	135.56
	31	205.95			56	131.95
	32	203.85			57	128.33
	33	201.66			58	124.70
	34	199.40			59	121.05
	35	197.06			60	117.41
	36	194.64			61	113.77
	37	192.14			62	110.14

38	189.56	63	106.52
39	186.90	64	102.93
40	184.17	65	or more 99.37

UNIT 12 : INDUSTRIAL HEALTH

UNIT STRUCTURE

12.1 Learning Objectives

12.2 Introduction

12.3 Meaning of Industrial Health and Safety

12.4 Importance of Industrial Health and Safety

12.5 Occupational Hazards and Diseases

12.6 Protection Against Hazards

12.7 Statutory Provisions Concerning Health in India

12.8 Let Us Sum Up

12.9 Further Reading

12.10 Answers To Check Your Progress

12.11 Model Questions

12.1 LEARNING OBJECTIVES

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

- understand the meaning and importance of industrial health and safety
- identify various occupational hazards and diseases and provisions for their prevention and cure.

12.2 INTRODUCTION

The mental and physical health of the worker is of much significance in order to ensure a healthy working environment and industrial relations. Inspite of what is popularly stated that “one should keep their personal and professional lives separate”, it is not possible in real practice. This is because of the fact that ultimately, it is one and the same person that we are talking of. If only the worker feels a sense of security towards his/her ownself and towards his/her domestic and social existence, would better contribution towards the job be guaranteed. Realising this need of the worker, various provisions of health and safety of industrial workers have

been initiated by many organizations alongwith legal frameworks being designed to safeguard the same.

12.3 MEANING OF INDUSTRIAL HEALTH AND SAFETY

Occupational Health and Safety (OHS) is a multidisciplinary field concerned with the safety, health, and welfare of people at work. Industrial safety, in the context of occupational safety and health, refers to the management of all operations and events within an industry, for protecting its employees and assets by minimizing hazards, risks, accidents and near misses.

Industrial safety covers a number of issues and topics affecting safety of personnel and equipment in a particular industry such as the following:

- General Safety - General aspects of safety which are common to all
- Occupational Safety and Health - Particularly associated with the occupation
- Process and Production Safety - Safety in the process and production etc.
- Material Safety - Safety of the materials used in the production
- Workplace Safety - Safety issues directly related to the workplace
- Fire Safety - Fire safety, in particular the risks associated to the industry
- Electrical Safety - In general and in particular, arising from the equipment used
- Building and Structural Safety - Safety in general including installations as per existing building code
- Environmental Safety - Issues of environmental safety (direct or indirect impact of the industry)



CHECK YOUR PROGRESS

Q 1: What is the meaning of Occupational Safety and Health?

.....

.....

12.4 IMPORTANCE OF INDUSTRIAL HEALTH AND SAFETY

1. Productive Work Environments

Sense of safety in the work place builds up the zeal to work amongst workers; thereby leading to higher quality contribution towards work, better ideas generated by a peaceful mind, longer stay at work, etc. These, in turn, makes for better completion of tasks and better achievement of goals and targets.

2. Happier Employees

Safety at work brings in contentment and happiness, backed up by a sense of satisfaction towards work. This helps in creating happier employees who willingly contribute their best towards the job, showcase more cohesiveness towards work partners or work teams, maintain peace and harmony during crisis, and so on.

3. Higher Standards of Work Premises

A proper and continuous implementation and monitoring of Industrial Health and Safety Schemes/measures ensure that work premises are kept to higher standards for safety, cleanliness, and housekeeping.

4. Absenteeism Drops

Absenteeism rates in the work place, arising out of job-related illnesses, accidents, fatigue, dissatisfaction, etc. drop when effective safety programs are introduced.

5. Decrease in Employee Insurance Claims

Since proper maintenance of health and safety measures reduces the risks of accidents, bad health, etc related to the work environment, there is also a counter effect of the same on Worker Compensation insurance claims. A decrease in such claims is often evidenced under the circumstances in the respective organisations that adds to the advantages of industrial health and safety to the management as well.

6. Enhances Brand Value And Goodwill of the Company/Organisation

Maintaining health and safety standards proves to be advantageous not only to the workers and management but also benefits the image of

the organization as a whole. Clients, customers, prospective employees and job-seekers, and the public and society at large looks up to such organisations. This can go a long way in smooth functioning and growth of the organization as a brand in the long run.

7. Reduces Business Costs And Disruption

A reduction in work stoppages and man-days lost due to malfunctioning, accidents and grievances also leads to a corresponding reduction in work-related disruptions and business costs.

12.5 OCCUPATIONAL HAZARDS AND DISEASES

The four main types of occupational hazards and diseases are as follows:

1. Chemical Hazards:

The common chemical substances used in industries, such as carbon monoxide, carbon diox-ide, nitrogen dioxide, sulphur dioxide, hydrocarbons, sulphuric acid, tannic acid acetic acid, fumeric acid, ozone, limes and alkalies cause injury to the employee when they are absorbed through skin and by inhaling or ingesting. Workers may suffer from temporary or chronic respiratory diseases, skin diseases, allergy, heart disease, cancer and neurological disorders as a result of constant exposure to these chemicals in their work place. These diseases often shorten employee s life expectancy.

2. Biological Hazards:

These hazards are manifested by diseases caused by bacteria, fungi, vi-ruses, insects, dietary deficiencies, excessive drinking, allergies, brain fever, imbalances, tetanus, stresses and strains because of negligence in maintaining proper health and safety conditions at work or due to the work culture and environment that prevails in the organization.

3. Environmental Hazards:

Environmental hazards may include noise pollution, vibration and shocks, illumination, radiation, heat, ventilation, air and water pollution. These hazards often correspond to the nature of work, use of devices, materials and machineries for the job to be done, physical infrastructure

on the job front, provision of basic sanitation and hygiene facilities, etc. These hazards cause redness of eyes, genetic disorders, cancer, sterility, hearing loss, nerve injury etc., to workers.

4. Psychological Hazards:

Industrial/job stress caused by various stressors such as task and role demands, organisational leadership, lack of group cohesion, intergroup and interpersonal conflicts, life and career changes, etc., lead to emotional disturbances which, in turn, lead to fatigue and exhaustion. In the absence of proper HR policies, these causes of stress often go unattended in the workplace resulting in silent creeping in of psychological pressure and imbalance amongst workers. These, in turn, become the causes of various health problems like high blood pressure, diabetes, cardiac disorders, etc.

Definition of Work-Related Diseases and Occupational Diseases

In the third edition of the ILO's *Encyclopaedia of Occupational Health and Safety*, a distinction was made among the pathological conditions that could affect workers in which diseases due to occupation (occupational diseases) and diseases aggravated by work or having a higher incidence owing to conditions of work (work-related diseases) were separated from conditions having no connection with work.

The subject was discussed at an international symposium on work-related diseases organized by the ILO in Linz, Austria, in October 1992 (ILO 1993). The relationship between work and disease could be identified in the following categories:

- *occupational diseases,* having a specific or a strong relation to occupation, generally with only one causal agent, and recognized as such
- *work-related diseases*, with multiple causal agents, where factors in the work environment may play a role, together with other risk factors, in the development of such diseases, which have a complex aetiology
- *diseases affecting working populations*, without causal relationship with work but which may be aggravated by occupational hazards to health.

Criteria for Identification of Occupational Diseases in General

Two main elements are present in the definition of occupational diseases:

- the exposure-effect relationship between a specific working environment and/or activity and a specific disease effect
- the fact that these diseases occur among the group of persons concerned with a frequency above the average morbidity of the rest of the population.

List of Occupational Diseases

The ILO list plays a key role in harmonizing the development of policy on occupational diseases and in promoting their prevention. The stand of occupational diseases, however, tends to differ from country to country. In developed countries, heavy industries such as steel fabrication and underground mining have greatly diminished, and environmental conditions have improved. Service industries and automated offices have risen in relative importance. There has been a significant increase in the women composition of the workforce. Hence, the increase in need for day care for children. With work-shift patterns drastically changing along with work culture patterns, stress, in all aspects, is now an important problem. On the other hand, in developing countries, heavy industries are rising rapidly to supply local and export needs, and providing employment to these burgeoning populations. Rural populations are moving to cities in search of employment and to escape poverty.



CHECK YOUR PROGRESS

Q 2: State the categories into which occupational hazards and diseases may be classified.

.....

.....

12.6 PROTECTION AGAINST HAZARDS

Effective controls protect workers from workplace hazards; help avoid injuries, illnesses, and incidents; minimize or eliminate safety and health risks; and help employers provide workers with safe and healthful

working conditions. In order to effectively control and prevent hazards, employers should:

- Involve workers, who often have the best understanding of the conditions that create hazards and insights into how they can be controlled.
- Develop plans with measures to protect workers during emergencies and non-routine activities.
- Evaluate the effectiveness of existing controls to determine whether they continue to provide protection, or whether different controls may be more effective. Review new technologies for their potential to be more protective, more reliable, or less costly.
- Identify and evaluate options for controlling hazards, using a "hierarchy of controls."
- Use a hazard control plan to guide the selection and implementation of controls, and implement controls according to the plan.

12.7 STATUTORY PROVISIONS CONCERNING HEALTH IN INDIA

The Constitution on Employees' right to health:

Article 21 of the Indian Constitution guarantees the protection of life and personal liberty of a person. Under this "right to life", various Supreme Court judgments have been based. To cite as an example, the case of Consumer Education Research Center Vs. Union Of India3 may be considered where the Supreme Court has held that, "Occupational accidents and diseases remain the most appalling human tragedy of modern industry and one of its most serious forms of economic waste." The judgment further went on to state that, "Therefore, we hold that right to health, medical aid to protect the health and vigor to a worker while in service or post retirement is a fundamental right under Article21, read with Articles 39(e), 41, 43, 48A and all related Articles and fundamental human rights to make the life of the workman meaningful and purposeful with dignity of person."

In this respect, the Indian Constitution has shown notable concern to workmen in factories and industries as envisaged in its Preamble and the Directive Principles of State Policy. Special mention has been made of workers' health and safety in the Directive Principles of State Policy:

a) It provides for securing the health and strength of workers, men and women,
b) It emphasizes upon the assurance that the tender age of children is not abused,
c) It states that citizens are not forced by economic necessity to enter avocations unsuited to either their age or strength,
d) It provides for just and humane conditions of work and maternity relief, and
e) That the Government shall take steps, by suitable legislation or in any other way, to secure the participation of workers in the management of undertakings, establishments or other organizations engaged in any industry.

Occupational health Laws:

The Factories Act, 1948, the Mines Act, 1952,The Dock Workers (Safety, Health & Welfare) Act, 1986 are some of the laws, which contain provisions regulating the health of workers in an establishment set up and operating in India. On the other hand, the Employees' State Insurance Act, 1948 and the Workmen's Compensation Act, 1923 look into the compensation related benefits due to be given to workers.

Health Provisions under the Factories Act, 1948

The Factories Act, 1948 lays down that employees should work in healthy and sanitary conditions so far as the manufacturing will allow and that precautions should be taken for their safety and for the prevention of accidents.

Section 10 of the Act lays down that a State Government may appoint qualified medical practitioners as 'certifying surgeons' to discharge the following duties:

a) Examination and certification of young persons and examination of persons engaged in 'hazardous occupation'.

b) Exercising medical supervision where the substances used or new manufacturing processes adopted may result in a likelihood of injury to the workers.

c) Exercising medical supervision in case of young persons to be employed in work likely to causeinjury.

The Employees' State Insurance (ESI) Act, 1948:

It is a social security legislation enacted with the object of ameliorating various risks and contingencies sustained by workers while serving in a factory or establishment.

The Act contains provisions for cash benefit in the case of sickness, maternity and employment injury, payment in the form of pension to the dependents of workers who died of employment injury and medical benefit to workers. It recognizes the contributory principle against such contingencies, provides protection against sickness, replaces lumpsum payments by pension in the case of dependents benefit and places the liability for claims on a statutory organization.

The main source of revenue for the ESI Fund is the Contribution paid by the employers and the employees. The purposes for which the Fund is to be used include payment of benefits, provision of medical treatment to insured families, meet charges in connection with medical treatment, maintenance of hospitals, dispensaries, etc.

Section 39 of the Act makes the employer primarily liable for the payment of contribution on behalf of himself and his employees towards the ESI Fund.

The Act lays down provisions to set up an ESI Corporation, to promote measures to improve health and welfare of insured persons and a Medical Benefit Council to advise the Corporation on medical benefits, certification, etc.

The discretionary powers with respect to using the Fund amount lie solely with the Corporation along with the State Governments.

In case of misuse of the contribution by employer, the employee can sue the employer in the Employees' State Insurance Court set up by the respective State Government.

Where an employee makes a claim on the grounds of sickness, disablement or maternity, it has to be made against the ESI Corporation and not against the employer. Under the Workmen's Compensation Act, 1923, there exists a legal obligation on the employer to pay compensation to workmen involved in accidents arising during the course of their employment.

Compensation is decided on the nature of injury caused. Where the injury from an accident results in the death of the workman, the minimum compensation payable is around Rs.50, 000 and the maximum may extend to Rs. 3 lacs. In case of permanent total disablement and permanent partial disablement, compensation may extend to Rs.60, 000, depending on its nature. Further the amount of compensation is calculated on the wage-group to which the workman belongs and the time-period for which he has worked.



12.8 LET US SUM UP

- Industrial safety in the context of occupational safety and health refers to the management of all operations and events within an industry, for protecting its employees and assets by minimizing hazards, risks, accidents and near misses. The relevant laws, compliance and best practices in the industry have most of the issues addressed for the best protection possible. Employers are to make sure that these are strictly adhered to to have maximum safety.
- Industrial safety covers a number of issues and topics affecting safety of personnel and equipment in a particular industry. The following topics are generally discussed:
  - Ø General Safety - General aspects of safety which are common to all
  - Ø Occupational Safety and Health - Particularly associated with the occupation

- Ø Process and Production Safety - Safety in the process and production etc.
- Ø Material Safety - Safety of the materials used in the production
- Ø Workplace Safety - Safety issues directly related to the workplace
- Ø Fire Safety - Fire safety, in particular the risks associated to the industry
- Ø Electrical Safety - In general and in particular, arising from the equipment used
- Ø Building and Structural Safety - Safety in general including installations as per existing building code
- Ø Environmental Safety - Issues of environmental safety (direct or indirect impact of the industry)

- Article 21 of the Indian Constitution guarantees the protection of life and personal liberty of a person. Various Supreme Court judgments have, under this "right to life" upheld the right to employees' health. For instance, in the case of Consumer Education Research Center Vs. Union Of India3 the Supreme Court has held that, "Occupational accidents and diseases remain the most appalling human tragedy of modern industry and one of its most serious forms of economic waste." Further the judgment says, "Therefore, we hold that right to health, medical aid to protect the health and vigor to a worker while in service or post retirement is a fundamental right under Article21, read with Articles 39(e), 41, 43, 48A and all related Articles and fundamental human rights to make the life of the workman meaningful and purposeful with dignity of person."
- The Indian Constitution has shown notable concern to workmen in factories and industries as envisaged in its Preamble and the Directive Principles of State Policy.
- The Factories Act, 1948, the Mines Act, 1952,The Dock Workers (Safety, Health & Welfare) Act, 1986 are some of the laws, which contain provisions regulating the health of workers in an establishment. Whereas the Employees State Insurance Act, 1948

and the Workmen's Compensation Act, 1923 are compensatory in nature.



12.9 FURTHER READING

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

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

3) Balge M Z(2000), *Occupational Health & Safety,* 3 edition, Natl Safety Council.



12.10 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Occupational Safety and Health (OSH), also commonly referred to as occupational health and safety (OHS), occupational health, or workplace health and safety (WHS), is a multidisciplinary field concerned with the safety, health, and welfare of people at work.

Ans to Q No 2: The four main types of occupational hazards and diseases are as follows: 1. Chemical Hazards 2. Biological Hazards 3. Environmental Hazards 4.Psychological Hazards.



12.11 MODEL QUESTIONS

Q 1: Elaborately explain various ways of ensuring Industrial Health and Safety?

Q 2: What are the various issues and topics covered under Industrial Health and Safety?

Q 3: Justify the importance of designing Industrial Health and Safety Programs for industrial workers.

Q 4: Project ILO's take on work-related and occupational diseases.

Q 5: Point out and explain the various types of Occupational Hazards and Diseases that may be commonly categorized across different industries.

Q 6: State some initiatives needed to be taken up by the employers for prevention and protection from occupational hazards.

Q 7: There exists a reasonable number of laws and provisions that relate to protection from occupational hazards and diseases in India. State and explain a few.

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UNIT 13 : CONCEPT OF WAGES

UNIT STRUCTURE

13.1 Learning Objectives

13.2 Introduction

13.3 Meaning and Concept of Wages

13.4 Objectives of Wage and Salary Administration

13.5 Theory of Wages

13.6 Methods of Wage Payment

13.7 Wage Differentials

13.8 Let Us Sum Up

13.9 Further Reading

13.10 Answers To Check Your Progress

13.11 Model Questions

13.1 LEARNING OBJECTIVES

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

- learn the objectives of Wage and Salary Administration
- learn significant theories of wages
- discuss the basic methods of wage payment which lay the ground for different types of wage payments
- discuss the concept of and need for differential wages.

13.2 INTRODUCTION

Wage is determined by a host of variables like the amount of work, quality of work, ability of the employer to pay, importance of the job in the particular industry or sector, availability of manpower and that of their skills, duration of working time, currency value and economic stand, market rates, taxation systems, so on so forth. Hence, wage determination aimed at creating and managing a satisfied fleet of workers over a long period of time is not an easy task for administrators. Therefore, the necessity to develop a separate team of administrators, to look into wage issues and

take compensation decisions, was strongly felt in organisations. Thus, came into existence the field of Wage and Salary administration. These set of administrators base their decisions and practices upon what prevails and upon what has been prescribed; i.e upon information/observations of current situations and upon the existing framework of theoretical inputs as propounded by various researchers and experts of the field. This unit focus on these very concepts, theories and practices of Wage and Salary Administration.

13.3 MEANING AND CONCEPT OF WAGES

Wage is a monetary payment made by the employer to his employee for the work done orservices rendered. Wages are usually paid in cash at the end of one day, one month or one week.

Generally, compensation payable to an employee includes the following threecomponents:

- Basic compensation for the job (wage/salary)
- Incentive compensation for the employee on job
- Supplementary compensation paid to employees (fringe benefit and employee services)

According to Milkovinch and Boudreau, “Compensation refers to all forms of financial returns,

tangible services, and benefits employee received as part of their employment relationship”.

Components of Employee Remuneration:

1. Wages and salary:

Wages represent hourly rates of pay, and salary refers to the monthly rate of pay, irrespective ofthe number of hours put in by the employee. They differ from employee to employee, and depend upon the nature of job,seniority, and merit.

2. Incentives:

Incentives are paid in addition to wages and salaries and are also called ‘payments by results’.Incentives depend upon productivity, sales, profit, or cost reduction efforts.

3. Fringe benefits:

These are monetary benefits provided to employees. Some examples of fringe benefits are:

(a) Provident fund, (b) Gratuity, (c) Medical care, (d) Hospitalization payment, (e) Accident relief, (f) Health and Group insurance, etc

4. Perquisites:

Perquisites are special benefits offered to managers/executives so as to retain competentexecutives. Some of the perquisites offered by organisations include the following: (a) Company car for travelling, (b) Clubmembership, (c) Paid holidays, (d) Furnished house or accommodation, (e) Stock option schemes, etc.

5. Non-monetary benefits:

As the name suggests, there is no payment in money that takes place while offering these benefits. But they certainly do give psychological satisfaction to employees even when financial benefit is notavailable. Some of such benefits are: (a) Recognition of merit through certificate, etc. (b) Offeringchallenging job responsibilities, (c) Promoting growth prospects, (d) Comfortable workingconditions, (e) Competent supervision, (f) Job sharing and flexi-time, etc.



CHECK YOUR PROGRESS

Q 1: Explain the concept of Fair Wage.

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Q 2: Bring to light a few factors affecting wage and salary structure.

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Q 3: Highlight some of the components of wage structure.

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13.4 OBJECTIVES OF WAGE AND SALARY ADMINISTRATION

1. **Fair wages**: A fair wage is something more than the minimum wage which provides the barenecessities of life. It is determined by productivity of labour, prevailing rates of wages in the same or similar occupations in the same or neighbouring region, place of industry in the country‘s economy, employer‘s capacity to pay and so on.
2. **Internal & External Equity**: Internal equity means similar pay for similar work within the organisation.Differences in wages between jobs should be in proportion to the differences in the worth of thejobs. External equity is to maintain similar rates of compensation between similar jobs in similar organisations.
3. **Attract competent talent**: Through proper wage and salary administration, the organization seeksto attract talented, well qualified and hardworking people. It is often noticed that the compensation package tends to be the prime attraction for competent job-seekers when applying for a job.
4. **Retain good employees**: Through fair and competitive wages and salaries, the organizationaims at retaining competent employees and thereby, to reduce employee turnover. This also works in increasing motivation of existing employees.
5. **Satisfy employee needs**: As an organisation has certain expectations out of its employees, so also the employees expect something in return for the contributions towards their job. A key objective of adequate wages and salaries is to help employeesfulfil their various needs and expectations with the wage/salary they earn. It creates a sense of security and enhances the self-worth of theemployees.
6. **Motivate employees to higher productivity**: A well planned wage and salary systemmotivates employees to work harder, be self-motivated and self-developing – thus, resulting in higher levels of productivity.

13.5 THEORY OF WAGES

1. **Classic Wage Theory** – This Theory is based upon the fundamental concept that labour is a commodity and we have to pay the price according to its supply and demand. The greater the supply, the lower the price.And the greater the demand the higher the price.
2. **The Just Wage Theory of St. Thomas Aquinas** – This Theory describes a Just Wage as a wage which permits the recipient worker to live in a manner in keeping with his position to society. This doctrine is related to social organization based on the status of the individual in the social organization. This Theory is the basis of the implementation of the law of Minimum Wages.
3. **The Wage Fund Theory** – This theory was expounded by John Stuart Mill and his followers and is based on the Malthusian theory of population and the law or diminishing marginal returns.

   This Theory projects the idea that the working capital of the nation provides a fund from which wages can be paid and that, this fund is to be divided by all the workers proportionately.
4. **Bargaining Theory of John Davidson** – This Theory proposes that labor is a commodity like anything that could be bought at a price by the user.
5. **The Marginal Productivity Theory** – This Theory advocates that the supply of labour in any given economy on the whole depends upon the total number of individuals who want to work and are available for work.
6. **The Purchasing Power Theory** – This Theory tries to establish the relationship between wages and the level of economic activities. According to this Theory, the level of economic growth is dependent upon the savings generated because the increase in wage creates a surplus that propels growth.
7. **Labour Theory of Value** – This Theory was propounded by Karl Marx. It emphasizes that labour is the source of all products and that without this important component, there could be no goods for human

consumption. It states that every good that is produced could be tracked back to the participation of the worker and therefore, labour must get greater share of the profit.

8. **The Standard of Living Theory Of Wage**- This Theory is a recent development in the labour market. As per this Theory, wages should be based on the cost of living, which is dependent upon the economic needs of the family for basic necessities of life for food, clothing and shelter.

13.6 METHODS OF WAGE PAYMENT

Systems of wage payment:

A) Time Rate System

B) Piece Rate System

Time rate system:

Time rate system is also called as day wage system. It is the oldest and simplest method of wage payment. Wages are paid as per the time spent by the workers in the factory irrespective of the production given by them. The employer buys the hours of theworkers and pays them accordingly. In thetime rate system, efficiency, sincerity, ability is not given attention and all the workers are paidat one and the same rate as per the period spent in the factory.

Advantages of time rate system:

1) Easy and simple: Time rate is easy to understand and simple to follow and calculate. Wagecalculations are also easy and quick. Each worker knows how much wage payment he is entitledto at the end of the month.
2) Guaranteed minimum wage: It gives the guarantee of certain minimum wage payment toevery worker irrespective of their working capacity. Workers get a regular and stable income andthis gives a sense of security to all workers as regards wage payment.
3) Maintains quality of production: Quality of production is maintained here as the workers arenot in a hurry to complete the work because of thetemptation to earn more. Workers tend to work slowly and with

care. Accidents too are less asworkers use the machines in a careful manner.

4) Support from trade unions: Workers and trade unions accept and support time rate system asall workers are placed in one category as regards wage payment. This ensures unity amongworkers.
5) Avoids quarrels among workers: Time rate avoids heart burning and quarrels among theworkers as uniform wages are paid to all.
6) Convenient in modern factory system: Time rate payment is convenient in modern factorysystem where production process is continuous and integrated. It is not possible to measure thework completed by one individual worker and hence time rate system is convenient.

Disadvantages of time rate system:

1) Not scientific: Time rate is not scientific system of wage payment as there is no direct linking between wages and production/productivity.
2) Absence of positive encouragement: There is no positive encouragement to workers to improve their efficiency/ performance as the wage rate is uniformto all workers; whether efficient or inefficient.
3) No distinction between workers: This system makes no distinction between efficient and lazy workers as both are paid at one rate which may seem unfair to the ones who are efficient.
4) No initiative to workers: Time rate fails to encourage workers to take more interest andinitiative in their work as wage payment is not linked with the production.
5) Labour cost may increase: There is a possibility of increase in thelabour cost without corresponding increase in the production under this system. Workers may work with slowspeed, give less production and still collect the wage as per time or day fixed.
6) Strict supervision: Strict supervision of the workers is essential as payment isfor period and not production.
7) No effect on productivity/ efficiency: Time rate fails to raise productivity and efficiency oflabour force as it is not an incentive system of wage

payment.

Piece rate system:

This system is just the opposite of the time rate. It is an incentive wage system as it encourages workers to produce more and also to earn more. Under this system, wages are paid as per the output or production given by the worker and notas per the time spent by the worker in the factory.

Advantages of piece rate system:

1) Linking of wages with production: As wages are linked with production or productivity, itraises the productivity of labour.
2) Distinction between efficient and inefficient workers: This system distinguishes between efficient and inefficient workers. Efficient workers support the piece rate system as their efficiency gets rewarded, but it is notpreferred by unskilled and inefficient workers as theircapacity to produce is less and hence, payment received is also less.
3) Encourages workers to take initiative in the work: Piece rate system encourages workers totake more interest and initiative in the work as every worker gets full reward for his efforts.
4) Fair to employer and employees: This system is fair to both employers as well as employees. This can be justified by the fact that while employees get income in proportion to production given by them and the employer getsproduction in proportion to the wage paid.
5) Incentive system: It serves as an incentive to work for the workers as it promises additional pay for additional work done.
6) Limited supervision: The system does not necessitate strict supervision over the workers as their wage payment is directly linked with theirsincerity and ability to produce.
7) Freedom of work to workers: Workers enjoy more freedom to work and there is effective controlon the cost of production in the piece rate system.
8) Brings cordial relations: This system ensures cordial labour-management relations and industrialpeace to a large extent.

Limitation of piece rate system

1. Workers suffer even when they are not at fault: Sometimes workers suffer in wage paymenteven when they are not at fault. Production of workers may be low due to various external factors like strikes, power failures, breakdown of machinery, etc. inspite of their presence in the factory throughout the working hours; thus, resulting in lesser production.
3. Complicated system: Piece rate system is complicated and difficult as it is difficult tounderstand by ordinary workers. Management is required to maintain elaborate records of productiongiven by each worker.
4. Disturbs unity of workers: This system affects the unity of workers as there exists non-uniformity in wage distribution. Trade unions opposepiece rate system on the ground that it will lead to rivalry among workers and destroy unity among them.
5. Not fair to trainees: Piece rate system is not fair to trainees, as their capacity to produce tends to be less initially which also fetches them lesser wages inspite of being sincere and hard working.
6. Adverse effect on Quality of production: Workers focus may shift to speedier production rather than better quality in production. This may also result in greater degree of errors and wastages; not to mention a higher probability of accidents as well. All in all, it may, therefore, exhibit an adverse effect on quality of production.



CHECK YOUR PROGRESS

Q 4: Name the two popular methods of wage payment.

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13.7 WAGE DIFFERENTIALS

Wage differential is a term used in labour economics to analyze the relation between the wage rate and the unpleasantness, risk, or other

undesirable attributes of a particular job.

The wage paid to workers varies greatly. These wage differentials are mostly the result of differences in workers' ability and the workers' effort in performing the job. There are also wage differentials across occupations, because of differences in the demand and supply of laborers for particular job or occupation.

Wage differentials reflect difference in the physical and mental abilities of workers, differences in productivity, in the efficiency of management and in consumer preferences, and act as sign posts for labour mobility. By providing an. important incentive for labour mobility, they bring about a re-allocation of the labour force under changing circumstances.

Wage differentials may lead to the following consequences:

(a) Cause labor to be allocated among different occupations, industries and, geographical areas in the economy in such a manner as to maximise the national product

(b) Enable full employment of the resources of the economy to be attained; and

(c) Facilitate the most desirable rate of economic progress.

Under competitive conditions, wages are determined by conditions of demand (productivity of workers) and conditions of supply (attractiveness of jobs). The level of wages would depend upon the relative scarcity of supply in relation to demand.

Reasons For Wage Differentials

(a) Differences in the efficiency of the labour, which may be due to inborn quality, education, and conditions under which work may be done.

(b) The existence of non-competing groups due to difficulties in the way of the mobility of labour from low paid to high paid employments.

(c) Differences in the agreeableness or social esteem of employment.

(d) Differences in the nature of employment and occupations.

Types Of Compensation Differentials

(a) Occupational Wage Differentials

Occupational differentials are based on skill, experience and training taken by the employees and may be inter plant, inter industry or inter

regional. Inter plant differentials imply the differences in pay for the same or a similar job in the same industry, while inter industry differentials imply compensation differences for the same or similar jobs between industries in the same locations or in the same labour market at the same time.

(b) Skill Based Wage Differentials

Wage differences among different degrees of skill of the workers appears come under this category. Skilled workers on an average earn more than semi-skilled, unskilled and casual workers in any industry and in any state or country.

(c) Gender Based Differentials

Based on the gender differences roles, suitability to a job, physical capacity to produce, etc. wages of male and female workers may sometimes differ. While some jobs may need a masculine role, some others may need a feminine role for their effective performance. These considerations employ women for some roles and only men for some roles, but because of the difference in the capacity to work the pay or wages differ accordingly, creating wage/salary differentiations.

(d) Work Behaviour Based Differentiation

The extent of efforts required to perform any task or work also vary, which necessitates wage or salary differentiation. While there may be some jobs that require manual work, there may be some others that require mixed efforts of machine and hand, and yet some others that require automation only to be supervised or monitored. Moreover, the complexity of work also makes differentiation in pay packages.

(e) Experience Based Differentiation

With experience comes expertise and hence, improved the quality and productivity. This calls for a rise in pay as well. This rise may vary according to the level of excellence achieved, degree of supervision needed, and the number of years of experience.

(f) Industry based

Industrial and occupational differentials exist because of requirement of different skill sets and imbalance in demand and supply of personnel having such skills. Wages and salaries are usually fixed on the

basis of skills required to perform a job. Shortage of supply of such personnel also induces the payment of higher pay for jobs requiring a higher or specialized skill level. Presently, in India, various occupations based on the salary structure in descending order may be arranged as follows:

1. Consultancy
2. Financial services
3. Investment banking
4. Information technology
5. Fast-moving consumer goods
6. Advertising
7. Pharmaceuticals
8. Chemicals
9. Consumer durables
10. Electronics
11. Electricals
12. Automobiles
13. Other engineering



CHECK YOUR PROGRESS

Q 5: What do you understand by wage differentials?

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13.8 LET US SUM UP

- According to Milkovinch and Boudreau, Compensation refers to all forms of financial returns, tangible services, and benefits employee received as part of their employment relationship.

- Two important systems of wage payment are: A) Time Rate System and B) Piece Rate System
- Wage differential is a term used in labour economics to analyze the relation between the wage rate and the unpleasantness, risk, or other undesirable attributes of a particular job.
- The wage paid to workers varies greatly. These wage differentials are mostly the result of differences in worker ability and the workers' effort in performing the job. There are also wage differentials across occupations, because of differences in the demand and supply of laborers for particular job or occupation.



13.9 FURTHER READING

1) Purcell J(1981), *Good Industrial Relations : Theory and Practice,* Palgrave Macmillan, UK.
2) R. Sivarethinamohna(2010), I*ndustrial Relations and Labour Welfare: Text and Cases,* Prentice Hall India Learning Pvt Ltd, India,.
3) Gupta Radha(2007), *Wage and Salary Administration,* Anmol Publisher, India 2007.
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5) Milkovich George(2009), *Compensation*, 9th Edition, McGraw-Hill Education, India.



13.10 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Fair wages is the wage which is above the minimum wage but below theliving wage. Obviously the lower limit of the fair wage is the minimum wage and the upper limitis set by the ability of the industry to pay.

Ans to Q No 2: Some of the factors affecting wage and salary structure are – organisation's ability to pay, cost of living, supply and demand of labour, job requirements, productivity, prevailing market rate, etc.

Ans to Q No 3: Some of the components of wage structure are – incentives, fringe benefits, perquisites and non-monetary benefits apart from the basic wage and salary.

Ans to Q No 4: The two methods of wage payment are – the Time Rate System and the Piece Rate System.

Ans to Q No 5: Wage differential is a term used in labour economics to analyze the relation between the wage rate and the unpleasantness, risk, or other undesirable attributes of a particular job.The wage paid to workers varies greatly. These wage differentials are mostly the result of differences in worker ability and the workers' effort in performing the job.



13.11 MODEL QUESTIONS

Q 1: Explain the factors affecting Wage and Salary administration.

Q 2: Enlist and explain the components of Wage.

Q 3: Highlight the objectives and goals of Wage and Salary Administration.

Q 4: Discuss the methods of wage payment.

Q 5: Discuss the concept, merits and demerits of the Time Rate System of wage payment.

Q 6: Discuss the concept, merits and demerits of the Piece Rate System of wage payment.

Q 7: What do you understand by wage differentials? Highlight the factors influencing wage differentials.

Q 8: Throw light upon the various types of wage differentials.

Q 9: Make a comparative analysis of the various theories of wages.

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UNIT 14 : TECHNOLOGY AND INDUSTRIAL RELATIONS

UNIT STRUCTURE

14.1 Learning Objectives

14.2 Introduction

14.3 Technological Change-Concept and Importance

14.4 IT and IT Enabled Service Sectors in India

14.5 Industries in IT Sector in India

14.6 Let Us Sum Up

14.7 Further Reading

14.8 Answers To Check Your Progress

14.9 Model Questions

14.1 LEARNING OBJECTIVES

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

- build up some idea regarding the concept and phases of Technological Change
- gather understanding about the impact of technological change in the world and especially, in India
- learn about the growth of IT and IT enabled Service Sector in India
- get an idea about some major players in the IT sector in India.

14.2 INTRODUCTION

Technology has brought the world closer and has gone a long way in improving working processes, conditions and relations. It has brought about speed at a lesser risk of trial and error by ensuring a ready-to-use flow of information regarding all determinants of the work and its environment. Apart from playing a supporting role in many sectors by helping in R and D, Public Relations Recording and Reporting, Accounting and Finance, Payment, HR and marketing, etc – IT has also established itself as an individual distinctive sector in the course of time. And this sector is

only found to grow faster and faster with each passing day. The entry and growth of this sector is of much prominence even in India. This unit discusses the impact of technological change and moves on to highlight the growth of IT and IT Enabled Service Sector in the country.

14.3 TECHNOLOGICAL CHANGE – CONCEPT AND IMPORTANCE

Technological change is an increase in the efficiency of a product or process that results in an increase in output, without an increase in input.

Technological change means the technical knowledge used in the production of capital and machinery. Technological progress comprises of creation of skill, new means of production, new uses of raw materials and the widespread use of machinery.

The various changes in technology leads to an increase in the productivity of labour, capital and other production factors. Prof. Frankel assumes that the, "Technological change is not a mere improvement in the technical know-how. It means much more than this. It should be preceded by sociological change also, a willingness and desire on the part of community to modify their social, political and administrative institutions so as to make them fit with new techniques of production and faster tempo of economic activity." In the words of J. P. Dewhurts, " technology can be thought of as the change in the production process of material and human skills".

The process of growth of technical knowledge, which brings about technological change, can be divided into the following stages:

(a) Formulation of scientific principles

(b) Application of these principles to give technical problems

(c) Development of technical inventions to the point of commercial exploitation.

In the first stage, there takes place an advancement in scientific knowledge; in the second, application of this knowledge to some useful

purposes happens; and in the third, there takes place commercialization of invention which is called innovation. This phase has a great significance in the process of development – economic, commercial, social and technological. Schumpeter has distinguished between invention and innovation. As explained by him, invention implies the discovery of a new technique while innovation is practical application of invention in production for the market.Inventions are carried on by the inventors with large capital investments at every stage as it needs not only a scientific attitude but an attitude of the community and an entrepreneurial skill of high order with the ability to understand the possibilities of employing scientific incentives for commercial purposes. This makes invention a scientific fact while innovation an economic fact.

Therefore, commercialization may be said to originate from scientific advancement.

Importance and need

Technological backwardness is one of the primary causes of poverty in underdeveloped countries. It has been observed that a specific level of technological advancement is the necessary pre-condition for rapid growth.

While slow technological growth leads to poverty, poverty retards technological growth – it is a vicious circle. It is due to this reason that the task of technological change in underdeveloped countries is difficult. Moreover, the social set up in backward pre-industrial economies is not conducive to technological improvements on any significant scale.

As such, it becomes necessary either to explore new technology or import technology from industrially advanced countries to promote the economic growth. In this regard, the U.N. experts observed that, “unless special effort is made, the process of technological development in the UDC’s will be relatively slow and the gap in technology will continue to grow wider as the cumulative scientific progress of developed countries accelerates.”



CHECK YOUR PROGRESS

Q 1: Describe Technological Change.

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Q 2: Phase out the process of growth of technological change.

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14.4 IT AND IT ENABLED SERVICE SECTORS IN INDIA

IT enabled Services (ITES), also called web enabled services or remote services or Tele-working, covers the entire gamut of operations which exploit information technology for improving efficiency of an organization. This sector has not only changed the way the world looks at India but has also made significant contributions to the Indian economy. Information Technology (IT) is one of the world's fastest growing economic activities, also the fastest growing in India, which envisages easier flow of information at various levels in the desired pattern.

ITES provide a wide range of career options that include opportunities in call Centre, medical transcription, medical billing and coding, back office operations, revenue claims processing, legal databases, content development, payrolls, logistics management, GIS (Geographical Information System), HR services, web services etc.

According to a research report published by National Association of Software and Service Companies (NASSCOM), 'IT-BPO Sector in India: Strategic Review 2010,' the IT-BPO industry is estimated to aggregate revenues of US$ 73.1 billion in FY2010, with the IT software and services industry accounting for US$ 63.7 billion of revenues.

IT services is expected to grow by 2.4 per cent in 2010, and 4.2 per cent in 2011 as companies coming out of recession harness the need for information technology to create competitive advantage.

India's forte in the Information Technology domain include the following:

- Programming
- Project Management
- Program Management
- EAI/BPM
- Data Mining / Analytics
- Business Development /Analysis
- CRM
- Systems Administration
- Network / Infrastructure
- R&D

The Indian IT - BPO sector including the domestic and exports segments continue to gain strength, experiencing high levels of activity both onshore as well as offshore. The companies continue to move up the value-chain to offer higher end research and analytics services to their clients. NASSCOM predicts that the Indian IT-BPO revenues may touch US$ 225 billion by 2020.

So far as the country's Forte in ITES Sector is concerned, the following are included in the list:

- Voice
- Non Voice
- Technical support

14.5 INDUSTRIES IN IT SECTOR IN INDIA

According to an article in the Times of India, India's liberalization was possible due to its IT industry. Information Technology & Information Technology Enabled Services (IT-ITES) sector is a field which is undergoing rapid evolution and is changing the shape of Indian business standards. In the 1990s, the industry started off with an export of nearly $100 million with around 5,000 employees. Now it is an industry that thrives globally and India's IT exports are now around $70 billion with 2.8 million employees working in this sector. This sector includes software development,

consultancies, software management, online services and business process outsourcing (BPO). IT sector is positioned as one of the top two industries in the country today.

Expectations are that India's IT industry would experience a growth rate of 12 - 14% during 2016 - 2017 as per a report by India's software industry body National Association of Software and Services Companies (NASSCOM.) In another NASSCOM-McKinsey report, India's position in the global offshore IT industry has been projected as based on five factors - abundant talent, creation of urban infrastructure, operational excellence, conducive business environment and finally, continued growth in the domestic IT sector.This clearly shows that information technology is a sector which will likely be one of the emerging markets in the days to come as India's economy requires more hardware, software and other IT services.

Factors like the global market and sustenance of its rate of growth influence this sector to a large extent. The recession in the United States also impacted the IT community in India negatively. Some challenges which the industry is facing are inadequate infrastructure, tax issues and limited preferential access for local firms. China and Taiwan are examples of low cost destinations, and India needs to change its current tax structure so that it can outdo competition from other countries.Inspite of this segment being promising and having vast potential, there are also concerns regarding the demand-supply gap, which is widening.

The Indian IT industry generates huge employment opportunities in the country, which acts a boon to the seriously negative education-employment ratio evidenced since some time now. The IT sector also brings in benefits to the country's export and Foreign Direct Investments (FDI). India is now a major destination for IT outsourcing. New markets have opened up in the Middle East, Africa, Eastern Europe, and South and South East Asia. There is no dearth of IT job opportunities in India as of now. In fact,India is expected to overtake even the US in respect of havingthe most number of software developers by 2018 (52 lakh developers in India against America's 42 lakhs.)

Cities like Bengaluru, Delhi, Noida, Gurgaon, Hyderabad, Chennai,

Bombay and Cochin are some of the places which have developed into potential IT hubs of the country, thanks to the presence of some of the top IT companies. The top IT companies in India that offer job opportunities in this field are *Tata Consultancy Services (TCS), Wipro Technologies, Cognizant, Yahoo!, Google, Tech Mahindra, Infosys Technologies, HP ,Capgemini, iGATE Patni, Accenture, L&T, EY, Convergys, MphasiS, Genpact, HCL Technologies* and *Godrej Infotech*. These are now key players which contribute to the growth of the Indian economy through telecommunication, software development, design, mobile commerce, e-commerce, BPO and knowledge process outsourcing (KPO).

The IT industry is one which is not limited to software development alone. Technology can be applied in libraries, hospitals, banks, shops, prisons, hotels, airports, train stations and many other places through database management systems, or through custom-made software as seen fit.Credit goes to the IT sector that today almost everything can be done online from shopping, ticketing, filing Income Tax returns, etc to training, learning, counseling, organizing meetings, and what not.

The contributions being made by the IT industry towards the country's GDP has led to a steady growth of the Indian economy. India's IT industry is regarded as a hub of innovators providing world class technology solutions across the globe. Various international organizations have set up their offices here in India like Google, Accenture etc. It has helped in changing Indian economy from anagricultural based economy to a knowledge driven economy.

This sector has even helped the domestic economy to integrate with the world economy. It has given birth to e-governance practices, as a result of which people get an easy access via e-health, e-education, e-ticketing etc. to the various governmental services.

Key drivers of growth in the IT sector

- Low cost of operation and tax advantages
- Supportive government policies
- Availability of technically skilled manpower
- Rapid introduction of IT technologies in major sectors such as telecom,

BFSI.

- Strong growth in export demand
- use of new technologies like cloud computing
- Government established SEZs



CHECK YOUR PROGRESS

Q 3: Which are the categories or branches of India's presence in the ITES Sector?

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.....



14.6 LET US SUM UP

- Technological change means the technical knowledge used in the production of capital and machinery. The various changes in technology leads to an increase in the productivity of labour, capital and other production factors. Technological progress comprises of creation of skill, new means of production, new uses of raw materials and the widespread use of machinery.
- The process of growth of technical knowledge can be divided into following stages:
  - Ø Formulation of scientific principles
  - Ø Application of these principles to give technical problems
  - Ø Development of technical inventions to the point of commercial exploitation.
- The IT Industry is the fastest growing segment of the Indian economy. According to a research report published by National Association of Software and Service Companies (NASSCOM), 'IT-BPO Sector in India: Strategic Review 2010,' the IT-BPO industry is estimated to aggregate revenues of US$ 73.1 billion in FY2010, with the IT software and services industry accounting for US$ 63.7 billion of revenues.

- One of the biggest factor that has helped India to make its mark on the world map is its booming IT industrial sector. The contributions being made by the IT industry towards the country's GDP has led to a steady growth of the Indian economy. India's IT industry is regarded as a hub of innovators providing world class technology solutions across the globe. Various international organizations have set up their offices here in India like Google, Accenture etc. It has helped in changing Indian economy from a agricultural based economy to a knowledge driven economy.



14.7 FURTHER READING

1) Baldry Christopher(1988), *Computers, Jobs, and Skills: The Industrial Relations of Technological Change (Approaches to Information Technology),* Springer; Softcover reprint of the original 1st ed. 1988 edition.

2) Ross Alec (2016), T*he Industries of the Future*, Simon & Schuster, US, 2016.



14.8 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: A technological change is an increase in the efficiency of a product or process that results in an increase in output, without an increase in input. In other words, someone invents or improves a product or process, which is then used to get a bigger reward for the same amount of work.Technological change means the technical knowledge used in the production of capital and machinery.

Ans to Q No 2: The process of growth of technical knowledge can be divided into following stages:

(a) Formulation of scientific principles

(b) Application of these principles to give technical problems

(c) Development of technical inventions to the point of commercial exploitation.

Ans to Q No 3: India's forte in ITES Sector is :

- Voice
- Non Voice
- Technical support



14.9 MODEL QUESTIONS

Q 1: Create understanding about the concept and process of Technological Change.

Q 2: Not only is change in technology inevitable but also much needed. Justify.

Q 3: Give an account of the growth and prospects of the IT and ITES Sector in India.

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UNIT 15 : INDIA AND ILO

UNIT STRUCTURE

15.1 Learning Objectives

15.2 Introduction

15.3 Objectives and Structure of ILO

15.4 Impact of ILO

15.5 Ratification of ILO Standards

15.6 ILO Recommendation

15.7 Let Us Sum Up

15.8 Further Reading

15.9 Answers To Check Your Progress

15.10 Model Questions

15.1 LEARNING OBJECTIVES

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

- learn about the objectives and structure of functioning of the ILO
- discuss the importance of ILO standards and recommendations in so far labour issues, across the globe, are concerned
- realise the benefits of becoming a member nation of the ILO structure.

15.2 INTRODUCTION

Labour mobility across the nations has been in practice for long times. In course of time, this has led to international labour problems for various reasons and also underlined the need for understanding the problems of international labour. In 1919, the ILO came into existence as a solution to this problem.

The ILO was born as a result of the peace conference at the end of World War I at Versailles on April 19, 1919. Being an original signatory of the treaty of peace, India became member of ILO in 1919. In fact, ILO is the only international organisation that survived the Second World War

even after dissolution of its parent body 'the League of Nations'. Its main concern is to make the world know that world peace is subject to be affected by unjust conditions of its labour. Thus, ILO deals with international labour problems.

15.3 OBJECTIVES AND STRUCTURE OF ILO

The main objectives of ILO as contained in the preamble to its constitution are to:

1. Provide social justice to workers.
2. Avoid injustice, depravation and exploitation of labour.
3. Build up human working conditions to the labour

In the 26th session of the International Labour Conference held at Philadelphia in April in 1944 during the Second World War, the principles of ILO were affirmed as follows:

1. Labour is not a commodity.
2. Freedom of expression and of association is essential to sustained growth.
3. Poverty anywhere constitutes a danger to prosperity everywhere.
4. War against want requires to be carried out by joint efforts by government, management and workers together on equal status and with democratic traditions.

The objectives of the ILO were redefined at the Philadelphia conference in 1944. This was termed as "Declaration of Philadelphia. The following 10 objectives were enunciated at the above Philadelphia Conference":

1. Full employment and the raising of standards of living.
2. Employ workers on jobs for which they have adequate skill and satisfaction to work.
3. Provide training and development facilities to achieve the above objective.
4. Provide due share of profit as compensation to ensure a minimum level of living standard to all employed and protection as and when needed.

5. Accept collective bargaining as a right of workers and a means of improving productivity between employees and management.
6. Extend social security measures to provide a basic income to all in need and also medical cover.
7. Protect the life and health of workers in all occupations.
8. Provision for child welfare and maternity protection.
9. Provide adequate nutrition, housing and facilities for recreation and culture.
10. Provision for quality education and vocational opportunity.

Structure

The International Labour Organization (ILO) is the only tripartite UN agency with government, employer and worker representatives. This tripartite structure makes the ILO a unique forum in which the governments and the social partners of the economy of its 187 member States can freely and openly debate and elaborate labour standards and policies. The components of the ILO structure are as follows:

The International Labour Office is the permanent secretariat of the International Labour Organization - its operational headquarters. Administration and management are decentralized in regional, area and branch offices in more than 40 countries under the leadership of a Director-General.

A Director-General is elected every five years by the Governing Body. Subject to the instructions of the Governing Body, the Director-General is responsible for the efficient conduct of the International Labour Office and other duties as may be assigned.

The Administrative Tribunal examines employment-related complaints by officials of the International Labour Office and of the other international organizations that have recognized its jurisdiction. It is currently open to approximately 46,000 international civil servants who are serving or former officials of some 60 organizations.

The ILO is universally regarded as an authoritative source of knowledge on the world of work. The Organization has established institutes and centres that provide specialized research, training and support for the ILO's offices and constituents.



CHECK YOUR PROGRESS

Q 1: When did ILO come into existence?

.....

.....

Q 2: State the objectives of ILO as contained in its Constitution.

.....

.....

15.4 IMPACT OF ILO

The ILO's impact on IR can be broadly looked at from two dimensions in India– it exhibits its influence upon labour policy and labour legislation, and trade union movement in the country. Like other progressive countries, in India also Labour Code and Labour Policy are evolved based on the conventions and recommendations of the ILO.Both ILO and conventions and recommendations adopted by it appear to have given their impetus to the development of labour legislations in India especially after 1947 when the Indian National Government assumed office at the Centre.

However, looking back, it has been observed that many of the labour laws passed in India since 1920 have derived their motive force from discussions at the Geneva Conferences of the ILO. India has been one of the founder members of the ILO. It has been taking very active part in its deliberations. The Committee on Conventions set up in 1954 studies all the conventions and recommendations and makes recommendations for their ratifications. The Government of India has ratified the various provisions of its labour legislations in accordance to the ILO ratifications from time to time.

Modern trade Union Movement in the country may be said to have begun after World War I and therefore, it can be said that the beginning of the Trade Union Movement of India coincided with the establishment of the ILO. The AITUC owes its immediate origin to ILO. Thus, ILO has a strong bearing on the Indian Trade Unionism in quite a number of ways.

Indian worker representatives have been attending international labour conferences and ILO sessions since the emergence of early federations of trade unions in India. This has helped in the creation of a sense of solidarity among the workers by removing the feeling of isolation among them and also by awakening the consciousness among them of their rights and privileges.

Further, the close interaction of the Indian (worker) delegates with their counterparts from other countries at the annual international labour conferences strengthened international solidarity and social justice among the workers across the countries.

The information disseminated by the ILO on various aspects of labour problems to the workers and their unions also helped workers unite for the solution of their problems. Thus, the influence of the ILO on Trade Union/ Labour Union Movement in India has been quite perceptible and significant.

15.5 RATIFICATION OF ILO STANDARDS

Being a founding member of ILO, India has deep respect for international labour laws and standards. India follows in principle and true spirit the four pillars of decent work agenda of ILO i.e. fundamental principles of rights at work, employment, social protection and social dialogue.

ILO Conventions are international labour instruments or treaties, which on ratification create legally binding obligations upon the member States. As on July 2015, ILO has adopted 189 conventions and 204 recommendations. Out of 189 ILO Conventions, **India has so far ratified 43 ILO Conventions a**nd 1 protocol which includes four core or fundamental human rights Conventions like Forced Labour Convention **(C-29),** Equal remuneration Convention **(C-100),** Abolition of Forced labour Convention **(C-105)** and Discrimination (Employment & Occupation) Convention **(C-111)** and three priority/governance conventions such as Labour Inspection Convention (No.81), Employment and Social Policy Convention (No.122) and Tripartite Consultations (International Labour Standards) (No.144). During 104th session of ILC, India supported the adoption of

recommendation (R-204) on "Transition from Informal to Formal Economy" by ILO.

Ratification Procedures and India's Approach to Ratification: After adoption of an ILO instrument in International Labour Conference, the member country has to place it before the competent authority for information as required under article 19 of ILO Constitution. This is followed by a detailed examination of the possibility and feasibility of ratifying an ILO convention in the context of the country's existing legal framework is undertaken through consultation with concerned ministries and other stakeholders. On obtaining Concurrence on the ratification issue, a Cabinet Note on the Convention in question is prepared by Ministry of Labour and Employment (MoLE). Once the cabinet note is approved, a statement is placed before the parliament and the same is communicated to ILO for information. As an ILO Convention is ratified, India is obliged to provide periodic report regarding the application of the conventions under Article 22 of ILO Constitution. A ratifying country voluntarily undertakes to apply their provisions, to adapt national laws and practices to their requirements. After ratification of an ILO Convention it becomes legally binding. A ratifying country is subject to international supervisory procedures. The unratified Conventions of the ILO are also reviewed at appropriate intervals in relation to our National laws and practices.

Thus, ratification of an ILO Convention is a voluntary process. India follows an elaborate process for ratification and ratifies an ILO Convention only when the national laws and practices conform with the provisions of the Convention concerned.

India's approach in respect of International Labour Standards has always been positive. The ILO instruments have provided guidelines and useful framework for the evolution of legislative and administrative measures for the protection and advancement of the interest of labour. India very well realizes that ratification of an ILO convention imposes legally binding obligations on the country concerned and, therefore, India has been careful in ratifying Conventions. It has always been the practice that India ratifies a Convention when there is full satisfaction that domestic

laws and practices are in conformity with the relevant ILO Convention. It may be noteworthy to mention herein that India has identified Ratification of Core Conventions as a key priority area in the **Decent Work Country Programm**e of ILO for 2013-2017.

The Government of India is committed to the ethos and culture of tripartism. There is effective social dialogue at every stage of policy formulation and implementation through representation of employers and workers of organizations in Advisory Committees on all labour related areas. To serve the purpose, various supporting forums have been established such as the Standing Labour Committee, Indian Labour Conference, Industrial Tripartite Committee and National Labour Commission to discuss issues related to labour in India.

15.6 ILO RECOMMENDATION

- International labour standards are central to the activities of the International Labour Organization. Over the years, the governments of member States and theiremployers' and workers' organizations have built up a system of international standards in all work-related matters, such as the abolition of forced labour, freedom of association, equality of treatment and opportunity, employment promotion and vocational training, social security, conditions of work, maternity protection, minimum age for entering the labour market, and protection of migrants and categories of workers such as seafarers.
- In June of each year, after considerable preparatory work, representatives of governments, and employers' and workers' organizations of all member countries meet in the International Labour Conference in Geneva, to adopt or revise those standards which will become international labour Conventions or Recommendations. These international instruments deal with people and their work. The Conventions are binding for countries which ratify them.
- These standards are subject to constant supervision by the ILO. Each member country agrees to present periodically to the International Labour Office a report on the measures taken to apply, in law and in

practice, the Conventions which it has ratified. The government reports are examined by the Committee of Experts on the Application of Conventions and Recommendations, composed of some twenty independent, eminent figures in either the legal or social field and who are also specialists in labour matters. The Committee submits an annual report to the International Labour Conference, which is closely examined by a tripartite committee composed of government, employer and worker members.

- In parallel with this mechanism of regular supervision, procedures written into the ILO Constitution also contribute to observing the system of international labour standards. Employers' and workers' organizations can lodge representations with the International Labour Office on a member State's non-compliance with a Convention it has ratified. If the representation is judged receivable by the ILO Governing Body, it appoints a tripartite committee to examine the issue. This committee submits a report containing its conclusions and recommendations to the Governing Body.
- Moreover, any member country can lodge a complaint with the International Labour Office against another member country which, in its opinion, has not ensured in a satisfactory manner the implementation of a Convention which both of them have ratified. The Governing Body has the option to establish a Commission of Inquiry to examine the issue and present a report on the subject. This process may also be set in motion by the Governing Body itself or on complaint of a delegate to the Conference.
- The Commission of Inquiry formulates recommendations on measures to be taken, if necessary. The governments concerned then have three months to accept these recommendations. If they do not, they may submit the case to the International Court of Justice.
- If a member State does not comply with the recommendations of the Commission of Inquiry or with the decision of the International Court of Justice, within the stipulated time, the Governing Body may "recommend to the Conference such action as it may deem wise and

expedient to secure compliance therewith".

- The supervisory system of the ILO also includes a standing tripartite committee of the Governing Body responsible for examining complaints concerning freedom of association and the right to organize, rights which have a central place in the ILO Constitution. Since its creation in 1951, this committee has examined over 1,800 cases concerning both employers' and workers' organizations in countries all around the world.
- The supervisory mechanisms concerning the application of standards are extremely important. They ensure that the principles, once enunciated, are actually put into effect. In many cases, the regular supervisory procedure, based on the periodic examination of reports by the Committee of Experts and the Conference Committee, has proved to be effective.
- Measures taken at the national level to put the Conventions into force are a crucial factor. International labour standards play an important role in the elaboration of national legislation, even in those countries which have not ratified a given Convention. Governments of member countries often refer to the ILO Conventions in questions concerning the adoption of labour laws or modifying existing legislation. The provisions of the standards are used as a basis for establishing national laws. International Labour Conventions thus have an impact which goes well beyond the legal obligations which they engender.
- The Recommendations are not subject to ratification. They therefore do not carry the legal requirements of Conventions. They are often adopted at the same time as Conventions dealing with the same subject, which they complement in more detail. Recommendations are aimed at member countries and their goal is to stimulate and guide national programmes in given areas. They have also left their mark on law and practice in countries around the world.
- The standard-setting function is the strength of the International Labour Organization. It draws its uniqueness from the constant search for a consensus between public authorities and the principal interested

parties, namely employers and workers. The entire process of international labour standards, from their elaboration to the supervision of their application and their promotion is motivated by tripartism, which is a peaceful means of conducting work relations involving the full participation of employers and workers in the decisions which affect them. Governments and employers' and workers' organizations are thus partners in the framework of this unique international organization, the ILO, whose objective is to improve the lot of all people in their work. Standards are the principal means which it puts at their disposal for bringing this about.



15.7 LET US SUM UP

- The main objectives of ILO contained in the preamble to its constitution are to:
  - Ø Provide social justice to workers.
  - Ø Avoid injustice, depravation and exploitation of labour.
  - Ø Build up human working conditions to the labour
- Ratification of an ILO Convention is a voluntary process. India follows an elaborate process for ratification. India ratifies an ILO Convention only when the national laws and practices conform with the provisions of the Convention concerned.
- Government of India is committed to the ethos and culture of tripartism. There is effective social dialogue at every stage of policy formulation and implementation through representation of employers and workers organizations in Advisory Committees on all labour related areas.



15.8 FURTHER READING

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

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15.9 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: The ILO was born as a result of the peace conference at the end of World War I at Versailles on April 19, 1919.

Ans to Q No 2: The main objectives of ILO contained in the preamble to its constitution are to:

- Provide social justice to workers.
- Avoid injustice, depravation and exploitation of labour.
- Build up human working conditions to the labour.



15.10 MODEL QUESTIONS

Q 1: Elaborately explain the objectives and structure of the ILO.

Q 2: Discuss the role of each structural component of the ILO.

Q 3: Briefly project the ratification procedure of the ILO and India's approach to such ratification.

Q 4: Present a brief list of some of the major recommendations of the ILO.

*** ***** ***



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1. Approximately how many hours did you spend for studying the units in the course? | | | |
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II.	The units of the SLM could satisfy my academic needs and expectations					
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