

## INTRODUCTION OF INDUSTRIAL RELATIONS

### UNIT-I

#### **Industrial Relations:**

Industrial relations is that aspect of management which deals with the manpower of the establishment whether operators, skilled workers or managerial staff. Cordial and peaceful Industrial relations between the employer and employee are necessary for improving the productivity and thus the economic growth of the country.

“Industrial relations includes securing effective and willing cooperation from employees and reducing conflict between employers and workers and their representatives, the trade unions.”

**Dale Yoder defines** Industrial Relations as, “Relationship between managements and employers or among employees and their organizations that characterise or grow out of employment.”

As per **Tead& Metcalf**, “Industrial relationship is the composite result of the attitude and approaches of employers and employees towards each other with regard to the planning supervision, direction and coordination of the activities of an organization with a minimum of human effort and friction with an animating spirit of cooperation and with proper regard for genuine well-being of all the members of the organization.

#### **Industrial relations today encompass the following within its scope:**

- (a) Industrial unrest,
- (b) Industrial discipline,
- (c) Trade unionism,
- (d) Workers’ participation in management, and
- (e) Employees’ motivation.

Industrial relations form the core of industrial management. It aims at maintaining and developing employee motivation as well as employee morale. Through motivation only a worker can be made to work willingly.

The morale of the worker should be boosted up and this can be done by ensuring personal contentment and social satisfaction. The needs of workers must be carefully analysed because it is on the satisfaction of their personal needs that industrial relations can be improved.

The employees' needs have been classified into four categories: physical needs, security needs, social needs and self-expression needs. Physical needs can be fulfilled by financial rewards; they are economic and, to fulfil them, non-economic approaches are appropriate.

Morale and motivation should be used as tools to fulfil the needs of worker. Morale is concerned with personal contentment. When needs are met, the satisfaction that is derived, gives immense pleasure and contentment and thus better and higher work-morale is created amongst workers. But good morale is not a good motivator of behaviour.

Where wants are satisfied and morale is created, workers do not feel the urge to work more and productivity suffers. So, it is not good morale but motivation that increases productivity. Unsatisfied needs provide motivation.

However, it can be said that for better industrial relations through various devices, both morale and motivation should be encouraged. The onus of improving morale and motivation is primarily on the employer since management is the dominant party. All the devices and tools at the disposal of the management should be adopted and used to improve industrial relations to fulfil the aims and objectives of the organisation as a whole.

### **Objectives of Industrial Relations:**

- (i) To create healthy relations between employees and employers.
- (ii) To minimize industrial disputes.
- (iii) To generate harmonious relations among all concerned with production process.
- (iv) To improve the productivity of workers.
- (v) To provide workers their appropriate position by considering them partners and associating them with management process.
- (vi) To provide the workers their due profit share, improve their working conditions and thereby eliminating the chances of strikes and lockout etc.

### **Participants in Industrial Relations:**

The main participants in industrial relations are:

Employers.

Employees/workers.

Government.

#### **1 Employees:**

Among the participants to IR, employees are considered as the most affected one by the IR system prevalent in an organisation. Employees with their various characteristics such as their commitment to the work and the organisation, their educational and social background, their attitudes towards the management and so on affect and are affected by the system of IR.

Generally, employees perceive IR as a means to improve their conditions of employment, voice against any grievances, exchange views and ideas with management and participate in organisational decision making processes.

Employees participate in the IR system through their associations, or say, trade unions. Past evidences indicate that trade unions play a crucial role in making an IR system as effective or otherwise. Trade unions with their strong political and emotional overtones are looked upon as a tool to wrest concessions from employers.

With regard to their role in relation to IR, they work to achieve the following objectives:

1. To redress the bargaining advantage on one-on-one basis, i.e., individual worker vis-a-vis individual employer by way of joint or collective actions.
2. To secure better terms and conditions of employment for their members.
3. To obtain improved status for the worker in his/her work.
4. To increase democratic mode of decision making at various levels

However, various factors such as union membership, its attitude towards management, interunion rivalry and the strengths at the national or local level determine the role of trade unions in influencing the system of IR in an organisation.

### **2. Employer:**

Employer is the second party to IR. In the corporate organisation, employer is represented by the management. Hence, management becomes responsible to various stakeholders in an organisation including employees.

According to Cole, management has to see IR in terms of the following employee-employer relationship:

1. Creating and sustaining employee motivation.
2. Ensuring commitment from employees.
3. Achieving higher levels of efficiency.
4. Negotiating terms and conditions of employment with the representatives of employees.
5. Sharing decision making with employees.

Like employees' associations, employers also form their associations at the local, industry and national levels. Examples of employers' associations at all India level are Associated Chambers of Commerce's and Industry (ASSOCHAM), Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce and Industry (FICCI), etc.

The major objectives of the employers' associations in relation to IR are to:

1. Represent employers in collective bargaining at the national or industry level.

2. Develop machinery for avoiding disputes.
3. Provide feedback on employee relations.
4. Advise member organisations on the issues relating to IR.

### **3. Government:**

The role of government in the matter of industrial relations has been changing along with changes in industrial environment and management perspective. For example, till century, the governments everywhere in the world adopted a policy of laissez faire.

The IR matters were left to be settled by the employees and employers. But, towards the end of the 19 century, the attitude of the government in the changed conditions of conflicts between employees and employers, changed to some kind of intervention in the matter of IR.

In due course of realization, government intervention became a reality. As of day, government intervention has become widespread in HR matters. In India, government tries to regulate the relationship of employees and employers, and also keeps an eye on both groups to keep each in line. This relationship is enforced and maintained through labour courts, industrial tribunals, wage boards, investigating and enquiry committees, etc.

### **Good industrial relations are the result of:**

Healthy labour and management relations.

Industrial peace and settlement of all disputes in such a way that there are no labour problems like strikes or lockouts.

By labour participation in management

### **Importance of Industrial Relation for Employees and Employers**

Industrial relations usually imply good and positive relations between the employees and employers. The good IR help run an industry effectively and successfully, i.e., the desideratum of the day. The importance of IR can be imbued with multiplicity of justifications. To mention, good IR help:

#### **Foster Industrial Peace:**

Under the mechanism of IR, both employees and managers discuss the matter and consult each other before initiating any actions. Doubts, if any, in the minds of either party are removed. Thus, unilateral actions that prop confusion and misunderstanding disappear from the scene. In this way, IR helps create a peaceful environment in the organisation. Peace, in turn, breeds prosperity.

#### **2. Promote Industrial Democracy:**

Industrial democracy means the government mandated worker participation at various levels of the organisation with regard to decisions that affect workers. It is mainly the joint consultations, that pave the way for industrial democracy and cement relationship between workers and management. This benefits the both. The motivated workers give their best and maximum to the organisation, on

the one hand, and share their share of the fruits of organisational progress jointly with management, on the other.

### **3. Benefit to Workers:**

IR benefits workers in several ways. For example, it protects workers against unethical practices on the part of management to exploit workers by putting them under inhuman working conditions and niggardly wages. It also provides a procedure to resolve workers' grievances relating to work.

### **4. Benefit to Management:**

IR protects the rights of managers too. As and when workers create the problem of indiscipline, IR provides managers with a system to handle with employee indiscipline in the organisation.

### **5. Improve Productivity:**

Experiences indicate that good industrial relations serve as the key for increased productivity in industrial organisations. Eicher Tractors, Alwar represents one such case. In this plant, productivity went up from 32 per cent to 38 per cent between 1994 and 1997. This increase is attributed to the peaceful IR in the plant.

## **TRADE UNIONS**

Trade union, also called labour union, association of workers in a particular trade, industry, or company created for the purpose of securing improvements in pay, benefits, working conditions, or social and political status through [collective bargaining](#).

### **DEFINITION:**

Dale Yoder- "A trade union as a continuing long term association of employees, formed and maintained for the specific purpose of advancing and protecting the interest of the members in their working relationship."

S.D. Punekar- "A trade union is a continuous association of persons in the industry-whether employer or independent workers-formed primarily for the purpose of the pursuit of the interests of its members of the trade they represent."

### **Objectives of Trade Union:**

Trade union is a voluntary organization of workers relating to a specific trade, industry or a company and formed to help and protect their interests and welfare by collective action. Trade union are the most suitable organisations for balancing and improving the relations between the employees and the employer. They are formed not only to cater to the workers' demand, but also for imparting discipline and inculcating in them the sense of responsibility.

**They aim to:-**

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

### **Trade Union Organizations in India:**

All India Trade Union Congress (AITUC)

BharatiyaMazdoorSangh (BMS)

Centre of Indian Trade Unions (CITU)

Hind MazdoorKisanPanchayat (HMKP)

Hind MazdoorSabha (HMS)

Indian Federation of Free Trade Unions (IFFTU)

Indian National Trade Union Congress (INTUC)

National Front of Indian Trade Unions (NFITU)

National Labor Organization (NLO)

Trade Unions Co-ordination Centre (TUCC)

National Mazdoor Union (NMU)

### **STRUCTURE OF TRADE UNIONS**

The structure of trade unions in India varies from organization to organization. It can be classified into four types as under:

#### **1. Craft Unions:**

If the workers of the same craft or category of the job form into a union, that union is called 'craft union'. These unions are called as – 'horizontal unions'. The basic logic behind the formation of such unions is that the workers belonging to the same craft do face similar problems-mostly non-managerial personnel form such unions.

Examples of such unions are Drivers' Associations, Signaling Staff Union in Indian Railways, etc.

### **2. General Unions:**

If the workers of any industry, any region and of any job or occupation form into one union in order to protect the overall interests of the workers, such unions are called general unions.

### **3. Industrial Unions:**

If the workers of different categories form into a union, that union is called industrial union. These unions are also called "vertical" unions. The logic behind the formation of these unions is that workers of the same industry have the common bond and they are governed by same rules and regulations, and are administered by same management.

Moreover, the problems of all the same industry are more or less common. The importance of these unions has been increasing in recent times.

### **4. Federation and Confederation:**

Industrial unions, either of same industry or of the different industry may form into an association in order to improve trade union unity/strength. Such unions of unions are called Federations. During the critical situations, unions/federations in different industries may resort to concerted action without losing their individuality.

In such situations, the federations form into an Association and such an association is called confederation. For example, Federation of Indian Railways, P&T, Central Government Employees may form into a confederation.

### **Benefits of Trade Union:**

Workers join trade union because of a number of reasons as given below:

1. Union provides workers an opportunity to achieve his objectives .
2. Union protects the economic interest of the workers and ensures a reasonable wage rates and wage plans for them.
3. Union helps the workers in getting certain amenities for them in addition to higher wages.
4. Union also provides in certain cases cash assistance at the time of sickness or some other emergencies.
5. Union organize negotiation between workers and management and are instruments for settlement of disputes.
6. Trade union is also beneficial to employer as it organizes the workers under one banner and encourages them follow to peaceful means for getting their demands accepted.
7. Trade union imparts self-confidence to the workers and they feel that they are an important part of the organization.

8. It provides for promotion and training and also helps the workers to go to higher positions.
9. It ensures stable employment for the workers and opposes the motive of management to replace the workers by automatic machines.
10. Workers get an opportunity to take part in the management and oppose any decision which adversely affects them.

### INDUSTRIAL DISPUTE

An industrial dispute is defined as a conflict or a difference in opinion between management and workers regarding employment. It is a disagreement between an employer and employees representative i.e. trade union. The issue of disagreement is usually pay or other working conditions.

According to Section 2(k) of the Industrial Disputes Act, 1947 “industrial dispute” is defined as, “Any disputes or differences between employers and employers, or between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour, of any person”.

### CHARACTERISTICS OR ESSENTIALS OF INDUSTRIAL DISPUTE:

Industrial Disputes have the following characteristics or essentials:

#### Parties:

Industrial disputes may be among different parties.

- (i) Employers and employers,
- (ii) Employers and workmen and
- (iii) Workmen and Workmen.

#### Relation:

Matter of dispute may relate to worker or to employer or to both. Normally, it relates to an appointment or termination of a person; conditions of employment or conditions of work.

#### (3) Forms:

Industrial disputes may manifest themselves in different forms, such as strikes, lock-outs, Gheraos, go slow tactics, pens down strike, etc.

#### (4) Oral or Written:

Industrial dispute need not be written. It may be oral.

#### (5) Real:

It should be real. It should relate to employment of the worker, termination of employment, terms of employment, conditions of employment, etc. Matters relating to the personal life of the worker do not constitute industrial dispute.



### **(6) Substantial Interest:**

In matter relating to industrial dispute interest either of the employer or the worker must be involved.

It should be real

### **(7) Related to Industry:**

A dispute can be included in industrial dispute when it concerns with industry. Usually, disputes must belong to an industry which is functioning. Disputes belonging to an industry that has since been closed down should not be included in it.

### **(8) Clarification:**

Industrial disputes should relate to matters which are clear. Unless, it is a transparent case its settlement is not possible. Matters which are clear find settlement easily. Concerned party can protect its interest when the issue is crystal clear.

### **(9) Origin:**

Ordinarily, dispute arises when the workers or trade unions put up their demands before the employer and the latter refuses to consider them.

## **RESOLUTION OF INDUSTRIAL DISPUTE**

### **Mechanism of Settlement disputes under the Industrial Dispute Act**

Certain machinery is existing under the methods of settling industrial disputes which helps in regulating the settlement and handling of the dispute in a just and fair manner for the parties involved in the dispute and thereby ensure or guarantee a normalised situation under which the employer and the employee can exist and work in a friendly manner which is required for the growth of the industry. The common mechanisms for settlement of disputes under the Industrial Dispute Act, 1947 have been explained in detail below.

### **Conciliation and Mediation**

One of the most familiar ways to carry out the settlement of disputes under the Industrial Dispute Act, 1947 is conciliation which is also well-known by the name of mediation. It is not only restricted to India but this method of dispute settlement is used all across the world. Conciliation is the procedure in which there is an involvement of a third party who provides assistance to the parties in dispute to carry out negotiation between them. The two types of machinery that are available for executing the conciliation functions are:

By the conciliation officers who work in the department of labour

The Conciliation Board is a body of several members consisting of a chairman, two to four members as the representatives of the employers and the employees. These members are to be appointed by the government on parties recommendation.

Section 4 of the Industrial Dispute Act, 1947 lays down the function of a conciliation officer which is to create a kindred atmosphere within the industry which will help the parties to settle the disputes between them. This is a function with an administrative nature and not a judicial one.

A conciliation officer is required to hold proceedings, carry out investigations regarding the dispute in a fair manner to help the parties arrive at a settlement. They are appointed to regulate settlement disputes for a specified area either for a temporary time period or permanently. While [Section 11](#) of the Industrial Dispute Act, 1947 lays down the powers vested upon a conciliation officer, [Sections 12](#) and [13](#) are meant for dealing with the duties of the conciliation officer.

After the government agrees that there is a failure in the report, to his satisfaction he can send the matter to the Board of Conciliation or any other adjudicating body to look after the same. If such a step is not preferred, then the government directly communicates the matter to the parties involved in the dispute. The usage of conciliation as a settlement dispute mechanism is indeed effective as have been revealed by the statistical study. The parties while being a part of the conciliation proceeding do not reveal the entire dispute matter with the thought that if the proceedings are not effective enough to settle the dispute then the same can be tried by other legal remedies that are available also. It is when the conciliation officers are not able to handle the disputed matter, the matter gets passed on to the tribunals. This is also cited as a reason for the failure of conciliation.

### **Voluntary arbitration**

Before dealing with the concept of voluntary arbitration as a whole, it is preferred to refer them separately for a better understanding. Arbitration means a procedure which involves a third party in the form of a single arbitrator or a board of arbitrators who are assigned with the duty to resolve the dispute between the parties. Voluntary symbolises self willingness and consent. Therefore voluntary arbitration means that the parties who are involved in the dispute willfully agree to the decision taken by the arbitrator or the board of arbitrators without any outside compulsion.

[Section 10A](#) of the Industrial Dispute Act, 1947 provides the provision for voluntary arbitration which in a real-world is completely carried out by adjudication. Arbitration and adjudication have a very thin line of difference between them. While in the former the judge is decided by the parties involved in the dispute, whereas in the latter the judge is appointed by the State.

### **Adjudication**

It is not that adjudication replaces conciliation totally but rather the matter is if conciliation fails to settle the dispute between the parties in the industry, adjudication takes charge in carrying out the job which the conciliation mechanism was assigned to do. It is just another legal remedy that can be adopted if the necessity arises. The ultimate remedy for resolving an industrial dispute is by adjudication.

Adjudication can also be termed as the compulsory settlement of the industrial dispute in concern by labour courts, industrial tribunals, and national tribunal as provided by the Industrial Dispute Act, 1947. The terms adjudication and arbitration have minute differences if placed in our country.

It is on the government to decide whether to refer to the party or not before proceeding with the adjudication mechanism. If the parties are involved by the government then that type of adjudication will be referred to as voluntary adjudication. Whereas if the government does not feel it to be necessary to involve the parties in the adjudication mechanism then that kind of adjudication will be called compulsory adjudication.

Adjudication of the industrial dispute will take place by a three-tier system which will be inclusive of the following:

**Labour court-** The Industrial Dispute Act, 1947 under Section 7 provides for the constitution of a labour court. The appropriate government in the form of notification in the official gazette can lead to the constitution of a labour court for resolving the disputes in an industry. The labour court consists of one person who is an independent judge or a judge of the High court or the District court. The judge can also be a former judge of the labour court itself with an experience of about 5 years. The matters handled by the labour court are provided in the second schedule of the Industrial Dispute Act, 1947 which consists of:

The legality in the order passed by the employer under the orders that are standing

The implications of the standing orders

Granting of relief that should be available to the workmen in the industry which has been dismissed from them.

Withdrawal of any privilege that a workman is subjected to

All matters other than that coming under the purview of the industrial tribunal.

**Industrial tribunal-** The provision for the industrial tribunal is provided under Section 7A of the Industrial Dispute Act, 1947. One or more industrial tribunals can be set up by the government according to his desire with the courts being provided with wider jurisdiction in comparison with the labour court. It is not to be considered as a permanent body but body set up for temporary purpose for hearing on an ad-hoc basis only. As the courts are having wider jurisdiction, the issues that will be taken into consideration by the courts will also be large in number. Broadly the issues handled by the industrial tribunal have been listed below:

- Wages of the employee which included the mode of payment of wages also
- Bonus and provident funds that are provided
- Working hours of the employees
- Rationalisation
- Leaves that are granted to the employees inclusive of the wages received and the holidays provided to them
- Rules associated with the maintenance of discipline in the industry among the employees.
- Any other matter which may be considered to be heard and discussed necessarily.

**National tribunal-** A national tribunal is formed by the Central Government by an official gazette for adjudication of the industrial disputes that are considered to be of national importance. Two people according to the choice of the government are appointed to the role of an assessor in the national tribunal. If a dispute between two parties of an industry reaches the national tribunal, then both the labour court and the industrial tribunal loses its jurisdiction over the matter.

## **Court of inquiry**

The remedy in the form of a court of inquiry was first provided by [The Trade Disputes Act, 1929](#) and was followed by the Industrial Dispute Act, 1947 also under [Section 6](#). This mechanism of settling disputes has been out of use in the country now. As the government of India could not figure out the benefit from this machinery in industrial dispute cases, the machinery has been eliminated completely by The Trade Unions & Industrial Disputes (Amendment) Bill, 1988 and is no more in use.

## **COLLECTIVE BARGINING**

### **UNIT II**

#### **Workers Participation in management**

**An Introduction**the concept of Workers' Participation in Management (WPM) refers to participation of non-managerial employees in the decision-making process of the organization. Workers' participation is also known as 'labour participation' or 'employee participation' in management

**According to Keith Davis**, Participation refers to the mental and emotional involvement of a person in a group situation which encourages him to contribute to group goals and share the responsibility of achievement. According to Walpole, Participation in Management gives the worker a sense of importance, pride and accomplishment; it gives him the freedom of opportunity for self-expression; a feeling of belongingness with the place of work and a sense of workmanship and creativity.

#### **FEATURES OF PARTICIPATIVE MANAGEMENT:**

- **Ethical Dimensions:** Participatory management has ethical dimensions and based on morals, principles and values. In this form of management, every one is treated equally when it comes to organizational decision making. It is based on employee empowerment, responsibility sharing and delegation of authority.
- **Proper Channel of Communication:** Participative form of management encourages two-way communication. It is not only management that decides what employees need to do but it also encourages employees to participate in decision making and give ideas and suggestions to make organizational processes better and more efficient. They are allowed to share their problems, views, ideas and feedback with their managers.
- **Empowers Employees:** Participative style of management gives employees a chance to participate in management processes. They are encouraged to come up with their views. Gone are the days when employees were bossed around by their managers.

Now they are to be treated like co-workers. This provides a higher status to employees as they also have a say in decision making.

- **Recognition of Human Dignity:** In this form of management, all employees are treated equally irrespective of their designations when it comes to giving ideas and suggestions for organizational decision making process. Employees are no more the servants of managers but are the most important assets of an organization.
- **Psychological Satisfaction to Employees:** Most of our lives are spent at workplace. It is important for everyone to have psychological satisfaction as far as our employment is concerned. Commitment from the organization, respecting the dignity of individuals and co-determining the company policies are some of the features of participative management that provide psychological satisfaction to employees.

### OBJECTIVES TO INTRODUCE PARTICIPATIVE STYLE OF MANAGEMENT IN ORGANIZATIONS:

- **To Make Best Use of Human Capital:** Participative management does not restrict organizations to exploit only physical capital of employees. Rather it makes the best use of human intellectual and emotional capital. It gives employees an opportunity to contribute their ideas and suggestions to improve business processes and create a better working environment.
- **To Meet the Psychological Needs of Employees:** When employees have a say in decision making process, it gives them a psychological satisfaction. It is a simple force that drives them to improve their performance, create a proper channel of communication and find practical solutions to design better organizational processes.
- **To Retain the Best Talent:** Participatory management is one of the most effective strategies to retain the best talent in the industry. It gives employees a sense of pride to have a say in organizational decision making process. Once they are valued by their seniors, they stick to the organization and become management's partners in meeting specific goals and achieving success.
- **To Increase Industrial Productivity:** In today's competitive world, motivation, job security and high pay packages are not enough to increase industrial productivity. Leadership, flexibility, delegation of authority, industrial democracy and employee say in decision making are important to increase annual turnover of any organization.
- **To Establish Harmonious Industrial Relationship:** Participatory form of management is an unbeatable tact to establish and maintain cordial relationships with employees and workers union. The success of an organization depends on its human resources. Employee empowerment acts as a strong force to bind the employees and motivate to give them their best to the organization.
- **To Maintain a Proper Flow of Communication:** Two-way communication plays an important role in the success of any organization. Employee participation in decision making ensures proper flow of communication in the organization. Everyone contributes their best and tries to strengthen the organization by contributing their best to improve business processes.

### BENEFITS OF PARTICIPATIVE MANAGEMENT:

- **Innovation and increased efficiency:** The problem solving process and openness to new ideas can result in innovation. Apart from this as mentioned above there is also knowledge sharing amongst the workers and the managers. This means that those who are part of a certain process at the ground level give inputs for improved efficiency of the same. This has dual implications, helping improve the quality of product and curtailing the cost of manufacture.
- **Timeliness:** There is improved communication between the managers and the workers and between workers across different units. A loophole or flaw is reported in time.
- **Employee satisfaction and Motivation:** Empowering the employees increases their ownership or stake in their work. This increases efficiency and productivity. Consequently there is decreased absenteeism and less employee turnover. This also works in attracting more people towards the organization and the job.
- **Product quality:** A say in decision making means that workers can immediately pinpoint and suggest remedial measures for improving the efficiency of the process they are apart of. This means that quality control in product or service is exercised for the lowest level.
- **Less supervision requirements:** There is greater focus on management of self with due emphasis of widening one's skill set. One of the major benefits of this is that there is a lesser need of supervision and support staff.
- **Better grievance redressal:** Increased communication paves way for reduced number of grievances and quick and effective resolution of dispute (often on the spot). Union - management relationship is also benefited and strengthened.
- **Hiring Flexibility:** Hiring flexibility is increased as a result of cross training. Increased coordination among team members also offers a comfort zone for the newly hired.

### Prerequisites of Successful Workers' Participation in Management

- Clearly defined and complementary Objectives
- Free flow of information and communication
- Representatives of workers from workers themselves
- Outside trade union participation should be avoided
- Workers' education and training
- No threat by participation
- Association at all levels of decision-making

### *Definition of Collective Bargaining:*

Industrial disputes between the employee and employer can also be settled by discussion and negotiation between these two parties in order to arrive at a decision.

This is also commonly known as collective bargaining as both the parties eventually agree to follow a decision that they arrive at after a lot of negotiation and discussion.

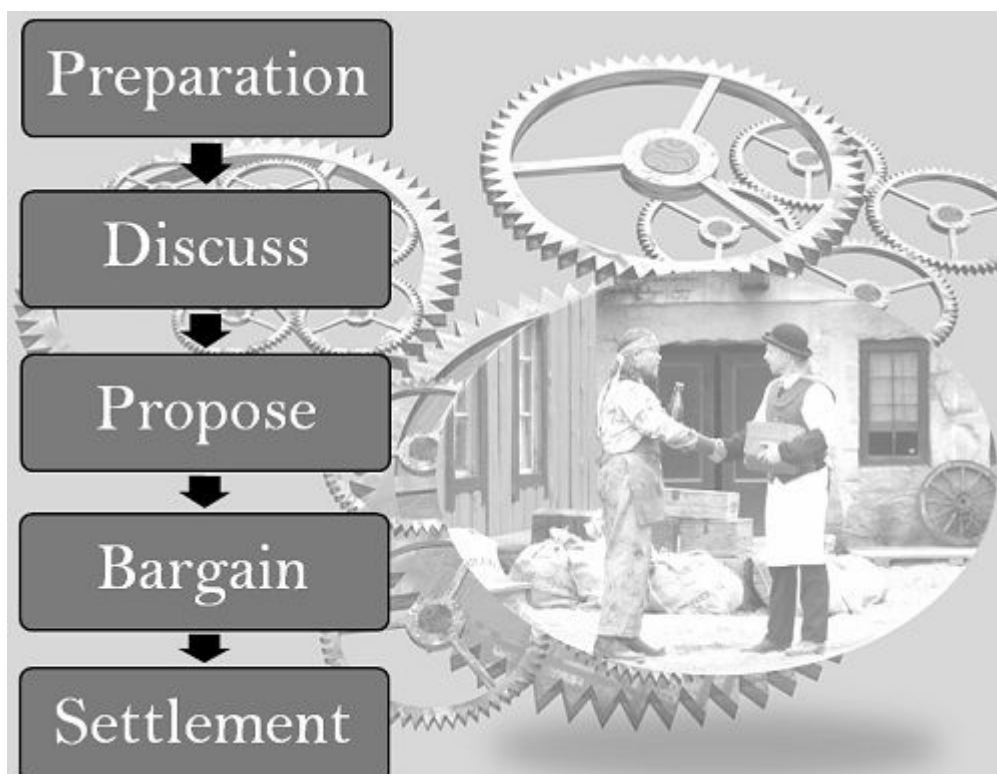
According to Flippo, "Collective Bargaining is a process in which the representatives of a labor organization and the representatives of business organization meet and attempt to

negotiate a contract or agreement, which specifies the nature of employee-employer union relationship”.

### **Collective Bargaining Involves:**

- (i) Negotiations
- (ii) Drafting
- (iii) Administration
- (iv) Interpretation of documents written by employers, employees and the union representatives
- (v) Organizational Trade Unions with open mind.

### **Process of Collective Bargaining**





1. **Preparation:** At the very first step, both the representatives of each party prepares the negotiations to be carried out during the meeting. Each member should be well versed with the issues to be raised at the meeting and should have adequate knowledge of the labor laws.

The management should be well prepared with the proposals of change required in the employment terms and be ready with the statistical figures to justify its stand.

On the other hand, the union must gather adequate information regarding the financial position of the business along with its ability to pay and prepare a detailed report on the issues and the desires of the workers.

2. **Discuss:** Here, both the parties decide the ground rules that will guide the negotiations and the prime negotiator is from the management team who will lead the discussion. Also, the issues for which the meeting is held, are identified at this stage.

The issues could be related to the *wages, supplementary economic benefits* (pension plans, health insurance, paid holidays, etc.), *Institutional issues* (rights and duties, ESOP plan), *Administrative issues* (health and safety, technological changes, job security, working conditions).

3. **Propose:** At this stage, the chief negotiator begins the conversation with an opening statement and then both the parties put forth their initial demands. This session can be called as a brainstorming, where each party gives their opinion that leads to arguments and counter arguments.
4. **Bargain:** The negotiation begins at this stage, where each party tries to win over the other. The negotiation can go for days until a final agreement is reached. Sometimes, both the parties reach an amicable solution soon, but at times to settle down the dispute the third party intervenes into the negotiation in the form of arbitration or adjudication.
5. **Settlement:** This is the final stage of the collective bargaining process, where both the parties agree on a common solution to the problem discussed so far. Hence, a mutual agreement is formed between the employee and the employer which is to be signed by each party to give the decision a universal acceptance.

Thus, to get the dispute settled the management must follow these steps systematically and give equal chance to the workers to speak out their minds.

### Types of Collective Bargaining

1. **Conjunctive or Distributive Bargaining:** In this form of collective bargaining, both the parties viz. The employee and the employer try to maximize their respective gains. It is based on the principle, “my gain is your loss, and your gain is my loss” i.e. one party wins over the other.

The economic issues such as wages, bonus, other benefits are discussed, where the employee wishes to have an increased wage or bonus for his work done, whereas the employer wishes to increase the workload and reduce the wages.



2. **Co-operative or Integrative Bargaining:** Both the employee and the employer sit together and try to resolve the problems of their common interest and reach to an amicable solution. In the case of economic crisis, such as recession, which is beyond the control of either party, may enter into a mutual agreement with respect to the working terms.

For example, the workers may agree for the low wages or the management may agree to adopt the modernized methods, so as to have an increased production.

3. **Productivity Bargaining:** This type of bargaining is done by the management, where the workers are given the incentives or the bonus for the increased productivity. The workers get encouraged and work very hard to reach beyond the standard level of productivity to gain the additional benefits.

Through this form of collective bargaining, both the employer and the employee enjoy the benefits in the form of increased production and the increased pay respectively.

4. **Composite Bargaining:** In this type of collective bargaining, along with the demand for increased wages the workers also express their concern over the working conditions, recruitment and training policies, environmental issues, mergers and amalgamations with other firms, pricing policies, etc. with the intention to safeguard their interest and protect the dilution of their powers.

Thus, the purpose of the Collective Bargaining is to reach a mutual agreement between the employee and the employer with respect to the employment terms and enjoy a long term relationship with each other.



**What Is the Works Committee?**

According to the Industrial Disputes Act of India, every employer should form a works committee if they have more than 100 employees in the organization.

The works committee members should be comprised of equal number of workmen (employees) and individuals representing employers.

The employer should select the employees in consultation with the Union (if already formed in the organization).

*In the case of any industrial establishment in which one hundred or more workmen are employed or have been employed on any day in the preceding twelve months, the appropriate Government may by general or special order require the employer to constitute in the prescribed manner a Works Committee consisting of representatives of employers and workmen engaged in the establishment so however that the number of representatives of workmen on the Committee shall not be less than the number of representatives of the employer. The representatives of the workmen shall be chosen in the prescribed manner from among the workmen engaged in the establishment and in consultation with their trade union, if any, registered under the Indian Trade Unions Act, 1926 (16 of 1926).*

### **The Need for Works Committee Procedure**

The need for the works committee procedure is to reduce the material differences between both parties.

This committee looks after maintaining a healthy relationship between the employer and the employees through the collective efforts of both parties. It also aims at improving industrial peace and works on matters involving general peace and work-related issues.

### **Features of Works Committee**

In this section, we will discuss some of the common features of the works committee procedure that will help you constitute a committee.

1. The number of members in the committee should be fixed and not more than 20. Here, it is also specified that the members of employers should not be more than members of employees.
2. The representatives from the employer's side should be selected with the consent of the employer and these people should be associated with the organization directly.
3. Before the formation of the works committee, the employer should inform the union if they have one. Further, during elections, two groups should be formed: one of the union members who want to be a part of the committee and other non-union members.
4. The candidates added to the committee should have worked with the company for at least 1 year and should have attained a minimum age of 19 years.

5. The voters who are voting for committee members should be at least 18 years of age and must have worked in the company for atleast 6 months.
6. The Central Government or the equivalent authority holds the right to dissolve this committee if they feel it is not constituted as per the guidelines.
7. If you wish to understand the full works committee procedure, visit [here](#).

### **Conclusion**

The works committee is important in industrial organization. Hence, it should be constituted with proper guidelines as laid out by the government.

## **INDUSTRIAL UNREST**

### **UNIT III**

**The major factors behind such unrest in recent times are as follows.**

- (a) The trade union leaders try image-building exercises.
- (b) Taking advantage of the political instability the country, the trade union leaders seek concessions from the government and factory owners.
- (c) Rampant trade unionism has led to a deteriorating work culture among workers.
- (d) The New Economic Policy, 1984 empowered the employers to punish workers by endorsing the methods of lockout.

### **Causes of Industrial Unrest:**

#### ***1. Wage Related Issues:***

The wage levels in different industries vary tremendously. The disparity in wages between skilled and unskilled labour is large even within an enterprise. This is true in both the organised and the unorganised sectors. The demand for higher bonus has been a major cause for industrial disputes.

### ***2. Lack of Welfare and Social Security:***

Social security measures can be divided into two categories (i) social insurance and (ii) social assistance. Social insurance schemes are generally financed by the employees, employers and the State. However, such welfare measures face the following problems: (a) insufficient coverage, (b) lack of employment insurance, (c) inherent bottlenecks of an exit policy, (d) overlapping schemes, and (e) lack of facilities vis-a-vis requirement of beneficiaries.

### ***3. Improved Working Conditions:***

Demand for lesser working hours, better-safety measures, holidays, leave etc., provoke trade unions to fight against employers.

### ***4. Wave of Globalisation:***

The new policy of liberalisation has opened up the avenue of foreign investment in India resulting in an intense competition in the economy. The entrepreneurs are often forced to squeeze wages and push productivity for survival in today's market-driven economy.

### ***5. New Lifestyles:***

The workers are increasingly adopting new urban lifestyles and this is expensive and requires a larger income for the family. The workers are often drawn into industrial battle by such compulsions.

### ***6. Low-cost Production Alternatives:***

The employers often defeat the purpose of trade unions by searching out low-cost production alternatives in the form of small-scale subsidiary units in smaller towns where low wages will do.

### ***7. Rising Wages and Low Productivity:***

The big companies often close down their units because labour productivity often fails to keep pace with inflated wages. Such moves taken often invite industrial tension.

## STRIKE

**Definition:** In business terms, a strike can be understood as a curtailment of work, due to the collective refusal of workers to work, which occurs as a response to employee grievances. It involves, dropping out of work by any number of workers, employed in a particular industry, with an aim of creating pressure on the employers, to accept their demands relating to pay scale, working conditions, trade practices and so forth.

A strike is a situation in which the workers act in concert for stopping or denying to resume work. The relationship between the employer and employee continue to exist though in a state of hostile suspension.

### Causes of Strike

- Dispute relating to minimum wages.
- Salary and incentive issues.
- Increment is not up to the performance.
- Dissatisfaction with the policies of the company.
- Hours of work and interval timings.
- Holidays and leaves with pay.
- Bonus, Provident Fund, and gratuity.
- Withdrawal of any facility or allowance.
- Wrongful dismissal of workmen.

The most obvious reason of strike is the non-payment of wages or salaries to the workers of the factory by the employers.

### Types of Strike

1. **Hunger Strike:** Strike in which the employees go on fasting, near the workplace or at the residence of the employer, to force him/her redress their grievances is called hunger strike.
2. **Economic Strike:** Economic Strike is the cessation of work by the labors with an aim of imposing their economic demands like wages and bonus.

In such strike, the workers raise their voices to increase their pay, improve working conditions, facilitate them with allowances, perquisites, and add-on benefits.

3. **Stay-in Strike:** A type of strike, in which the employees come to the office, as usual, take their seats but do not work and also deny to leave the office premises, when asked to do so.

When such an act is performed in combination, it amounts to stay-in strike. Alternately called as sit-down, pen-down or tool-down strike.

4. **Go-slow Strike:** Otherwise called as a slow-down strike, is one in which the workers do not stop working, but slow down the entire process by deliberately delaying the production, which results in the reduction of output.

This amounts to a serious case of misconduct, whereby the workmen pretend to be engaged in the work and entitled to full wages. It is more harmful than the complete cessation of work by employees, as the resources get wasted, due to delayed working of employees.

5. **Sympathetic Strike:** A type of strike in which the workers of one department, unit, division, or industry, go on strike, in support of the workers of another department, unit, division, or industry, who are already on strike.

This may be an unjustified seizure of rights of the employer, who is not even involved in the conflict.

Strike is one of the **powerful tool of collective bargaining**, used by trade unions and labor associations to compel the employer to grant several concessions. It can also be used to protest certain terms of former or proposed agreement amidst the labor and management.

### EMPLOYEE DISSATISFACTION

Job dissatisfaction is when **an employee does not feel content in their job**. This can be due to various professional and personal reasons such as lack of advancement, poor management, limited work-life balance.

### Grievance

Grievance means any type of dissatisfaction or discontentment arising out of factors related to an employee's job which he thinks is unfair. A grievance is a sign of an employee's discontentment with his job or his relationship with his colleagues. Grievances generally arise out of the day-to-day working relations in an organization.

**In an organization, a grievance may arise due to several factors such as:**

- Violation of management's responsibility such as poor working conditions
- Violation of company's rules and regulations
- Violation of labour laws
- Violation of natural rules of justice such as unfair treatment in promotion, etc.

### Causes of Grievance

- Inadequate Wages and Bonus.
- Unachievable and Irrational Targets and Standards.
- Bad Working Conditions.
- Inadequate Health and Safety Services.
- Strained Relationship Amongst the Employees.
- Layoffs and Retrenchment.
- Lack of Career Planning and Employee Development Plan.

## Ways of Handling Grievances Effectively:

### 1. Create the system:

The first thing is to set up the grievance redressal system for your companies to help your employees lodge complaints and grievances so that you can resolve them. Something that you must consider here is-

The grievance procedure must be added to the employee handbook's content so that all can easily access it.

Someone must take responsibility for grievance receipts. You must ensure the employees that their complaints are placed in confidence. Generally, it should be someone from the Human Resources Department.

The place of receiving the complaints must be within reach to all. That is, it should be located centrally. If you use a grievance box, it should be in the area of common accessibility.

As it might involve personal matters, it is essential to focus on confidentiality while dealing with employees' grievances. Involving the least number of people prevents the issue from being widespread.

The complaints put forwards must be followed up timely. That is, no issue should be on hold for a long time. It should follow a schedule to expect a certain level of responsiveness within a specified period.

### 2. Acknowledge the grievance:

It would help if you listened more than you talk while dealing with employee grievances. When your employees come to you lamenting over an issue, lend them your ear.

That doesn't mean that you should resolve it immediately but so that your employees know that their complaint is acknowledged. Let your employees know that you have received their report and are willing to do something about it.

### 3. Investigate:

Not all issues qualify for a hearing. Generally, it is essential to review whether the grievance is valid or not. Inquire about the incidents or situations and gather any relevant information. It may not always be necessary but if the matter involves other staff, they will need to be informed and given a chance to explain themselves and put forward their own shreds of evidence.

Once the investigation is over, you can arrange a formal meeting.



### 4. Hold the formal meeting:

The employee with the grievance and all the relevant parties should be called to be present in the formal hearing. The employee can put forward any evidence that backs up the complaint and explain how they would like the problem to be resolved. Later on, you can circulate the minutes of the meeting notes.

### 5. Take your decision and act accordingly:

This is the decision making phase. Once you have collected all the required information and closely examined the situation, you should decide.

You might decide to accept the grievance in whole or part or reject it altogether. It would help if you let the employee know in writing about the actions that you will take. At the same time, you can advise the employee on how they should deal with similar situations.

### 6. Appeal process:

Your employee might not accept your decision and has the [right to an appeal](#). Here again, your grievance policy should outline the terms and conditions of the appeal process.

It should start with an appeal letter written by the employees, informing them why they want the decision to be reconsidered. To ensure impartiality, the appeal should be heard by another manager or supervisor who was not a part of the first meeting.

An appeal hearing with new evidence should follow this. The decision of the same should be informed to the employee in writing. If your employee is still not satisfied, it can either be mediated or escalated to the employment tribunal.

### 7. Review the situation:

It's always healthy to have an objective look back at your decisions. If the [employee is happy](#) with the resolution, you were good at settling the issue. In fact, it can prove significant to your company culture.

If the prevailing policy ensures justice, it can foster a sense of pride and accountability in the employees' work. That's the benefit of implementing a fast and effective grievance procedure.

### 8. Uproot the main cause of grievance:

Your aim is to go for a long-lasting solution. That is, a formal complaint should be addressed once and for all. This prevents your employees from coming back again and again with the same issue.



The key solution here lies in identifying the root cause of the problem and making sure to solve the problem completely, with the scope of adjustments, if necessary.

### FACTORIES ACT, 1948

#### UNIT – IV

#### **Definition of factory as per Factories Act, 1948**

Under the Factories Act, “*factory*” means any premises:

- Where ten or more than ten workers are working or were working on any day of the preceding twelve months, and in any part of which a manufacturing power is being carried on with the aid of power, or is ordinarily so carried on, or
- Where twenty or more than twenty workers are working or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is being carried on without the aid of power, or is ordinarily so carried on.

#### **Objectives of Factories Act, 1948**

- The Factories Act was incorporated in the year 1948 with objectives of regulating the working conditions in factories, regulating health, safety, welfare, and annual leave of factory workers to ensure adequate safety measures of workers employed in factories.
- Moreover, the Act also makes provisions regarding the employment of women and young persons, annual leave with wages, etc.

#### **The procedure of registering a factory in India**

It is obligatory for every factory in India to abide by the rules and guidelines stated in the Factories Act, 1948. The first step towards establishing a factory in India is the registration of the factory, and once the registration is done, the licenses can be availed from the government. Following is the procedure to be followed for factory registration in India:

- An applicant has to apply with duly filled in Form No-2, a set of prescribed documents and fees prescribed in the proper head of Account in the shape of Treasury Chalan in the office of Director of Factories & Boilers, of his state.
- Upon receiving the application, the same is scrutinized by the concerned officer.
- Post scrutiny, if the documents are found correct, it is processed for approval by the competent Authority.
- In case shortcomings are observed then, the applicant is asked to submit the corrected application in a time-bound manner.
- Once authorities receive the corrected from the applicant, the application is processed in file to get approval from the Competent Authority.
- After approval is given, a registration certificate and a license duly signed by the Competent Authority are sent by post to the applicant with a covering letter.

### **Documents Required for Factory Registration**

Following is the list of documents needed for Factory Registration:

- Form No-2 or Combined application form for establishment of industries in form 1AA.
- Construction completion report from management as per the approved plan.
- Requisite Fee in shape of treasury Chalan in proper Head of Account as per fee structure notified in from time to time.
- Resolution of Director/partners nominating one to act as occupier under section 2(n) of Factories Act.
- Original copy of Stability Certificate issued by a recognized competent person.
- Safety & Health Policy for 2(CB) and MAH category factories and other factories are employing 50 or more workers.

### **Procedure for renewal of factory license**

- An applicant has to apply with duly filled in Form No-2 and fee prescribed in the proper head of Account in the shape of Treasury Chalan in the office of Director of Factories & Boilers, of his state.
- Upon receiving the application, the same is scrutinized by the concerned officer.
- After inspecting the application, if the documents are found correct the application, it is processed for approval by the competent Authority.
- If there are any corrections to be made, the applicant is asked to submit the corrected application in a time-bound manner.
- Once authorities receive the corrected documents from the applicant, the application is processed in a file for approval of the Competent Authority.
- After approval, the renewed copy of license duly signed by the Competent Authority is sent by post to the applicant with a covering letter.

### **Compliance Checklist under the Factories Act**

#### **Licensing of Factory**

The owner of the factory has to take prior permission from the State Government or the Chief Inspector in writing for the site on which factory is to be situated.

Further to get a license, the occupier must send the notice under section 7 of the Act to the Chief Inspector, at least 15 days before he begins to use the premise as a factory containing the following details:

- Name and address of the Occupier.
- Name and address of the factory.
- Type of the manufacturing process to be carried out in the factory.
- Name of the manager of the factory.
- Number of workers likely to be employed.
- Other prescribed particulars.

### **Important provisions of the Factories Act, 1948 as follows :**

- No adult worker shall be required or allowed to work in a factory:- (i) for more than forty-eight hours in any week; and/ or (ii) for more than nine hours in any day.
- Where a worker works in a factory for more than nine hours in any day or for more than forty-eight hours in any week, he shall, in respect of overtime work, be entitled to wages at the rate of twice his ordinary rate of wages. The 'ordinary rate of wages' means the basic wages plus such allowances, including the cash equivalent of the advantage accruing through the concessional sale to workers of food grains and other articles, as the worker is for the time being entitled to, but does not include a bonus and wages for overtime work.
- Where a worker is deprived of any of the weekly holidays, he shall be allowed, within the month in which the holidays were due to him or within the two months immediately following that month, compensatory holidays of equal number to the holidays so lost.
- The periods of work of adult workers in a factory each day shall be so fixed that no period shall exceed five hours and that no worker shall work for more than five hours before he has had an interval for rest of at least half an hour.
- Every worker who has worked for a period of 240 days or more in a factory during a calendar year shall be allowed during the subsequent calendar year, leave with wages for a number of days calculated at the rate of - (i) if an adult, one day for every twenty days of work performed by him during the previous calendar year; (ii) if a child, one day for every fifteen days of work formed by him during the previous calendar year. In the case of a female worker, maternity leave for any number of days not exceeding twelve weeks.

In order to safeguard the health of the workers:

- Every factory shall be kept clean and free from effluvia arising from any drain, privy or other nuisance and in particular accumulations of dirt.
- Effective arrangements shall be made in every factory for the treatment of wastes and effluents due to the manufacturing process carried on therein, so as to render them innocuous and for their disposal.
- Effective and suitable provision shall be made in every factory for securing and maintaining in every workroom adequate ventilation by the circulation of fresh air; and such a temperature that will secure to workers reasonable conditions of comfort and prevent injury to health.
- No room in any factory shall be overcrowded to an extent injurious to the health of the workers employed therein.
- Every part of a factory, where workers are working or passing, shall be provided with sufficient and suitable lighting, natural or artificial, or both.

- In every factory effective arrangements shall be made to provide, at suitable points conveniently situated for all workers employed therein, a sufficient supply of wholesome drinking water.

In order to ensure safety of the workers:-

- Every dangerous part of any machinery shall be securely fenced and constantly maintained to keep it in position.
- No young person shall be required or allowed to work at any dangerous machine unless he has been fully instructed as to the dangers arising from it and the precautions to be observed as well as has received sufficient training in work at the machine.
- No woman or child shall be employed in any part of a factory for pressing cotton in which a cotton-opener is at work (subject to the given conditions).
- In every factory every hoist and lift shall be - (i) of good mechanical construction, sound material and adequate strength; (ii) properly maintained, and thoroughly examined by a competent person at least once in every period of six months.
- No person shall be required or allowed to enter any chamber, tank, vat, pit, pipe, flue or other confined space in any factory in which any gas, fume, vapour or dust is likely to be present to such an extent as to involve risk to the workers, unless it is provided with a manhole of adequate size or other effective means of egress.

### **Certain facilities to be provided to the workers:**

- Every factory shall provide and maintain readily accessible first-aid boxes or cupboards equipped with the prescribed contents, and the number of such boxes or cupboards shall not be less than one for every one hundred and fifty workers ordinarily employed at any one time in the factory.
- In any factory wherein more than two hundred and fifty workers are ordinarily employed, a canteen or canteens shall be provided and maintained by the occupier for the use of the workers.
- In every factory wherein more than one hundred and fifty workers are ordinarily employed, adequate and suitable shelters, rest rooms and lunch room, with provision for drinking water, where workers can eat meals brought by them, shall be provided and maintained for the use of the workers.
- In every factory wherein more than thirty women workers are ordinarily employed, there shall be a suitable room or rooms for the use of children under the age of six years of such women. Such rooms shall provide adequate accommodation, lighting and ventilation with clean and sanitary condition.

### **Working Hours of Adults**

According to the *Factories Act, 1948*<sup>[1]</sup>, the employees working in the factories would gain the benefit of the following regulations:

- No worker should be given permission to work in a factory for more than 48 hours a week.
- No worker should be made to work continuously for 10 days without any holiday.
- In case the worker is deprived of any of weekly holidays, he should be allowed to take that holiday in that month or within the two months immediately following that month.
- No adult worker should be working in a day for more than 9 hours.
- The working hours of an adult worker in a factory must be arranged in a way that he doesn't work for more than 5 hours without taking a break of at least half an hour.

- If a worker works on night shift, the hours he has worked for after the midnight should be counted in the previous day.

### Offence Vs Penalties

Any Contravention of the provision of this act by Occupier or manager of the factory = **Imprisonment upto 2 year or fine upto Rs. 100,000/- or both**

Contravention is continued after conviction = **Rs. 10,000/- per day**

Contravention of any of the provision resulted in an accident causing death = **Fine shall not be less than Rs. 25,000/-**

Serious Body injury = **Rs. 5,000/-**

Penalty for obstructing Inspector = **Imprisonment upto 6 month or fine upto Rs. 10,000/- or both**

Penalty for wrongfully disclosing results of analysis under Section 91 = **Imprisonment upto 6 month or fine upto Rs. 10,000/- or both**

Penalty for contravention of the provision of section 41B, 41C, 41H in case the failure or contravention continues = **Imprisonment for 7 years and with fine which may extend to Rs. 20,000/- . Additional fine Rs.5,000/- for every day during such failure or contravention continues.**

Workers Contrivances any provision of this act = **Rs. 50,000/-**

Penalty for using false certificate of fitness = **Imprisonment upto 2 year or fine upto Rs. 1,000/- or both**

Penalty for permitting double employment of child = **Rs.1,000/-**

## INSPECTORS

### Inspectors.-

(1) The State Government may, by notification in the Official Gazette, appoint such persons as possessing the prescribed qualification to be Inspectors for the purposes of this Act and may assign to them such local limits as it may think fit.

(2) The State Government may, by notification in the Official Gazette, appoint any person to be a Chief Inspector who shall, in addition to powers conferred on Chief Inspector under this Act, exercise the powers of an Inspector throughout the State.

(2A) The State Government may, by notification in the Official Gazette, appoint as many Additional Chief Inspectors, Joint Chief Inspectors and Deputy Chief Inspectors and as many other officers as it thinks fit to assist the Chief Inspector and to exercise such of the powers of the Chief Inspector as may be specified in such notification.

(2B) Every additional Chief Inspector, Joint Chief Inspector, Deputy Chief Inspector and every other officer appointment under sub-section (2A) shall, in addition to the powers of a Chief Inspector specified in the notification by which he is appointed, exercise the power of an Inspector throughout the State.

(3) No person shall be appointed under sub-section (1), sub-section (2), sub-section (2A) or sub-section (5), or having been so appointed, shall continue to hold office, who is or becomes directly or indirectly interested in a factory or in any process or business carried on therein or in any patent or machinery connected therewith.

(4) Every District Magistrate shall be an Inspector for his district.

(5) The State Government may also, by notification as aforesaid, appoint such public officers as it thinks fit to be additional Inspectors for all or any of the purposes of this Act, within such local limits as it may assign to them respectively.

(6) In any area where there are more Inspectors than one the State Government may, by notification as aforesaid, declare the powers which such Inspectors shall respectively exercise and the Inspector to whom the prescribed notices are to be sent.

(7) Every Chief Inspector, Additional Chief Inspector, Joint Chief Inspector, Deputy Chief Inspector, Inspector and every other officer appointed under this section, shall be deemed to be a public servant within the meaning of the Indian Penal Code (XLV of 1860), and shall be officially subordinate to such authority as the State Government may specify in this behalf.

### **Powers of Inspectors.-**

Subject to any rules made in this behalf, an Inspector may, within the local limits for which he is appointed,-

- (a) enter with such assistants, being persons in the service of the Government, or any local or other public authority or with an expert, as he thinks fit, any place which is used, or which he has reason to believe, is used as a factory;
- (b) make examination of the premises, plant, machinery, article or substance;
- (c) inquire into any accident or dangerous occurrence, whether resulting in bodily injury, disability or not, and take on the spot or otherwise statements of any person which he may consider necessary for such inquiry;
- (d) require the production of any prescribed register or any other document relating to the factory;
- (e) seize, or take copies of, any register, record or other document or any portion thereof, as he may consider necessary in respect of any offence under this Act, which he has reason to believe, has been committed;
- (f) direct the occupier that any premises or any part thereof, or anything lying therein, shall be left undisturbed (whether generally or in particular respects) for so long as is necessary for the purpose of any examination under clause (b);
- (g) take measurements and photographs and make such recordings as he considers necessary for the purpose of any examination under clause (b), taking with him any necessary instrument or equipment;
- (h) in case of any article of substance found in any premises, being an article or substance which appears to him as having caused or is likely to cause danger to the health or safety of the workers, direct it to be dismantled or subject it to any process or test (but not so as to damage or destroy it unless the same is, in the circumstances necessary, for carrying out the purposes of this Act), and take possession of any such article or substance or a part thereof, and detain it for so long as is necessary for such examination;



- (i) exercise such other powers as may be prescribed.

### **HEALTH OF THE WORKERS.**

The legal provisions are discussed in simple language as follows:

#### **(i) Cleanliness (Section 11)**

Cleanliness is an essential condition to maintain healthy conditions. Therefore, section 11 requires the factories to maintain cleanliness. The factories must be kept clean and free from pollute air. In order to maintain cleanliness, daily sweeping of floors and benches is compulsory to keep away the accumulation of dirt and refuse. Once in a week, the floor must be cleaned by washing using a disinfectant

#### **(ii) Disposal of wastes and effluents (Section 12)**

Section 12 provides that (1) Effective arrangements shall be made in every factory for the treatment of wastes and effluents due to the manufacturing process carried on therein, so as to render them innocuous, and for their disposal.

(2) The State Government may make rules prescribing the arrangements to be made under sub-section (1) or requiring that the arrangements made in accordance with subsection (1) shall be approved by such authority as may be prescribed.

#### **(iii) Ventilation and temperature (Section 13)**

The factories are bound to make effective and suitable provisions for securing and maintaining adequate ventilation by circulation of fresh air and a comfortable and healthy temperature. The state government may prescribe a standard for the purpose of Ventilation and temperature. The Chief Inspector also may serve on the occupier to take measures for the reduction of high temperatures.

#### **(iv) Dust and fume (Section 14)**

Section 14 of the Act provides for the prevention of accumulation of dust and fume and another impurity. If dust or fume or other such impurities are generated in the manufacturing processes, measures shall be taken to prevent its inhalation and accumulation. For this purpose exhaust appliances may be applied if necessary. In any factory no stationary internal combustion engine shall be operated unless the exhaust is conducted into the open air, and no other internal combustion engine shall be operated in any room unless effective measures have been taken to prevent such accumulation of fumes.

#### **(v) Artificial humidification (Section 15)**

Section 15 lays down the provision for artificial humidification. When any factory increases the humidity artificially, the state government may make rules prescribing the standards of humidification, regulating the methods of such artificial humidification, directing prescribed tests for this purpose and prescribing methods for this purpose.

#### **(vi) Over-crowding (Section 16)**

No room in any factory shall be overcrowded to an extent injurious to the health of the workers employed therein. Factories built before the commencement of the Factories Act, 1948, must allow a space of 9.9 cubic meters for every worker. Similarly, factories built after the commencement of this Act shall allow a space of 14.2 cubic meters space for every single worker.

### **(vii) Lighting (Section 17)**

There must be provision and maintenance for sufficient and suitable lighting, natural and artificial, or both, in every factory. The windows and skylight used for lighting purposes shall be kept clean from both inside and outside.

Further, the factories shall prevent glare from a source of light or reflection from a smooth or polished surface. It also prevents the formation of shadow which may cause eye strain or poses a risk of an accident.

### **(viii) Drinking water (Section 18)**

The factories shall have to make an effective arrangements for a sufficient supply of wholesome drinking water. It may be provided at suitable points where it will be easily available for the workers. All such points shall be legibly marked "drinking water" in an understandable language by the majority of the workers. In every factory wherein more than two hundred and fifty workers are ordinarily employed provision shall be made for cool drinking water during hot weather by effective means and for distribution thereof.

### **(ix) Latrines and urinals (Section 19)**

Every factory must accommodate the prescribed types of latrines and urinals conveniently situated and accessible to the workers. Latrine and urinal facilities must be provided separately for men and women. These latrines and urinals must be ventilated and adequately lighted. Unless permitted by the Chief Inspector, they must situate separate from the workroom. In factories having more than two hundred and fifty workers, there must be prescribed sanitary type latrines and urinals. The state government is empowered to make rules regarding latrines and urinals.

### **(x) Spittoons (Section 20)**

Spittoons are to be provided in sufficient numbers in convenient places of the factory. Spittoons provided to the workers must be maintained in a clean and hygienic condition. The concerned state government may make rules for prescribing the type and numbers of spittoons and relating to other matters. The persons working inside the factory shall be required to spit only in the spittoons. A notice under the factory shall be displayed at suitable places for the provisions of spittoons and penalties for violation.



## THE WORKMEN COMPENSATION ACT, 1923

### UNIT- V

The Workmen Compensation Act, 1923 is an enactment that was issued by the central Government and was implemented by various State Governments which gives social security to workers. This security is offered by the law for people who work. The Act was formed after it was noted that laborers were getting more exposed to danger with the use of advanced and sophisticated machinery. The common law had it that the employer would only take up the compensation responsibility if it is found that the industrial accident was a result of his negligence.

#### **Objective of The Workmen Compensation Act**

- The Workmen Compensation Act of 1923 was formed majorly to give compensations to workmen in the event of an accident.
- The Act has it that employers should have duties and obligations that include the welfare of workers after an injury resulting from employment in the same way they have reserved the right to make profits.

The Act aims to see workmen have a sustainable life after an employment-related accident.

#### **Scope of the Act:**

The Act is applicable only to those workmen working in industries as specified in the Act. The Act affords protection to a workman from losses or injury caused by accident arising out of and in the

course of employment subject to certain exceptions as laid down in the Act. Employers Liability for Compensation:

To make the employer pay compensation, the death or injury suffered by the workman must be consequence of an accident arising out of and in the course of his employment is dependent upon the following four conditions:

- (1) The casual connection between the injury and the accident (i.e., personal injury is caused to workman while on work);
- (2) The injury and accident caused during the course of employment;
- (3) The probability tenable to reason that the work contributed to the causing of personal injury; and
- (4) The applicant proves that it was the work and the resulting strain which contributed to or aggravated the injury.

### **Applicability of the Act:**

The Act is applicable throughout India .

The Act does not apply to those areas which are covered by the Employees State Insurance Act, 1948.

The salient features of the Act are as follows:

### **I. Application: It applies to:**

- (a) All railway servants not permanently employed in any administrative, district or subdivisional office of a railway and not employed in any capacity as is specified in Schedule II to the Act;
- (b) Persons employed in any such capacity as is specified in Schedule II to the Act. Schedule II includes persons employed in factories, mines, plantations, mechanically propelled vehicles, construction works and certain other hazardous occupations. In all, there are 48 employments listed in the Schedule; and
- (c) Persons employed in employments added to Schedule II by the State Government in exercise of the powers conferred on them under section 2(3) of the Act.

### **Contingencies in which Compensation is Payable:**

Compensation is payable in case of temporary/permanent disablement or death as a result of an employment injury. The contracting of any disease listed in Schedule III to the Act is deemed to be an injury by accident.

### **Occupational Diseases:**

If a workman employed in the employment specified in Schedule III of the Act contracts any occupational disease peculiar to that employment he becomes eligible for payment of compensation under the Act.

### **Settlement of Claims under the Act:**

The claims for compensation broadly fall in three categories, namely

- (i) uncontested cases of disablement;
- (ii) disputed cases of disablement and
- (iii) fatal cases.

### **Compensation**

(a) where death results from the injury : an amount equal to fifty per cent. of the monthly wages of the deceased \*[employee] multiplied by the relevant factor; or an amount of \*[one lakh and twenty thousand rupees], whichever is more;

(b) where permanent total disablement results from the injury : an amount equal to sixty per cent. of the monthly wages of the injured \*[employee] multiplied by the relevant factor; \*[one lakh and twenty thousand rupees], whichever is more;

(c) where permanent partial disablement result from the injury: (i) in the case of an injury specified in Part II of Schedule I, such percentage of the compensation which would have been payable in the case of permanent total disablement as is specified therein as being the percentage of the loss of earning capacity caused by that injury; and (ii) in the case of an injury not specified in Schedule I, such percentage of the compensation payable in the case of permanent total disablement as is proportionate to the loss of earning capacity (as assessed by the qualified medical practitioner) permanently caused by the injury;

(d) where temporary disablement, whether total or partial, results from the injury : a half monthly payment of the sum equivalent to twenty-five per cent. of monthly wages of the \*[employee], to be paid in accordance with the provisions of sub-section (2)

### **EMPLOYEES COMPENSATION**

Compensation of employees is defined as the total remuneration, in cash or in kind, payable by an enterprise to an employee in return for work done by the latter during the accounting period. Taxes less subsidies on production consist of taxes payable or subsidies receivable on goods or services produced as outputs and other taxes or subsidies on production, such as those payable on the labour, machinery, buildings or other assets used in production.

### **Compensation of employees has two main components:**

- (a) Wages and salaries payable in cash or in kind;

(b) Social insurance contributions payable by employers, which include contributions to social security schemes; actual social contributions to other employment-related social insurance schemes and imputed social contributions to other employment-related social insurance schemes.

**R. Wayne Mondy** defines compensation as, "Compensation is the total of all rewards provided to employees in return for their services. The overall purposes of granting compensation are to attract, retain and motivate employees."

**Gary Dessler opines**, "Compensation means all forms of pay or rewards going to employees and arising from their employment."

There are different types of compensation paid to employees.

The following are a few examples of the compensation paid to employees:

- Cash compensation consisting of wages or salaries
- Retirement plans (employer contributions)
- Employer-paid health insurance
- Life insurance
- Paid leave for vacation and sick days
- Disability insurance

**Objectives of employee compensation are the following:**

1. To attract well-qualified and competent personnel.
2. To motivate them for higher levels of performance by making arrangement of incentive payments.
3. To retain the present workforce by keeping their pay levels at the competitive levels.
4. To raise the morale of workforce.
5. To establish internal as well as external equity. Internal equity refers to payment of similar wages for similar work. External equity means payment of similar wages to similar jobs in comparable firms.
6. To maintain the labour and administrative costs in line with the ability of the organization to pay.
7. To comply with wage legislation.
8. To project a good image of company.
9. To satisfy employees and to reduce the incidents of grievances, absenteeism and quitting.
10. To reward the desired behaviour such as good performance, loyalty, dedication, etc.

**Components of Employee Compensation**

**1. Basic Wage:**

Basic wage is a stable wage paid over a period of time which could be on a monthly, weekly or daily basis. This wage is the normal rate for a given level of output. Thus, given a certain job, with all its attendant requirements of education, skills, training and expertise, it is the price to be paid to get it done.

It is usually progressive over time, that is, it progresses more evenly over time if there is a running grade, otherwise it remains fixed with no changes. It is the basic wage that provides a stable base to the wage structure.

The fixation of basic wage is affected by statutory minimum wage, recommendations of Indian Labour Conference, patterns set by the awards of industrial tribunals, directives of the Pay Commissions, collective bargaining, wage settlements, periodic job evaluation and so on.

The basic wage may differ from job to job, depending on minimum educational and professional qualifications, training, skills, expertise, experience, skills and so on required by a particular job. It may also differ based on mental and physical requirements, responsibilities assigned, stress involved and so on.

### **2. Dearness Allowance:**

There are various methods of DA payment. For example, DA may be linked to consumer price index (CPI) in a given region. As per this system, payment of DA is regulated on the basis of actual price movement in a particular region/sector or industry. The system may have two methods – (a) a specified rate of DA is fixed for every point rise in the CPI irrespective of the income group an employee belongs to and (b) the DA is based on income groups and cost of living brackets or slabs.

As per this system, the absolute amount of DA goes up with each higher income group. In it, DA does not change with every point in the cost of living index. Another example is that of flat rate system which provides a lump sum payment to the employees over a period of time to neutralise the impact of inflation.

### **3. Bonus:**

some authors consider bonus as a deferred wage, it may be considered as a constituent of wage structure. In our country, payment of bonus is regulated as per the provisions of the Payment of Bonus Act, 1965.

### **Allowances:**

Another component of the wage structure are various allowances which vary from organisation to organisation, industry to industry and region to region. Some of these allowances have become statutory.

Some of the popular allowances comprise house rent allowance, city compensatory allowance, leave travel concession, educational allowance, transport allowance, night duty allowance, hill allowance, shift allowance, book allowance, medical allowance, heat allowance, family allowance, uniform allowance, hazard allowance and so on.

## **International Labour Organization (ILO) – History**

The ILO was established as an agency for the League of Nations following World War I.

It was established by the [Treaty of Versailles](#) in 1919.

Its founders had made great strides in social thought and action before the establishment of the organization itself.

It became the first specialised agency of the [United Nations](#) (UN) in the year 1946.

The ILO has played a significant role in promoting labour and human rights. It had held a significant position during the Great Depression (1930s) for ensuring labour rights.

It played a key role in the decolonization process and in the victory over apartheid in South Africa.

The organization got the Nobel Peace Prize in 1969, for its efforts to improve peace amongst the classes, and for promoting justice and fair work for the workers.

## **International Labour Organization (ILO) Objective**

The ILO is the only tripartite U.N. agency. The ILO is a meeting point for governments, workers and employers of ILO's member States to set labour standards, improve upon policies and create programs that promote decent work for people. The four strategic objectives at the heart of the Decent Work agenda are:

To develop and effectuate standards, fundamental principles, and fundamental rights at work.

To ensure that men and women have equal access to decent work while enhancing opportunities for the same.

To magnify the coverage and effectiveness of social protection for everyone.

To strengthen Tripartism and social dialogue.

## **International Labour Organization (ILO) – Structure**

The basis of the ILO is the tripartite principle.

The ILO comprises the International Labour Conference, the Governing Body, and the International Labour Office.

### **International Labour Conference:**

The progressive policies of the ILO are set by the International Labour Conference.

The Conference is an annual event, which happens in Geneva, Switzerland. The conference brings together all the representatives of the ILO.

Function: It is a panel for the review of the important issues regarding labour.

Governing Body:

The Governing Body is the executive body of the International Labour Organization.

The governing body meets in Geneva. It meets three times annually.

The Office is the secretariat of the Organization.

It is composed of 56 titular members, and 66 deputy members.

Functions:

Makes decisions regarding the agenda and the policies of the International Labour Conference.

It adopts the draft Programme and Budget of the Organization for submission to the Conference.

Election of the Director-General.

### **International Labour Office:**

It is the permanent secretariat of the International Labour Organization.

Functions: It decides the activities for ILO and is supervised by the Governing Body and the Director-General.

The ILO member States hold periodically regional meetings to discuss the relevant issues of the concerned regions.

Each of the ILO's 183 Member States has the right to send four delegates to the Conference: two from government and one each representing workers and employers, each of whom may speak and vote independently.

### **International Labour Organization (ILO) Functions**

The ILO plays an important role in the formulation of policies which are focussed on solving labour issues. The ILO also has other functions, such as:

It adopts international labour standards. They are adopted in the form of conventions. It also controls the implementation of its conventions.

It aids the member states in resolving their social and labour problems.

It advocates and works for the protection of Human rights.

It is responsible for the research and publication of information regarding social and labour issues.

The Trade Unions play a pivotal role in developing policies at the ILO, thus the Bureau for Workers' Activities at the secretariat is dedicated to strengthening independent and democratic trade unions so they can better defend workers' rights and interests.

The ILO also assumes a supervisory role: it monitors the implementation of ILO conventions ratified by member states.

The implementation is done through the Committee of Experts, the International Labour Conference's Tripartite Committee and the member-states.

Member states are obligated to send reports on the development of the implementation of the conventions they have approved.

Registration of complaints: The ILO registers complaints against entities that are violating international rules.

The ILO, however, does not impose any sanctions on the governments.

Complaints can also be filed against member states for not complying with ILO conventions that have been ratified.

**International Labour Standards:** The ILO is also responsible for setting International Labour Standards. The international labour conventions which are set by the ILO are ratified by the member states. These are mostly non-binding in nature.

But once a member state accepts conventions, it becomes legally binding. The conventions are often used to bring national laws in alignment with international standards.

ILO Global Commission on the Future of Work: The formation of an ILO Global Commission on the Future of Work marks the second stage in the ILO Future of Work Initiative.

The Commission outlines a vision for a human-centred agenda that is based on investing in people's capabilities, institutions of work and decent and sustainable work.

It also describes the challenges caused by new technology, climate change and demography and appeals for a collective global response to the disturbances being caused in the world of work.

### **International Labour Organization – Mission**

The ILO's mission is to promote decent work for all workers. This is accomplished by promoting social dialogue, protection, and employment generation.

The ILO provides technical support along with the support of development partners to multiple countries in order to achieve this mission.

### **International Labour Organization – Declaration on Fundamental Principles and Rights at Work**

The Declaration was adopted in 1998, and it mandates the member states to promote the eight fundamental principles and rights. The Fundamental Principles and Rights are categorized into four classes. They are:

Freedom of Association and the Right to Collective Bargaining (Conventions 87 and 98)

Elimination of forced or compulsory labour (Conventions No. 29 and No. 105)

Abolition of child labour (Conventions No. 138 and No. 182)



Elimination of discrimination in respect of employment and occupation (Conventions No. 100 and No. 111).

As part of the Follow-up to the Declaration, the ILO Director-General also submits a Global Report on one of the four categories of fundamental principles and rights at work to the tripartite International Labour Conference.

### **International Labour Organization – Core Conventions**

The eight fundamental conventions form an indispensable part of the United Nations Human Rights Framework, and their sanction is an important sign of member States' commitment to human rights. Overall, 135 member States have ratified all eight fundamental conventions.

The eight-core conventions of the ILO are:

Forced Labour Convention (No. 29)

Abolition of Forced Labour Convention (No.105)

Equal Remuneration Convention (No.100)

Discrimination (Employment Occupation) Convention (No.111)

Minimum Age Convention (No.138)

Worst forms of [Child Labour](#) Convention (No.182)

Freedom of Association and Protection of Right to Organised Convention (No.87)

Right to Organise and Collective Bargaining Convention (No.98)

The conventions are highly relevant due to the economic challenges faced by workers all around the world.

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