UNIT-18 INDUSTRIAL RELATIONS

Structure

18.0 LEARNING OUTCOME

After reading thus Unit, you should be able to;

1. Explain Industrial Relations;
2. Know labour legislations;
3. Understand Causes of grievance and redress process; and
4. Discuss measures for a lasting solution to the problem of Industrial Unrest.

18.1 INTRODUCTION

Industrial Relations are an integral aspect of social relations and cover the entire gamut of work relations of an institution, internal and external. Human relations form the core function of industrial relations since it is the responsibility of the employer to establish healthy organisational climate for consistently good performance.

The beginning of personnel work is traced to 1881 when Frederick W Taylor developed a functional organisation at the plant of the Mid Vale Steel Company and one of the foremen was called, shop disciplinarian.'

Industrial Relations entails study of human behaviour at the work place focusing on the influence such relations have on an organisation's productivity. IR describes various programmes for dealing with employees including personnel relations or activities for establishing or maintaining an efficient loyal work force. Labour relations pertains to union management relations such as the negotiating the union's contract and the carrying out of its provisions." (Owen, 1987)

The field of Industrial relations (IR) concerns the formal relations between employers and their employees and generally encompasses the work of *personnel specialists, industrial engineers, psychologists and labour relations experts* (Robinson, 1983). Classical economics viewed workers as instruments of production subject to the laws of supply and demand. IR became a subject of scholarly attention in the 1920s with Mayo's Hawthorne experiments. The theory and practice of Industrial Relations is an amalgam of various disciplines in social sciences and humanities.

The subject is also referred to as 'industrial and organisational relations' or 'organisational relations suggesting the wide arena of the subject matter. In a large company, following activities may be considered industrial relations functions:

"Recruiting and selecting new employees and developing the terms and conditions of employment; classifying jobs and occupations; negotiating with unions; implementing government regulations that affect the work force; and instituting training programs; selecting and evaluating workers: personnel processes described above constitute what is normally called personnel administration or personnel management. Much of this work requires knowledge of *industrial psychology, psychological measurement* and statistics, psychological aspects of work motivation productivity etc." (Robinson, 1983).

Industrial organisational psychology involves application of concepts and methods of *experimental, clinical* and *social psychology* to the workplace. Industrial organisational psychologists are concerned with such matters as personnel evaluation and placement, job analysis, worker management relations(including morale and job satisfaction), workforce training, and development (including leadership training) and productivity improvement. This may involve working closely with business managers, industrial engineers and human resources professionals (Encyclopaedia Britannica Inc., 2002).

Defining Industrial Relations

Industrial relations, though a recognisable and legitimate objective, is difficult to define since a good system of industrial relations involves complex relationships between:

(a) Workers (and their informal and formal groups, that is, trade union organisations and their representatives);

(b) Employers (and their managers and formal organisations like trade and professional associations);

(c) The Government and other agencies involved.

Broadly, in western style economies, the parties (workers and employers) are free to make their own agreements and rules. This is called 'voluntarism'. But it does not mean there is total noninterference by the government. Government regulation is necessary to:

- Protect the weak (hence minimum wage);
- Outlaw discrimination (race or sex);
- Determine minimum standards of safety, health, hygiene, conditions of service; and

- Prevent abuse of power by management or workers.

The personnel manager's involvement in the system of industrial relations varies from organisation to organisation, but normally he or she is required to provide seven identifiable functions, such as:

1. To keep abreast of industrial law (legislation and precedents) and to advise managers regarding responsibilities entailing, discipline, welfare measures, managing diversity etc.

2. To conduct (or assist in the conduct) of local negotiations (within the plant) or act as the employer's representative in negotiations as a *critic* and *advisor* in respect of trade, association policies or as a member of the trade association negotiating team.

3. Interpretation of agreements and explanation of the same to line managers;

4. To monitor the observance of agreement and help produce policies that ensure agreements are followed within the organisation.

5. Managing crisis in change situations, correcting warning of mistakes on the part of line managers.

5. Managing crisis in change situations, correcting, cautioning line managers about mistakes

6. To provide the *impetus* and *advice* regarding *modalities* (devise the machinery) for the introduction of *joint consultation* and *worker's* participation in decision-making in the organisation. Rules for *flextime* correction *of absenteeism* and *work related issues* (boundary disputes) are the three examples of the matters that may be settled by joint consultation in with a more twenty-first-century outlook and philosophy. Human resource management is very involved in promoting and originating ideas in this field; and

7. To provide statistics and information regarding workforce numbers, costs, skills etc. relevant to negotiations that is, the cost of pay rises, effect on pay differentials, impact on recruitment, maintenance of personnel records of training, experience, achievements, qualifications, awards, pension and other records; to produce data in respect of personnel matters like absentee figures and costs, statistics of sickness absence, costs of welfare and other employee services, statements about development in policies by other organisations, ideas for innovations; to advise upon or operate directly, grievance, redundancy, disciplinary and other procedures (Accel team, 2005).

In the above context, Dunlop(1958) defined industrial relations as an area "which denotes the union management relations operating within the spectrum of industrial relations system, which defines the role, status and the conduct of different groups of people who work together for productive purposes in an economy characterised by its peculiar social and economic conditions prevailing under given technological market and power context giving rise to the creation of a body of rules to govern the interactions of the different groups of people involved therein".

Industrial relations are a set of interdependent functions involving historical, economic, social, psychological demographic, technological, occupational, political, legal and other variables. Practically, it is difficult

to study the impact of all factors on industrial relations. It is easy to consider industrial relations only in respect of trade unions and labour legislations. In a narrow *legalistic sense* therefore, industrial relations is a subject of study and aspect of management which includes the relationship between:

(a) Employers and employees

(b) Employers and trade unions

(c) Occupational organisations

(d) Trade Unions

(e) Trade unions and employer associations

Objectives of industrial relations could thus be specifically stated as:

1. Industrial peace and harmonious relations between employers and employees;
2. Develop and progress of industry in a democratic fashion;
3. Safeguarding interests of both workers and management;
4. Establish and maintain industrial democracy;
5. Create environment of cooperation and harmonious work relations;
6. Eliminate unfair labour practices; and
7. Control discipline and motivate employees.

Technology and Industrial Relations

Technology has significant implications for industrial relations especially with regard to work process improvement and quality of work life in organisations. Notably, organisation is also understood as a socio-technical system bringing out the relationship between human resource and technology. Technology is one of the major constituents of organisational work. It also has implications for recruitment and training, since use of technology means more induction of professionals and better training of existing personnel in handling advanced technology. As technology grows, specialisation increases, work gets minute and more sophisticated; corresponding requirements of education on the part of workers increases training costs.

Technological change also affects the work environment and human relations at the work place. This requires changes and adjustments. The impact of technological change depends on three factors, namely:

(i) The nature of change;

(ii) The speed at which the innovations are introduced; and

(iii) The method of the change

Certain benefits of technology may be noted thus;

1. It allows employees to perform better; manage more quantity and produce better quality;

2. It improves the quality of life (QWL) of employees;
3. It produces better working conditions;
4. It brings attitudinal change in employees; and
5. It increases the profitability of the organisation

Ergonomics and Industrial Relations

Ergonomics is the application of scientific knowledge to discovering how best to fit a worker to his physical and social work conditions to provide for maximum comfort and facility. Ergonomics maximises quality and individual efficiency of the worker at a job. *Ergonomic specialists* collect and analyse statistical data with regard to applied, occupational psychology and physical anatomical aspects of work with a view to achieving '*perfect fit'* between technology and the individual. *Ergonomics* is based on the belief that a comfortably placed worker will be the best producing worker. Hence design of his seat, scientific movements, position in the organisation with respect to speciality, formal and informal work relations, motivation and morale; all collectively determine work efficiency.

Organisations are increasingly engaging the services of ergonomic specialists to study organisation design, equipment use, method study to maximise efficiency and cut costs. Application of scientific understanding of anatomy, physiology and psychology results in improved productivity. Thus, ergonomic specialists are those with formal education at degree level in these subjects (Accel team 2005). Though ergonomics can be applied in a generalist way by people belonging to other specialities like industrial engineers and psychologists, an ergonomic specialist applies scientific study to apply ergonomics in its true sense.

Fitting the task to the person is understood as ergonomics. Good ergonomics;

- shortens learning times;
- makes the job quicker with less fatigue;
- improves care of machines;
- reduces absenteeism and material waste;
- Reduces labour turnover and tackles other signs of worker malcontent, physical and mental fatigue; and;
- Meets the requirements of health and safety legislation.

Specific aspects in ergonomics could be listed as:

- Work-place design;
- Motion economy, facility of movement through scientific analysis(muscular load, accuracy of movement) involving motion study;
- Rest allowances;
- Job satisfaction; and
- Environmental control;

- Legal stress;
- Physical climate; physical temperature, humidity, etc.;
- Environmental and physical hazards, etc.; and
- Mental demands; data processing, communication (Accel team, 2005)

18.2 INDUSTRIAL PEACE

Mere absence of 'industrial unrest' does not mean good industrial relations. Industrial peace is the fruit of improved industrial relations and better management of human resources over time. Inter-union rivalry has deplorable consequences both for the organisation and the workers.

Certain imminent requirements of industrial peace are stated as follows:

1. Conducive working environment regarding *social relations*, emphasis on *procedural justice* and *physical conditions of work*.
2. Attentive and responsible attitude towards the organisation and work on the part of all concerned parties.
3. Active measures to ameliorate dissatisfaction among workers.
4. Mutual respecting and amicable settlement of differences in the best interest of the organisation.
5. Speedy communication of decisions, especially those affecting workers' rights; workers' involvement in such and other decisions
6. Integration of employees in the organisation
7. Proper management of employees pay and benefit schemes to prevent misgivings. Seventy to eighty percent of conflicts have been known to occur because of delays in this respect.
8. The management should also look after the social and other economic needs of the employees.
9. Transparency of industrial policies would be conducive to democratic functioning.
10. Management and employees should have mutual confidence and cooperating attitude, which leads to new policy directions through free and open-minded discussions on matters of industrial progress.
11. Arrangement for need based training for workers.
12. System of group bargaining to manage conflicts better.
13. Most importantly, economic growth, which distributes rewards equitably, creates employment opportunities and alleviates poverty, is the only lasting solution of the problem of industrial unrest.

Industrial Unrest: Issue with striking work

Supreme Court judgment in the T.K Rangarajan vs. Government of Tamil Nadu and Others, 2003,(SOL case no. 429) denying the right to strike as a legal moral or equitable right has invited much criticism. In an earlier judgement, in *Kameshwar Prasad* vs. State of Bihar, 1962

(Supp3 SCR 369) the Apex court had settled that the right to strike is not a fundamental right. But denying it as moral right in the Rangarajan case has invited criticism. Workers have the right to strike, even without notice unless it involves a public utility service; employers have the right to lockout, subject to the same conditions as a strike. (Desai, 2005)

It is conceded that a worker has no other means of defending her or his real wage other than seeking an increased money wage. Earnings of the capitalist are contingent upon the worker's continued cooperation. The argument is drawn from Ricardian and Marxian classical political economy that states that a capitalist earns by alienation worker's rights (Justice Ahmadi: *B.R. Singh v. Union of India,* 1990labIC 389(396) SC).

Besides the Industrial Disputes Act, 1947, the Trade Unions Act, 1926 also recognises the right to strike. Sections 18 (xiii) and 19 (xiv) of the act confer immunity upon trade unions on strike from civil liability.

India is a member of the International Labour Organisation (ILO). A conjoint reading of Articles 51(c) and 37 implies that principles laid down in international conventions and treaties must be respected and applied in the governance of the country. This is implicit from Article 51(c) and the enabling power of Parliament to enact laws for implementing the international conventions and norms by virtue of Article 253, read with Entry 14 of the Union List in the Seventh Schedule of the Constitution.

Any international convention not inconsistent with fundamental rights and in harmony with its spirit must be read into these provisions to enlarge the meaning and content thereof, to promote the object of the Constitutional guarantee. (Justice Verma; Vishakha vs. State of Rajasthan (1997)6SCC241 at 249). Of the Directive Principles of State Policy, Article 51(c) provides that the state shall endeavor to foster respect for international law and treaty obligations in the dealings of organised people with one another. Article 37 reads as, "the provisions contained in this part shall not be enforceable by any court, but the principles therein laid down are nevertheless fundamental in the governance of the country and it shall be the duty of the state to apply these principles in making laws" (Desai, 2005).

Finding A Lasting Solution to Labour Problems

It is conceded that legislation and institutional arrangements in pursuance to legislation are only a partial solution to the problem of industrial unrest. Core issues have to be tackled for achieving lasting industrial peace. To that end, vocational training of workers and arrangements for housing and social security schemes has to be given fillip. At the macro level, employment generation and poverty alleviation programmes need to be taken up earnestly to tackle unrest among people in general and working classes in particular. The onus is on the management of organisations and the government to take desired steps in that direction.

Employment and Training Schemes

With a macro perspective, human resource development in the economy has to move forward in a planned way. Solutions have to be found to economic and social problem like unemployment, poverty, ill health and gender discrimination for healthy environment in organisations.

Education has to incorporate vocational training for youth as also existing training programmes in institutions and industry have to be technically updated, jobs enriched and enlarged, with a view to imparting need based skills to employees in particular and students in general to equip them to face diverse challenges in life. The same has to be attempted with added vigour in the face of industrial sickness and privatisation of public sector units. Steps will have to be taken to ensure a measure of relief and assistance to retrenched workers who are thereby reduced to a state of helplessness. The same has to be ensured via planning built into yearly budgets. Current strategy for employment generation in India underlines the following significant areas: (40^{th} Session, Standing Labour Committee)

- Generating additional employment opportunities through the encouragement of labour intensive sectors.
- Accelerating the rate of growth of GDP with a particular emphasis on sectors likely to ensure spread of income to the low segments of the labour force.
- Restructuring of the following sectors in favour of labour intensive activity for generating additional gainful employment opportunities:
    - Agriculture & Allied.
    - Greening the country through Agro Forestry.
    - Energy Plantation for Biomass power Generation.
    - Rural Sectors and Small and Medium Enterprises (SMEs).
    - Education and Literacy.
    - Employment through ICT Development
    - Health, Family and Child Welfare

Considerations in Labour Law Reform

Vital reforms cannot be secured without the cooperation and goodwill of the workers. Such understanding can be brought about by creating confidence in workers through provision of necessary safeguards to protect their interests. The greatest anxiety experienced by the workers is with regard to the stability of employment. Reform should be 'rational' in that effective arrangements should be made for retraining and transferring retrenched workers to other jobs on the basis of expressed consent." (Mathew, 2003).

Presently, a permanent worker can be removed from service only for proven misconduct or for habitual absence due to ill health, alcoholism and the like, or on attaining retirement age. In other words, the doctrine of 'hire and fire' is not approved within the existing legal framework. In case of misconduct the worker is entitled to the protection of Standing Orders to be framed by a Certifying Officer of the Labour Department after hearing management and labour, through the trade union. Employers must follow principles of 'natural justice', which again is an area that is governed by judge-made law. An order of dismissal can be

challenged in the labour court and if it is found to be flawed, the court has the power to order reinstatement with continuity of service, back wages, and consequential benefits. This again is identified as an area where greater flexibility is considered desirable for being competitive. Both pros and cons regarding proposed change need to be studied to evolve acceptable policy in this regard. Holistic and not partial appreciation from the industry's standpoint may not be the correct approach. Opinions regarding the same differ among scholars and policy makers.

Under the present law, any industrial establishment employing more than a hundred workers must make an application to the government seeking permission before resorting to lay-off, retrenchment, or closure; employers resorting to any of the said forms of creating job losses, is acting illegally and workers are entitled to receive wages for the period of illegality. As per proposed reforms such securities would no longer be available. Drastic change may need to be guarded against. An important feature of the Industrial Disputes Act is the stipulation that existing service conditions cannot be unilaterally altered without giving a notice of 21 days to the workers and the union. Similarly if an industrial dispute is pending before an authority under the IDA, then the previous service conditions in respect of that dispute cannot be altered to the disadvantage of the workers without prior permission of the authority concerned. This has been identified as a form of rigidity that hampers competition in the era of liberalisation. The same issue of equity and justice comes up in this particular context. The challenge is to reconcile management and workers' interests.

The most distinctly visible change from globalisation is the increased tendency for subcontracting. Generally, this is done through the use of cheaper forms of contract labour, where there is no unionisation, no welfare benefits, and quite often not even statutorily fixed minimum wages. Occasionally, the tendency to bring contract labour to the mother plant itself is seen. This is very often preceded by downsizing, and since there is statutory regulation of job losses, the system of voluntary retirement with the 'golden handshake' is widely prevalent, both in the public and private sectors. While cost control may be an imperative human side of the enterprise is not to be lost sight of. Contract labour is a pressing issue presently. Steps need to be further taken to ameliorate their condition (Mathew, 2003).

Impetus to Research

Government undertakes special programmes of studies and surveys of aspects such as working and living conditions, family budgets, wage census, index of earnings, patterns of absenteeism, productivity, etc. Adequate and reliable data on labour matters should be further built up. To that end, there is need for sustained and objective research on a systematic basis. Modalities for the same were discussed at a conference on Labour Research held in September 1960, 2005. Provision for research in labour matters through some new institutional facilities outside the set-up of the government is being considered. It is proposed to have the association and assistance of organisations of workers and employers as well as other concerned parties.

Industrial Housing

Although the subsidised Industrial housing scheme has been in operation for some years, the situation in respect of housing of industrial workers has not improved and in several centers has even deteriorated. While considerable improvement has occurred in the living and working conditions of employees in large and organised industries, owing both to state activity and trade union action, a great deal of scope for the same remains in respect of the workers engaged in agriculture and unorganised industries. Their conditions should be a matter of special concern to the government as well as to the organisations of labour.

Workers' Cooperatives

Presently, cooperative credit societies and cooperative consumer stores are being proposed at the level of the trade unions. Some progress has been made in the formation of miners' cooperative societies through the help of the Coal Mines Welfare Fund Organisation. A few workers' cooperative housing societies also exist in some industrial centers. Cooperative activity is expected to result in immense benefits to workers ad their families.

The Unorganised Sector

The National Sample Survey Organisation (NSSO) survey of 1999-2000 has estimated that out of a total workforce of about 397 million, only 28 million are in the organised sector and remaining 369 million in the unorganised sector. The workforce in the unorganised sector comprise of 237 million in the agricultural sector, 41 million in manufacturing and 91 million in services including the construction workers.

The unorganised sector is characterised by the lack of labour law coverage, lack of organisational support, low bargaining power and institutional back-up, making it extremely vulnerable to economic and social exploitation. In the rural areas, it comprises landless agricultural labourers, small and marginal farmers, share croppers, persons engaged in animal husbandry, fishing, horticulture, bee-keeping, toddy tapping, forest workers, rural artisan, s etc., where as in the urban areas, it comprises mainly manual labourers in construction, carpentry, trade, transport, communication, etc., and also includes street vendors, hawkers, head load workers, cobblers, tin smiths, garment makers, etc.

There are some welfare schemes implemented by the central government through the Directorate General Labour Welfare for specific groups of unorganised sector workers, viz. for those engaged in 'beedi', non-coal mines and coal industries. These are apart from the National Social Assistance Programme (NSAP) consisting of schemes for old age pension, family benefit and maternity benefit. Besides, some of the state governments like Kerala and Tamil Nadu have also been implementing welfare programmes for certain categories of the unorganised sector workers. The government of Madhya Pradesh enacted a separate Law for the workers in the unorganised sector. There are group insurance schemes such as the Jan Shree Bima Yojana, which provide insurance cover of Rs. 20,000 in case of natural death; Rs. 50,000 in case of death or permanent total disability and Rs. 25,000 in case of partial permanent disability due to an accident. Persons in the age group of 18-60 years and those living below or marginally above the poverty line are eligible.

A proposal to enact a comprehensive central legislation for the agricultural workers had been under consideration of the Ministry of Labour, since 1975, to enact a uniform central legislation for the agricultural workers. It is currently caught in divergent views expressed by state governments. The main reservation is regarding creation of a corpus for the implementation of the welfare measures for the agricultural workers. While some states were of the view that enactment of law may lead to social tension, some others were of the view that the legislation may lead to 'industrial atmosphere' in the agricultural sector. Some states wanted the matter to be left to the states and some others were of the view that the central government should bring the central legislation but bulk of the provisions should be left to the state governments. (40th Session Standing Labour Committee)

18.3 LABOUR POLICY

Articulation of labour policy and the ideology pursuant to it is a significant determinant of organisational working. The objective of labour policy is to ensure an environment conducive for labour management cooperation. Principles pursued in pursuance of avowed objectives constitute labour policy.

In today's environment of globalisation, the abundant availability of trained manpower in scientific, technical and managerial fields is one of the main attractions to foreign investors in India. India's competitive advantage lies in furthering this human capital development. To this end, labour laws revision is being suggested. Labour legislation makes provision to safeguard workers' rights as well as protect the interests of employers and promote healthy industrial relations. Laws have been enumerated from the constitution of India where labour is a concurrent subject.

There can be many perspectives to goals and objectives of labour policy, for example capitalistic and socialistic in a mixed economy. Similarly, implementation could be viewed from many different perspectives. Industrial Relations are currently gripped in the ideological conflict between leftists and right wing nationalists. While the former advocate socialist policies, the latter perceive efficiency in the free market.

It is not hard to understand why industrial relations suffer from ideological and practical ambiguity, especially in developing countries like India, where immense socio political diversity prevails. It may not be advisable for instance, to make agreeable policy with an exclusively urban or western perspective with regard to labour that has a predominant rural agricultural background (Dwivedi, 1990). Industrial relations in India should take into account such other unique ecological factors and specific considerations; for instance, many workers' problems are due to cultural incongruence between rural and urban life. Organisational culture assumes added significance here. Training as well as orientation schedules for new entrants to organisational life, for instance, must take cognisance of this real problem and come up with practicable solutions. There is pay disparity between organised and unorganised sectors and also within the organised sector for example, in the banking and manufacturing sectors. There is reported imbalance between inducements and contributions and the HR function shows a negative orientation in

that the emphasis is on tackling problems piecemeal instead of a comprehensive attempt at their prevention and pre-emption. There is stress on imparting responsibility rather than engineering a climate of responsibility itself. Besides there are eternal factors viz. inflation, disparity in pay in public and private sectors, more indirect taxes than direct, retrenchment etc. which create dissatisfaction, apathy and decline in work ethic.(Dwivedi, 1990)

The government has a vital role to play in structuring industrial relations. The government seeks to maintain balance by establishing legal, social and economic norms of work life. The government also endeavours to adapt the legislative and administrative organs to changes in social ideals and norms. Environmental and organisational constraints on rationality of decision making processes have to be considered. Problem of irreconcilability between long and short term goals due to implementation roadblocks is also an issue (Dwivedi, 1990). To clarify further, it is not possible to limit consideration to the economic dimension when social and political are equally important. These metamorphose into larger sociological perspectives concerning relation between man and society; man's existence in a group or a collective undertaking (gestalt psychology), contributing to and being affected in turn by sociological processes inhering in groups. Goal setting for labour policy is rather difficult as precision may be lost in the myriad concerns to be answered.

In India, the formulation of labour policy has been mainly based on the deliberations and recommendations of the Indian Labour Conference and the Standing Labour Committee. In addition to the above tripartite consultative organisations, the government of India appoints consultative tripartite committees for individual industries. There are also tripartite wage boards for evolving wage structures in selected industries. Labour legislation is hard to implement.

The Indian government has used a mix of approaches, such as legislation, administrative action, tripartite consultation, persuasion and education to achieve its objective of harmony and industrial peace.

There is alleged lack of uniformity and repetitiveness in Indian labour legislation. The study group appointed by the National Commission on Labour in 1967 was in favour of introducing a simplified standardised labour code on an all India basis:

- To ensure a machinery for progressive enhancement of real wages for workmen in the foreseeable future;
- To ensure increase in production of material goods so that the price line can be maintained and the standard of living increased.;
- To reduce work stoppages to the minimum by providing effective machinery for settlement of disputes either through collective bargaining or if necessary through a speedy process of industrial adjudication; and
- To provide the trade unions their rightful place in the democratic set up.

A code of discipline in industry in India, which applies both to the public and to the private sector, has been accepted voluntarily by all the central organisations of employers and workers and has been in operation since the middle of 1958. The code provides that:

- A regular grievance procedure be laid down in all undertakings and complaints should receive prompt attention. The legal means of redress should be followed through the normal channels and there should be no direct, arbitrary or unilateral action on either side.
- Management and workers agree to avoid litigation, lock-outs, sit-down and stay-in strikes. There should be no recourse to intimidation, victimisation or 'go-slow' tactics. The unions should not engage in any form of physical duress and should discourage unfair practices such as negligence of duty, careless operation, damage to property, interference with or disturbance to normal work and insubordination.
- The employers should allow full freedom to workers in the formation of trade unions. A union guilty of a breach of the code of discipline loses its right to such recognition.
- Both sides are pledged to the scrupulous and prompt implementation of awards, agreements settlements and decisions.
- Every employee should have the freedom and right to join a union of his choice. Ignorance and backwardness of workers should not be exploited by any organisation.
- Casteism, communalism and provincialism should be eschewed by all unions and there should be no violence, coercion, intimidation or personal vilification in inter-union dealings.
- It is enjoined that there should be unreserved acceptance of and respect for democratic functioning of trade unions and all central organisations should combat the formation and continuance of company unions.
- The failure to implement awards and agreements has been a complaint on,' both sides and if this were to continue, the codes would be bereft of all meaning and purpose. A machinery for implementation and evaluation has, therefore, been set up at the center and in the states to ensure observance by the parties of the obligations arising from the codes and from laws and agreements.

18.4 DEFINING GRIEVANCE

Grievance can be defined as employee dissatisfaction or feeling of personal injustice relating to his or her employment conditions. Dale Yoder defines grievance as "a written complaint filed by an employee claiming unfair treatment". The International Labour Organisation (ILO)

defines grievance as "a complaint of one or more workers in respect of wages, allowances, conditions of work and interpretation of service stipulation, covering such areas as overtime, leave, transfer, promotion, seniority, job assignment and termination of service". In the opinion of National Commission of Labour, "complaints affecting one or more individual workers in respect of wage payment, overtime, leave, transfer, promotions, seniority, work assignment and discharges constitute grievance".

According to Michael J. Jucius, the term 'grievance' implies '*any* discontent or dissatisfaction, *whether expressed or not*; whether valid or not, arising out of anything connected with the company that an employee thinks, believes or even feels, is unfair, unjust or inequitable".

For the purpose of this unit, grievance is understood from a narrow perspective as concerned with the interpretation of contract or award as concerns employment.

Causes of Grievances

The causes of grievances may broadly be classified as follows:

(A) Grievance resulting from *working conditions*

(i) Improper placements

(ii) Frequent changes in schedules or procedures

(iii) Non-availability of proper tools, machines and equipment for accomplishing assigned tasks

(iv) Tight production standards or exacting schedules

(v) Unfavourable physical conditions at the work place

(vi) Failure to maintain proper discipline (excessive discipline or lack of it)

(vii) Poor relationship with the supervisor

(B) Grievances arising out of *management policy*

(i) Wage payment and job rates

(ii) Leave

(iii) Overtime

(iv) Seniority

(v) Transfer

(vi) Promotion, Demotion and Discharge

(vii) Hostility toward labour union

(C) Grievance resulting from *alleged violation* of

(i) The collective bargaining agreement

(ii) Central or state laws

(iii) Past practices

(iv) Organisation's rules

(v) Avoidance of management's responsibility

(D) Grievances resulting from *personal maladjustment* owing to:

(i) Over-ambition

(ii) Excessive self esteem

(iii) Impractical attitude towards life.

Effects of Grievances

Grievances have an adverse effect on organisational climate. Adverse effects are expressed as:

(i) Lack of interest in work and commitment

(ii) Low productivity

(iii) Increase in waste and costs

(iv) Increase in absenteeism

(v) Increase in employee turnover

(vi) Spreading indiscipline and unrest

(vii) Increase in number of disciplinary cases

Discovering Grievances

The following are the important tools, which help in discovering grievances:

(A) Exit Interview: Employees generally quit organisations because of dissatisfaction at the work or availability of better prospects elsewhere. Exit interviews can provide vital information about employees' grievances, specifically, their reasons for leaving the organisation.

(B) Gripe Boxes: These are boxes in which employees drop anonymous complaints about felt dissatisfactions. It is different from suggestion scheme system, where employees drop named suggestions with an intention of receiving rewards.

(C) Opinion Surveys: Group meetings, periodical interviews with employees, collective bargaining sessions are some other means through which information is procured about employee dissatisfactions before they turn to grievance.

(D) Open Door Policy: Employees are provided unrestricted access to the management. Open door policy may be useful in small organisations but can be impracticable in large organisations where top management do not have the time to attend to personal grievances of workers.

Grievance and Industrial Relations

Environment of cordiality and co-operation is reflected in increased productivity in organisations with 'zero' grievance rate. It is also a sign of healthy industrial relations prevailing in the organisation.

One of the major problems in Indian industrial relations scenario is lack of appreciation of distinct boundaries between the areas of grievance procedure, collective bargaining and worker's participation in management

The appointment of labour welfare officers in every industry, where five hundred or more employees work, is mandatory under the provision of the Factories Act, 1948. But the Factories Act 1948 gives limited scope to Welfare Officers in areas of welfare, working conditions and safety, etc.

In the absence of an accepted grievance procedure, the culture of the unit as well as either the provisions under Factories Act 1948 or the Industrial Disputes Act 1947, are depended on for settlement.

Grievance Redress Procedure

Generally, grievance rate is reflected in the number of written grievances for one hundred employees in one year. A typical grievance rate is in between five to twenty. However, well-managed organisations with mature industrial relations have succeeded in lowering rates. Effective administration however tends to mitigate its negative effect. Fair, open and prompt treatment of problems as they arise, reduces misunderstandings. Increased participation also is an effective way to reduce grievances.

Grievance Handling Machinery

A grievance handling machinery prescribes the method by which a grievance is filed and carried through prescribed procedure to a settlement or solution. Therefore every organisation needs established procedure for handling grievances. Some general principles which serve as guidelines in establishing a system of positive grievance administration are as follows:

1 Grievances should be addressed promptly;

2 Procedures and forms airing grievances must be easy to utilise and well understood by employees and their supervisors; and

3 Direct and timely avenues of appeal from rulings of line supervision must exist.

The most common grievance procedure features in four steps, which are shown in Fig.1 (Pettefer, 1970).

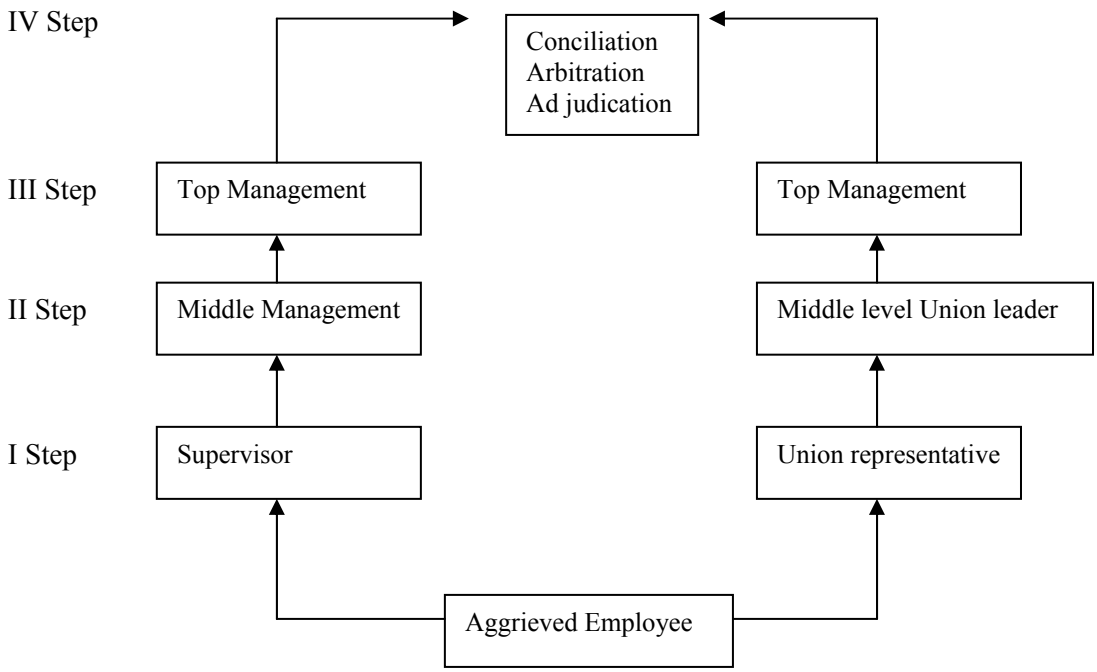
First Step: - The first step involves presentation of employee grievance to the immediate supervisor who forms the first rung in the ladder. If the concern is unionised, a representative of the union would join for better articulation. This step offers the greatest potential for improved labour relations. Large number of grievances gets settled at this stage but grievances relating to the issues or policies of the organisation are beyond the jurisdiction of the supervisor. The aggrieved employee may approach the next rung for such grievances.

Second Step: - The second rung may be the personnel officer or some middle line manager who is approached for resolution. If the concern is unionised, some higher personnel in the union may join. Events are stated as they are perceived, identifying the portion of the contract, which allegedly has been violated and the settlement desired to be effected. If grievance is not adjusted at this step, it is taken to the third rung.

Third Step: The top management constitutes the third step, which handles grievance involving company wide issues. The top union representatives join in the process. Redress of grievances becomes complex and difficult at this stage because by now they acquire political hues and colours. If grievance does not get settled by the top management and top union leadership, then in the fourth and final step, it is referred to an impartial outside person called an 'arbitrator'.

Fourth Step: - If the grievance has not been settled within the organisation, it goes to a third party for mediation. This stage involves conciliation; arbitration; adjudication. The matter may even be referred to a labour court. In case of mediation (conciliation or arbitration) the mediator may have no authority to decide but may only facilitate contact. In case of an adjudicator or labour court, the decision is binding on the parties, subject to the statutory provisions for appeal to higher courts.

Figure – 1 Four-Step Grievance Procedure

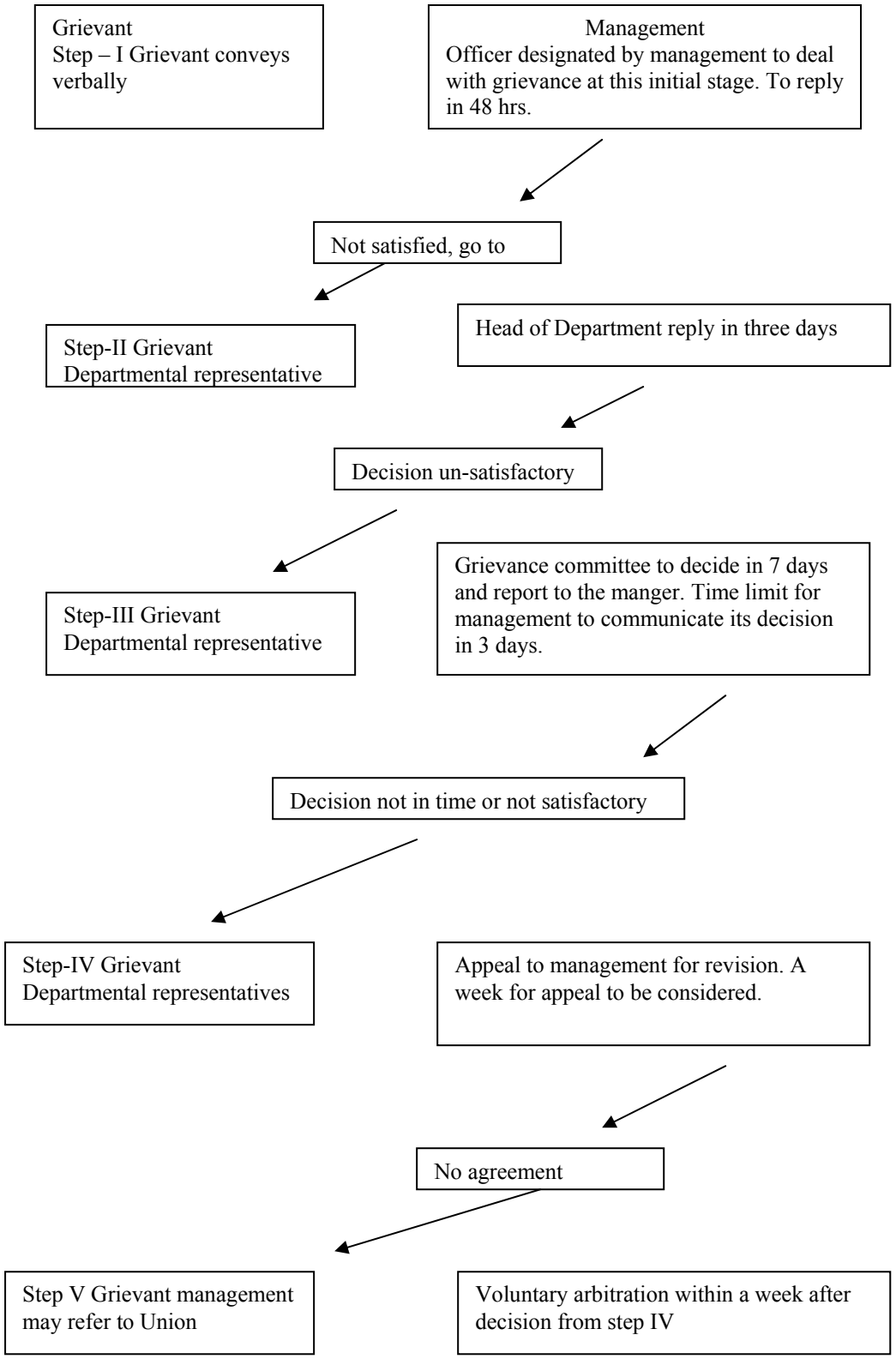


Model Grievance Procedure

Model grievance procedure was formulated in pursuance to the code of discipline adopted by the sixteenth session of the Indian Labour Conference in 1958. A model grievance redress procedure (as shown in Figure 2) contains five successive time bound steps, each leading to the

next in the event of the non-acceptance of the previous decision (Monappa, 1999)

Fig.2. Model Grievance Procedure



These five steps are as under:

1. An aggrieved employee shall first present his grievance verbally in person to the officer designated by the management for this purpose. Answer shall be given within forty- eight hours of the presentation of complaint.

2. If the employee is not satisfied with the decision of first step or fails to receive an answer within the stipulated period, he shall, either in person or accompanied by his departmental representative, present his grievance to the head of the department. The departmental head is expected to give his reply within three days of the presentation of grievance.
3. If the decision of the departmental head is found unsatisfactory, the aggrieved employee may request, forwarding grievance to the grievance committee, which sends its recommendations to the manager within seven days of receiving the employee's request. The management implements unanimous recommendations of the grievance committee. In the event of difference of opinion among the members of the grievance committee, the views of the members, along with the relevant papers are placed before the manager for final decision. In either case, the final decision of the management is communicated to the employee by the personnel officer within three days from the receipt of the grievance committee's recommendations.
4. If the decision of the management is not communicated to the employee within that period, or if it is unsatisfactory, the employee shall have the right to appeal to the management for a revision. In making this appeal, the employee, if he so desires, shall have the right to take a union official along with him to facilitate discussion with the management. The management shall communicate its decision within a week of the employee's revision petition.
5. If no agreement is possible, the union and the management refer the grievance to voluntary arbitration within a week of the receipt by the employee of management's decision.

In case of any grievance arising out of discharge or dismissal of an employee, the above-mentioned procedure shall not apply. Discharged or dismissed employee shall have the right to appeal either to the dismissing authority or to a superior authority that shall be specified by the management within a week from the date of dismissal or discharge.

18.5 METHODS OF CONFLICT RESOLUTION

The Industrial Disputes Act seeks to regulate industrial relations in the country. Its main objective is to provide for just and equitable settlement of disputes by *negotiation*, *conciliation, mediation*, *voluntary arbitration*, and *compulsory adjudication*. However, in most cases employer- employee relations are determined by direct collective bargaining.

The focus of the Industrial Disputes Act, 1947 is on efficient alternative mechanisms for dispute settlement, such as, reference to Industrial Tribunals, compulsory adjudication, conciliation, etc.

The conciliation machinery provided for in the Act, can take note of the existing as well as apprehended disputes either on its own or on being approached by either of the parties. Since the final decision is with the parties themselves, they cannot complain that their practical freedom has

been impaired or that they have been forced into an unacceptable settlement (section 25).

Section 6 provides for the constitution of a Court of Inquiry, that enquires into the merits of the issues and prepares a report on them that is "intended to serve as the focus of public opinion and of pressure from Government authorities" Section 10 A provides for voluntary arbitration. Voluntary arbitration seems to be the best method for settlement of all types of industrial disputes. Apart from these, Sections 7, 7A and 7B deal with the constitution of adjudicatory authorities, viz., Labour Courts, Tribunals or National Tribunals, respectively.

Conciliation

The objective of conciliation is to bring about an agreed solution through mediation by adopting constitutional means not coercive or inhibitory tactics either by the management or the workers. When parties engaging in collective bargaining are unable to arrive at a settlement, either party or the government may commence conciliation proceedings before a government appointed conciliation officer whose intervention may produce a settlement, which is then registered in the labour department and becomes binding on all parties Conciliation machinery can take note of a dispute either on its own or when approached by one or both concerned parties. Unlike conciliation under the Industrial Disputes Act where there are statutory authorities to conduct conciliation, conciliation under the 1996 Act is not made compulsory. Under section 62 of the Act the party initiating conciliation sends to the other party a written invitation to conciliate, briefly identifying the subject of the dispute. The role of conciliator is to assist the parties in an independent and impartial manner, in reaching an amicable settlement. He has to guide them with objectivity, fairness and justice. Efficacy of conciliation has declined over the years due to expressed worker preference for the legal option in comparison to conciliation. (Murti &Murti, 2005)

If conciliation fails, it is open to the parties to invoke arbitration, or, for the appropriate government to refer the dispute to adjudication before a labour court or a tribunal whose decision may then be notified as a binding award on the parties. Disputes may be settled by *collective bargaining, conciliation*, or *compulsory adjudication*.

Voluntary Arbitration

The essence of arbitration is the settlement of disputes by a tribunal chosen by the parties themselves, rather than by the courts constituted by the state. The popularity of arbitration as a mode of settling disputes is owing to the fact that "the arbitration is regarded as speedier, more informal and cheaper than conventional judicial procedure and provides a forum more convenient to the parties, who can choose the time and place for conducting arbitration and the procedure for carrying it through with facility. Further, where the dispute concerned is a technical matter, the parties can select an arbitrator who possesses appropriate special qualifications in the matter".

Even though arbitration is a substitute process for civil suit and for obtaining a decision judicially arrived at by an independent impartial authority appointed by the consent of contending parties, arbitration clauses cannot be imposed on the parties. Consent of both parties for arbitration is a precondition for referral or resort to the option. The

arbitral tribunal is given the power to use mediation, conciliation and other procedures as it might decide, during the arbitral proceedings to encourage settlement of disputes. Parties are free to determine the number of arbitrators depending upon the nature of the agreement. The grounds on which award of an arbitrator may be challenged before the court have been severely cut down. The award can be quashed only for invalidity of the agreement, want of jurisdiction on the part of the arbitrator or want of proper notice to a party of the appointment of the arbitrator or of arbitral proceedings or a party being unable to present its case. At the same time, an award can now be set aside if it is in conflict with the public policy on a ground which covers, inter alia, fraud and corruption. (Murti and Murti, 2005)

This method has not been very popular, especially in northern India despite provision for the same in the Industrial Disputes Act of 1947. (Ghosh, 1969) This has been mostly because of non availability of suitable arbitrators and also because voluntary arbitration leaves no room for the parties to go in appeal. Though voluntary arbitration is representative in character and stresses on responsibilities, rights and obligations of both parties in equal measure, has lamentably been, in effect, thwarted by trade unions. They have been and seen to resort to recalcitrant tactics following adverse decisions.

Adjudication

Adjudication is relied upon most by workers for settlement of disputes. The government has the discretion to refer an industrial dispute for adjudication to a labour court or an industrial tribunal or an industrial court. Each case is studied separately for referrals. Adjudication as a method of resolution is criticised on the following grounds:

1. Adjudication leads to delay in settlement of disputes.
2. Problems are exacerbated further by additional conflicts and strikes during proceedings.
3. It has relegated unions to the status of agents of litigation from their ideal role as ideological constructive bodies. Their ideological base has resultantly been deemphasised or eroded.
4. It has thwarted development of collective bargaining which is widely practised in developed nations.

The following points need to be kept in mind while handling grievances:

1. A grievance should not be postponed in the hope that people will "see the light" themselves.
2. Written records should be maintained.
3. All relevant facts regarding grievance should be collected by the management and proper records maintained.
4. The employee should be given time off to pursue the grievance-related matter.
5. The management should make a list of all possible solutions and later evaluate them one by one in terms of their total impact on the organisation.

6. Decision once reached should be communicated to the employee and acted upon promptly by the management.
7. Follow up must be taken by the management to determine whether action taken has brought about the desired change in the employee's attitude.

Conflict Resolution for Central Government Employees

The Joint Consultative Machinery (JCM) and compulsory arbitration for central government employees has been in operation since 1966. It provides a forum for consultation between the government of India in its capacity as employer and the general body of employees at three levels. At the apex level, there is a National Council, with departmental councils and office councils at the ministry/department and office levels respectively. The National Council deals with general matters concerning Central Government employees, such as pay of common categories, dearness allowance, matters relating to categories of staff, common to two or more departments, which are not grouped together in a single departmental council. Matters affecting staff of a single department are considered in the departmental council and local or regional questions at the level of office councils. Prior approval of the chairman is taken before a subject is included in the agenda for consideration of the National Council. The council's recommendation became operative after the approval of government is obtained. If there is final disagreement at the level of JCM on arbitral issues, it is open to either side to refer the matter to the Board of Arbitration. The Board of Arbitration follows quasi judicial procedures. Awards of the Board of Arbitration can be modified or rejected by the Government with the approval of the Parliament only on grounds of "National Economy" and "social justice."

Working of the JCM

As per the assessment of the fifth pay commission, the scheme of JCM has functioned well and been able to provide a viable platform for sorting out problems through consultation between employees and the government. This is evidenced by the fact that since 1968, no general strike has taken place. In Railways the last general strike took place as far back as in 1974.

In most cases the awards of the board of arbitration are accepted by the government. Inordinate time is expended between receiving such awards and implementing them. The fifth pay commission has called for a specific time limit on implementation of such awards.

18.6 LABOUR LAWS

To have better understanding of industrial relations, it is better to know the labour laws in India since independence.

1. Relating to Service Conditions: - Trade Union Act, 1926; Industrial Employment (Standing Orders) Act, 1946; Industrial Disputes Act, 1947; Employment Exchange (Compulsory Notification of Vacancies) Act, 1959; Contract Labour Act, 1970;

and Sales Promotion (Employees Conditions of Service) Act, 1976.

2. Relating to Wages and Salary: The Payment of Wages Act, 1936; Minimum Wages Act, 1948; Payment of Bonus Act, 1965; and Equal Remuneration Act, 1976.
3. Relating to Social Security: Workmen's Compensation Act, 1923; Employees State Insurance Act, 1948; Employees Provident Fund and Miscellaneous Provisions Act, 1952; Maternity Benefit Act, 1961; Payment of Gratuity Act,1972; and Employee's Pension Scheme, 1995.
4. Relating to Safety and Welfare: The Factories, Act, 1948; Plantation Labour Act, 1951; and Mines Act, 1952, etc.

The Unorganised Sector

Many of the laws mentioned above apply to the unorganised sector also. In some cases, a separate notification may be necessary to extend the application of a particular law to a new sector.

It is useful to notice that some pieces of legislation are more general in character and apply across the board to all sectors. The Trade Union Act 1926, The Minimum Wages Act 1948, The Contract Labour (Regulation and Abolition) Act 1970, The Workman's Compensation Act 1923, and The Payment of Wages Act 1936 are examples of this type. In certain cases, even the IDA, 1947, would be included.

In addition to the above, there are special sectoral laws applicable to particular sectors unorganised like the Building and Construction Workers Act, 1996; the Bonded Labour System (Abolition) Act, 1976; The Interstate Migrant Workers Act, 1979; The Dock Workers Act, 1986; The Plantation Labour Act, 1951; The Transport Workers Act, The Beedi and Cigar Workers Act, 1966; The Child Labour (Prohibition and Regulation) Act, 1986; and The Mine Act, 1952.

A recent trend has been to seek the creation of a welfare fund through the collection of a levy from which medical benefits or pension provisions are made, like, Kerala, where a large number of such boards have already been set up to take care of welfare in different sectors of employment.

The Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947 was enacted to make provisions for investigation and settlement of industrial disputes and for providing certain safeguards to the workers.

It provides for a special machinery of conciliation officers, work committees, court of inquiry, Labour courts, Industrial Tribunals and national Tribunals, defining their powers, functions and duties and also the procedure to be followed by them.

It also enumerates the contingencies when a strike or lock-out can be lawfully resorted to, conditions for lay off, retrenching discharging or dismissing a workman, circumstances under which an industrial unit can be closed down and several other matters related to industrial employees and employers.

The Central Government is the appropriate government for the industries, which are carried on:

(a) By or under the authority of the central government;

(b) By a railway company;

(c) A controlled industry, specified for this purpose;

(d) In relation to certain industries enumerated in sec 2(a) of the act (Central government has delegated its power in respect of 199 industries to the state government)

The Workman's Compensation Act, 1923

The Workman's Compensation Act, 1923, covers all cases of accidents arising out of and in the course of employment' and the rate of compensation to be paid in a lump sum, is determined by a schedule proportionate to the extent of injury and the loss of earning capacity. The injured person can claim the compensation. In the case of his death the dependent can claim the compensation. This law applies to the unorganised sectors and to those in the organised sectors who are not covered by the Employees State Insurance Scheme, which is conceptually considered to be superior to the Workman's Compensation Act.

The Employees' State Insurance Act, 1948

The Employees State Insurance Act, 1948, provides a scheme under which the employer and the employee must contribute a certain percentage of the monthly wage to the Insurance Corporation that runs dispensaries and hospitals in working class localities. It facilitates both outpatient and in-patient care and freely dispenses medicines and covers hospitalisation needs and costs. Leave certificates for health reasons are forwarded to the employer who is obliged to honour them. Employment injury, including occupational disease is compensated according to a schedule of rates proportionate to the extent of injury and loss of earning capacity. Payment, unlike in the Workmen's Compensation Act, is monthly.

The Maternity Benefit Act, 1961

The Maternity Benefit Act of 1961 is applicable to notified establishments. Its coverage can therefore extend to the unorganised sector also, though in practice it is rare. It regulates employment of women in certain establishments for a certain period before and after child birth and provides for maternity and other benefits. The Act applies to mines, factories, circus, industry, plantation and shops and establishments employing ten or more persons, except employees covered under the Employees State Insurance act, 1948.

A woman employee is entitled to 90 days of paid leave on delivery or on miscarriage. Similar benefits, including hospitalisation facilities are available under the law

There are two types of retirement benefits generally available to workers. One is under the Payment of Gratuity Act and the other is under the Provident Fund Act. In the first case a worker who has put in not less than five years of work is entitled to a lump sum payment equal to 15 days' wages for every completed year of service. Every month the employer is expected to contribute the required money into a separate fund to enable this payment on retirement or termination of employment. In the latter scheme both the employee and the employer make an equal contribution into a national fund. The current rate of contribution is 12 percent of the wage including a small percentage towards family pension. This contribution also attracts an interest, currently 9.5 percent per annum, and the accumulated amount is paid on retirement to the employee along with the interest that has accrued.

Equal Remuneration Act of 1976

This Act applies to an extensive range of classes of employment listed in the schedule which includes the informal sector. It requires employers to pay all workers, men and women *equal remuneration for equal work done*. Remuneration is defined as the basic wage or salary and includes payments in kind. "Same work or work of a similar nature" is defined as work in respect of which the skill, effort and responsibility are the same when performed under similar working conditions or where any differences are not of practical importance in relation to the conditions of employment.

Discrimination on the basis of gender is deemed unacceptable. Employers must also not discriminate on the basis of sex in the recruitment of workers for the same or similar work, or in any terms or conditions of employment, such as promotion, training or transfer. However, priority reservation in recruitment is allowed in relation to any "class or category of persons". Employers are also subject to record keeping requirements

The provisions of this law are regularly monitored by the Central Ministry of Labour and the Central Advisory Committee. In respect of an occupational hazard concerning the safety of women at workplaces, in 1997 the Supreme Court of India announced that sexual harassment of working women amounts to violation of rights of gender equality. As a logical consequence it also amounts to violation of the right to practice any profession, occupation, and trade. The judgment also laid down the definition of sexual harassment, the preventive steps, the complaint mechanism, and the need for creating awareness of the rights of women workers.

According to Government sources, out of 407 million total workforce, 90 million are women workers, largely employed (about 87 percent) in the agricultural sector as labourers and cultivators. In urban areas, the employment of women in the organised sector in March 2000 constituted 17.6 percent of the total organised sector.

Employees State Insurance Act, 1948

This Act is administered by the Employees State Insurance Corporation made up of representatives of employees and employers. The funds under the Act come from employer and employee contributions. All employees are required to be insured under this act, which provides certain benefits to employees subject to a wage limit

The Act provides for the payment of maternity benefit which is described as periodic compensation to women who are insured in the event of confinement, miscarriage, sickness related to pregnancy, confinement, premature birth. Confinement is defined as labour (including still birth) after 26 weeks of pregnancy. Compensation is paid if the competent authority certifies that the employee is eligible. In addition, the Act provides for the conditions for the payment of maternity benefits, its rates and the period for which it is to be paid to be set by Central Government.

Payment of Bonus Act, 1965

The Act applies to all factories and every other establishment, which employs twenty or more workmen. It provides for a minimum bonus of 8.33 percent of wages. The salary fixed for eligibility purposes is Rs. 3,500 per month and the payment is subject to the stipulation that the bonus payable to employees drawing wages or salary between Rs 2,500 and Rs. 3,500 per month would be calculated as if their salary or wages is Rs. 2,500 per month.

Trade Unions Amendment Act, 2001

Salient features of the Trade Unions (Amendment) Act, 2001:

- No trade union of workmen shall be registered unless at least 10% or 100, whichever is less, subject to a minimum of 7 workmen engaged or employed in the establishment or industry with which it is connected are the members of such trade union on the date of making of application for registration;
- A registered trade union of workmen shall at all times continue to have not less than 10% or 100 of the workmen, whichever is less, subject to a minimum of 7 persons engaged or employed in the establishment or industry with which it is connected, as its members;
- A provision for filing an appeal before the Industrial Tribunal / Labour Court in case of non-registration / restoration of registration has been provided;
- All office bearers of a registered trade union, except not more than one-third of the total number of office bearers or five, whichever is less, shall be persons actually engaged or employed in the establishment or industry with which the trade union is connected;
- Minimum rate of subscription by members of the trade union is fixed at one rupee per annum for rural workers, three rupees per annum for workers in other unorganised sectors and 12 rupees per annum in all other cases; and
- For the promotion of civil and political interest of its members unions are authorised to set up separate political funds.

Contract Labour Regulation and Abolition Act, 1970

The contract labour (regulation and abolition) act 1970 has been enacted to regulate the employment of contract labour in certain establishments and provide for its abolition in certain circumstances and related matters. The act provides for the constitution of Central and State Advisory Boards to advise the concerned governments on matters arising out of the

administration of the Act. The Central Advisory Contract Labour Board has also constituted a number of committees to enquire into the question of prohibition of contract labour system in different establishments.

Child Labour (Prohibition and Regulation) Act, 1986

The Child Labour (Prohibition & Regulation) Act, 1986 prohibits employment of children in hazardous occupations and processes and regulates their employment in some other areas.

Industrial Employment Standing Orders Act, 1946

The Industrial Employment (standing orders) Act, 1946, applies to every industrial establishment wherein 100 (reduced to 50 by the central government in respect of the establishments for which it is the appropriate Government) or more workmen are employed. All regional labour comissioners have been declared certifying officers in respect of the establishments falling in the central sphere. Central labour commissioner, joint labour commissioner and deputy labour commissioners have been declared appellate authorities under the act.

Hours of Employment Regulations, 1961

It regulates hours of work and periods of rest. Workers aggrieved by classification can approach regional labour commissioner who is empowered to decide such cases.

Health and Safety of Workers

The provisions of the Factories Act ensure that protection of the health and safety of workers in all industries is maintained. Since it is a statutory obligation, both employers and employees are required to observe the safety and protection requirements. Noncompliance with these requirements would call for penal action from the concerned government authority.

Termination of Employment

The Industrial Disputes Act provides strict rules for layoff, retrenchment and compensation. No employee in any industrial establishment who has worked for more than one year may be retrenched without being given one month's notice in writing indicating the reasons for retrenchment. The employee is also entitled to compensation equivalent to 15 days' pay for each year of service completed. The government has activated the National Renewal Fund (for rehabilitation and retraining of workers displaced from such units) on a non-statutory basis.

Tax concessions have been extended to beneficiaries under approved Voluntary Retirement Schemes (VRS) of private-sector companies and employees of an authority established under a central, state or provincial act or local authority that meet the guidelines framed for this purpose.

Certain other amenities, such as canteens, rest shelters, first-aid centers, crèches (day-care centers for female employees' children), and educational and recreation centers, etc., are to be provided by the employer in factories, mines and plantations. Large industrial units outside the main cities sometimes provide subsidised housing for their workers. Some states require the setting up welfare fund the

contributions payable by the employer, employees and the state government for promoting activities connected with the welfare of labor.

18.7 ADMINISTRATIVE ARRANGEMENT

The Organisation of the Chief Labour Commissioner (C) known as Central Industrial Relations Machinery was set up in April 1945, charged mainly with duties of prevention and settlement of industrial disputes, enforcement of labour laws and promotion of welfare of workers in the undertakings falling within the sphere of the Central Government.

Presently, there are 18 regions each headed by a Regional Labour Commissioner .The Industrial Relations Division (Policy Legal) within the Ministry of Labour deals with labour legislation and schemes applicable to all organisations in India.

The Ministry of Labour has the responsibility to protect and safeguard the interests of workers in general and those constituting the deprived and the marginal classes of society in particular. The Ministry seeks to achieve this objective through enacting and implementing labour laws regulating the terms and conditions of service and employment of workers. All labour laws provide for an inspectorate to supervise implementation and also have penalties ranging from imprisonment to fines. Cases of non-implementation need to be specifically identified and complaints filed before magistrates after obtaining permission to file the complaint from one authority or the other.

18.8 CONCLUSION

Industrial Relations involve human problems which require human solutions. Legislation may assist pre-empt and tackle problems, but lasting solution lies in addressing the key concerns of poverty and unemployment among the masses. Industrial Relations are currently going through a phase of transition in India. Socialist rhetoric is slowly giving way to a capitalist orientation. If labour reforms are carried out, which seems likely, industrial climate will undergo a drastic change. The feasibility of proposed changes would have to be discussed thoroughly before the imperatives of globalisation are accepted. Free entry and exit of firms and unimpeded hire and fire of labour could be inimical to labour security. Concerns of labour welfare have to be reconciled with competitiveness of businesses which presently feel thwarted due to 'rigid' labour laws.

18.9 KEY CONCEPTS

Grievance: Grievance is manifest discontent. Grievance articulation requires institutional mechanism to nip discontent in the bud. Grievance articulation and redress form part of corporate social responsibility. The idea of organisation as a social unit is stressed and also endorsed by recognition of these aspects of organisational

functioning. An organisation is a human enterprise requiring human solutions to human problems.

Industrial Unrest: Strikes, lock outs and indiscipline on the part of workers are manifestations of industrial unrest. There are many causatives of such unrest, which could be classified as specific organisational problems such as , poor pay, , lack of benefit and assistance schemes, and wider socio- economic problems like unemployment and poverty in the country.

Negotiation: Negotiation functions as a 'safety valve' by providing outlet for cathartic reactions on the part of workers in organisations. The Human Relation School of Thought epitomised the idea of constructive management- worker interface. By Follett's understanding, conflict should be resolved with a positive perception, without insisting on either "domination" or "compromise" on the part of any party. The idea of Negotiation is to avoid referral the dispute to courts, or adjudication, which might involve protracted proceedings.

Retrenchment: Lay off of workers, following mergers and an acquisition of undertakings is termed retrenchment. Retrenchments are a problem area in personnel administration in the era of globalisation where mergers and acquisitions have become a common business strategy, especially in free- market economies which practice hire and fire policy of employment and free entry and exit of firms.

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18.11 ACTIVITIES

1. Address the semantic confusion between Personnel Management, Human Resource Management and Industrial Relations.
2. Discuss the scope of Industrial Relations in the context of democracy and social change.
3. Evaluate Conciliation, Arbitration and Adjudication as dispute resolving mechanisms by quoting relevant examples.