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## Department of Master of Business Administration

### E-Content File



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**Subject**

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# **UNIT-1**

## **What do you mean by Industrial Relations?**

Industrial relations refer to the intricate web of interactions and connections that exist in the workplace between employers, workers, and trade unions. The goal is to maintain a positive, cooperative environment that fosters productivity, defends employee rights, and ensures the fair distribution of profits. In India, laws, rules, and voluntarily agreed-upon codes of conduct all play a role in regulating labor relations.

## **Objectives of Industrial Relations in India**

The two objectives of industrial relations are;

- Protecting workplace harmony and peace between management and the workforce
- Ensuring the cooperation of all departments in industry

The laborers must be assured fair compensation, wholesome working conditions, acceptable working hours, holiday pay, and access to fundamental essentials of life if we are to create industrial harmony and peace.

## **Scope of Industrial Relations**

The following are the scope of the Industrial Relations;

### ***1. Employment Relationships***

The employer-employee relationship refers to the connection between the business owner and the employees of a certain company. The company must value the efforts of its employees and treat them with respect in order to maintain excellent relations. Incorporating many human resource tactics as well, such as employee relations initiatives

and promotions based on performance, turning productive people into stakeholders for the company.

## **2. Group Relations**

It is the study of how employees who are a part of different workgroups communicate and engage with one another.

## **3. Work Relations**

In an organization, the bond between management and workers is referred to as work relations. It takes into account how they behave, think, act, and are perceived by others.

## **4. Public Relation**

It also goes by the name of community relations. A public relation is the practice of an organization's owner, board of directors, and workers interacting with members of the public or other external entities. Each institution must sustain friendly public relations in order to remain in operation for the long term.

### **Laws Related to Industrial Relations in India**

Industrial relations in India are governed by a complex framework of laws and regulations that aim to maintain harmonious relationships between employers and employees, protect workers' rights, and promote a conducive environment for industrial growth. Some of the key laws related to industrial relations in India include:

#### **1. Industrial Disputes Act, 1947**

This is a central legislation that governs the resolution of industrial disputes. It provides mechanisms for preventing and settling disputes between employers and employees, either through negotiation, conciliation, or arbitration. The Act also outlines procedures for lay-offs, retrenchment, and closure of industrial establishments.

#### **2. Trade Unions Act, 1926**

This Act regulates the formation, registration, and functioning of trade unions. It provides legal recognition to trade unions and outlines their rights and responsibilities. Unions are essential for representing workers' interests and negotiating with employers.

**3. *Minimum Wages Act, 1948***

This Act ensures that workers are paid a minimum wage that meets their basic needs. The minimum wage varies across states and industries and is periodically revised to account for inflation and cost of living.

**4. *Payment of Wages Act, 1936***

This Act governs the timely payment of wages to employees and prevents unauthorized deductions from their wages.

**5. *Payment of Bonus Act, 1965***

This legislation mandates the payment of annual bonuses to eligible employees in establishments employing a certain number of workers. It sets the criteria for calculating and distributing bonuses.

**6. *Employees' Provident Funds and Miscellaneous Provisions Act, 1952***

This Act establishes a provident fund scheme for employees in industries and ensures financial security for them after retirement. Employers and employees contribute to the fund.

**7. *Employees' State Insurance Act, 1948***

This Act provides for social security by establishing the Employees' State Insurance Corporation (ESIC) to provide medical, monetary, and other benefits to employees in case of sickness, maternity, disablement, or death.

**8. *Industrial Employment (Standing Orders) Act, 1946***

This Act requires employers to define and maintain standing orders that outline the terms and conditions of employment, grievance procedures, and disciplinary actions in industrial establishments.

**9. *Factories Act, 1948***

While primarily focused on ensuring the safety, health, and welfare of workers in factories, this Act indirectly affects industrial relations by providing a conducive work environment.

**10. *Maternity Benefit Act, 1961***

This Act grants women employees the right to maternity leave and other maternity benefits.

**11. *Equal Remuneration Act, 1976***

This legislation ensures that men and women receive equal pay for equal work in the same establishment.

**12. *Child Labor Prohibition and Regulation Act, 2016***

It prohibits from working children below 14 and 14-18 (adolescents) in hazardous occupations or risky jobs. There are calls for the total prohibition of child labor.

**13. *Bonded Labor System (Abolition) Act, 1976***

System where the employer pays the supplier or the group leader a one-time fee and then accepts their labor services for the duration of the season or the entire year.

**14. *Contract Labor (Regulation and Abolition) Act, 1970***

An establishment indirectly hires contract labor by using an agency or contractor. As a result, their affiliation with the primary organization is unclear. Direct employees treat them unfairly in terms of their salary, status, and job security, among other things. This

law was created to eliminate it under certain conditions, transform them into skilled workers, and bring them on level with direct employees.

### **Characteristics of Good Industrial Relations**

Following are the basic characteristics and essentials of good industrial relations:

#### **1. Good Human Resource Policies:**

The formulation of sound personnel policies is the base on which harmonious industrial relations depend. These policies are guides for initiatives and actions in personnel matters. For smooth implementation of personnel policies formulated by the management, it is essential that these are formulated in consultation with workers and secondly the implementation should be without any bias and uniform throughout the organization.

#### **2. Mutual Trust:**

In order to maintain harmonious industrial relations, it is essential that management as well as trade unions should have free and frank relationships for solving mutual problems and should have trust on one another that problems will be solved with mutual respect.

#### **3. Collective Bargaining:**

Collective bargaining is a very strong base for solving mutual problems and therefore this legitimate right of workers must be recognized by the management and strengthened to sustain good industrial relations.

#### **4. Cooperation with State Agencies:**

Government formulates various laws for protecting the interests of the workers and grievance settlement machinery and therefore it is essential that both workers and management must cooperate with various government agencies in implementing the policies relating to general economic and social measures affecting industrial relations.

#### **5. Training:**

For understanding and implementing corporate policies relating to industrial relations, the employees related to human resource management must be provided appropriate training so that they are able to convey the significance of corporate policies to the workers. The employees dealing in personnel matters must also be provided training in human relations, as they have to deal with trade unions and workers. Simultaneously, the rank and file of workers should also be properly educated about human relations in the industry.

### **Definition Of Trade Unions**

Trade unions are collective bodies that represent workers in negotiations with employers. Their main purpose is to safeguard the rights of employees and improve their working conditions. By providing a unified voice, trade unions empower workers to negotiate fair wages and benefits. They act as intermediaries between employees and employers, advocating for the interests of the workforce as a whole.

### **Types Of Trade Unions**

Craft unions, Industrial unions, and Professional associations are the three main types of trade unions. Each type represents a different group of workers with specific skills or professions.

### **Craft Unions**

Craft unions are formed by workers who possess specialized skills or trades. These unions focus on representing and protecting the interests of workers in a particular craft or occupation. For example, carpenters, electricians, plumbers, and painters may form craft unions to advocate for better working conditions, fair wages, and improved benefits.

Craft unions offer several advantages to their members:

- **Collective Bargaining:** Craft unions negotiate with employers on behalf of their members to secure favorable employment terms and conditions.

- **Skill Development:** Members of craft unions can access training programs and apprenticeships to enhance their skills and stay updated with industry standards.
- **Job Security:** Craft unions often prioritize job security for their members by advocating against layoffs or outsourcing.

## **Industrial Unions**

Industrial unions encompass workers from various industries within a particular region or sector. Unlike craft unions that focus on specific trades, industrial unions bring together workers across multiple occupations.

Here are some key aspects of industrial unions:

- **Strength in Numbers:** Industrial union members benefit from collective bargaining power due to their large numbers. This allows them to negotiate better wages, benefits, and working conditions.
- **Inclusive Representation:** Industrial union membership is open to all workers within a given industry or sector regardless of specific skills or trades.
- **Solidarity:** Workers in industrial unions unite under common goals and objectives to fight for better rights and protections.

## **Professional Associations**

Professional associations are trade unions that serve professionals such as doctors, lawyers, engineers, or architects. These associations focus on advocating for the rights and interests of professionals who may not be considered traditional workers.

## **Functions of Trade Union**



The trade union roles are related to main types related to their members, organization of union, union activities, and contribution to society.

### ***1. Members***

- Safeguard the workers' rights and privileges from management encroachment.
- Ensure a healthy and sound working environment.
- Fight for the performance-linked bonus for workers.
- Negotiate for insurance, housing, healthcare, education, and cooperative societies for the workers from the management.
- To help workers financially in times of emergency through union funds and management corpus.

### ***2. Organization***

- To improve the production and worker efficiency as per the requirement of the firm through discussions with the management.
- To act as a bridge between the worker and the management for all types of communication.
- To convince management to act as a motivator and not as punitive toward workers.
- To guide management in formulating and implementing employees' welfare schemes and activities.
- Impress the management with pressure tactics to avoid illegal termination and punishment, and treat every worker justly.
- To conduct elections for various posts of the union.

### ***3. Union Activities***

- To maintain records of all the worker members of the union
- To organize various events to promote unity amongst members
- Act as a mediator between the aggrieved worker and the member superior.
- To collect funds for strengthening the union.
- To bring a culture of leadership amongst the members
- To help new members of the organization and the union to settle down easily.

#### ***4. Society***

- To undertake social upliftment works for the poor like free books, rations, and scholarships to needy students.
- To raise voices against anti-social policies of the government and management of the related sector by the trade unionist.
- To be a role model for society in terms of social work.

#### **Types Of Trade Union**

Three types of labor unions are:

##### ***# 1 – Craft-Based Union***

Daily wage earners of different occupations form this union to safeguard their interests, bring uniformity, hike their labor charges, and stand united against exploitation by businesses or individuals. Making a labor union gives them immense bargaining power and strength of unity in the eyes of society, businesses, and individuals like all the people who are engaged in the profession of plumbing come together and form a plumber's union or electrical trade union. However, the union is weak and cannot fulfill trade union objectives more often than not.

##### ***# 2 – Industrial Union***

This type of union is formed by manual labor, semi-skilled labor, and skilled and highly skilled workers in one single industry like the iron & steel industry at the plant level, regional level, or industry level. In America, industrial unions like the International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW) exist at the national level, having more than 0.4 million active members.

It gives great adaptability to new technology, better-negotiating salary and working conditions with the employer, and advocacy of better labor policies from the industrial body and the government. It also prevents the unauthorized and mass layoffs of workers from their jobs illegally.

### *# 3 – General Union*

It is a union body created by all the types of unions like craft unions and industrial unions to have one central body in the shape of the national trade union congress. The central body has much more power to negotiate with the industries, management, and government so that the members of the union get good treatment, better salaries, healthy working conditions, and call a nationwide strike in case of any injustice or laying off of the employees without due legal course. Many times general union is formed to take the voices of discontent over economic policies to the government.

#### **Examples**

Let us look at some trade union examples to understand the concept more comprehensively.

#### *Example # 1*

Here is an example related to the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW), founded in 1935. It consists of members from Automobile, equipment manufacturing, and farm equipment workers. It has more than **0.4 million** active members and 0.58 million retired members from the U.S., Puerto Rico, and Canada. UAW has 600 local unions in which 1150 employee contracts were formed with 1600 employers across the U.S., Puerto Rico, and Canada.

Till now, it has used CBA to achieve-

- Employer-sponsored health insurance to pan industrial workers
- First allowances for the cost of living
- A milestone in provisions for the job and income security

#### *Example # 2*

The second example is Service Employees International Union (SEIU), formed in 1921 in Chicago as Building Service Employees Union (BSEIU). It comprises public employees-

security and janitorial employees, non-professional health care professionals, technical workers, and RNs.

It has about **2 million** members from the sectors mentioned earlier. Their main aim is to have a just and equal society for all workers so their families and communities may thrive. It is the only union in the U.S. to grow despite many challenges. For example, they played an important role in the low-wage worker movement and raised the operational standards of security personnel.

### **What is an Unfair Labour Practice?**

Section 23 of the Constitution of the Republic of South Africa, 1996 states that everyone has the right to fair labour practices.

Not everything that an employer does that seems unfair to an employee will constitute an “unfair labour practice” as specifically defined in the Labour Relations Act 66 of 1995 (the LRA). There is a “closed list” of unfair labour practices and any unfair conduct of an employer which does not expressly and specifically feature in that list cannot be classified as an “unfair labour practice”.

In terms of section 186 (2) (a) – (d) of the LRA, an unfair labour practice can only be any unfair conduct of an employer concerning:

- Promotion;
- Demotion;
- Probation;
- Training;
- The provision of benefits;
- Unfair suspension;
- Unfair disciplinary action other than dismissal;
- A failure to reinstate / re-employ a former employee in terms of any agreement to do so;
- An occupational detriment other than dismissal, in contravention of the Protected Disclosures Act 26 of 2000.

## UNIT-2

### Introduction

Collective bargaining is a process of negotiation between employers and employees, typically represented by a union, to determine the terms and conditions of employment. This negotiation can cover a wide range of issues, including wages, benefits, working hours, job security, and workplace safety.

In India, collective bargaining has played a critical role in the growth and development of the labour movement. It has helped workers secure better wages, safer working conditions, and greater job security. The right to collective bargaining is recognized as a fundamental right under the Indian Constitution, and is protected by various laws and regulations.

### Issues and Challenges in Collective Bargaining in India

Despite the legal and regulatory framework in place for collective bargaining in India, there are several issues and challenges that workers and unions face. These include:

- a) **Fragmentation of trade unions:** The labour movement in India is highly fragmented, with a large number of small and often competing unions representing workers in the same industries. This fragmentation can undermine the bargaining power of workers and make it difficult to negotiate effectively with employers.
- b) **Lack of collective bargaining in the informal sector:** A significant portion of the Indian workforce is engaged in the informal sector, which includes workers who are self-employed, casual labourers, or part of the gig economy. These workers are often not covered by the legal and regulatory framework for collective bargaining, making it difficult for them to negotiate for better wages and working conditions.
- c) **Limited participation of women in collective bargaining:** Women are underrepresented in trade unions and collective bargaining in India. This is partly due to social and cultural barriers that prevent women from participating in union activities and negotiations. The limited participation of women in collective bargaining can lead to a

lack of attention to issues that specifically affect women, such as workplace harassment and discrimination.

### **Recent Developments in Collective Bargaining in India**

The landscape of collective bargaining in India has undergone significant changes in recent years, driven by changes in the legal framework, evolving trends in the labour market, and the impact of technology. Some of the recent developments include:

- a) **Changes in the legal framework:** In recent years, the Indian government has introduced several reforms to the legal framework for collective bargaining. These include changes to the Industrial Disputes Act, 1947, that make it easier for employers to hire and fire workers, as well as changes to the Trade Unions Act, 1926, that make it easier for trade unions to register and operate. These changes have been controversial and have been met with opposition from labour activists who argue that they undermine the bargaining power of workers.
- b) **Trends in collective bargaining in recent years:** One of the notable trends in collective bargaining in India in recent years is the increasing use of non-traditional forms of bargaining, such as collective agreements, which are negotiated between individual employers and trade unions rather than through industry-wide negotiations. This approach has been particularly effective in industries where there are few employers and a high degree of concentration. Another trend is the increasing use of social media and other digital platforms to mobilize and organize workers and to communicate with employers.
- c) **Impact of technology on collective bargaining:** Technology has had a profound impact on the labour market in India, and this has also affected collective bargaining. The rise of the gig economy, for example, has created new challenges for collective bargaining, as many gig workers are not covered by the legal and regulatory framework for collective bargaining. On the other hand, technology has also created new opportunities for organizing and mobilizing workers, particularly through social media and other digital platforms.



## Types of Collective Bargaining

**Definition:** The **Collective Bargaining** is the process wherein the unions (representatives of employees or workers), and the employer (or their representative) meet to discuss the issues related to wage, the number of working hours, work environment and the other terms of the employment.

There are four types of Collective Bargaining classified on the basis of their nature and the objectives, and can be practiced depending on the different situation requirements.

## 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.

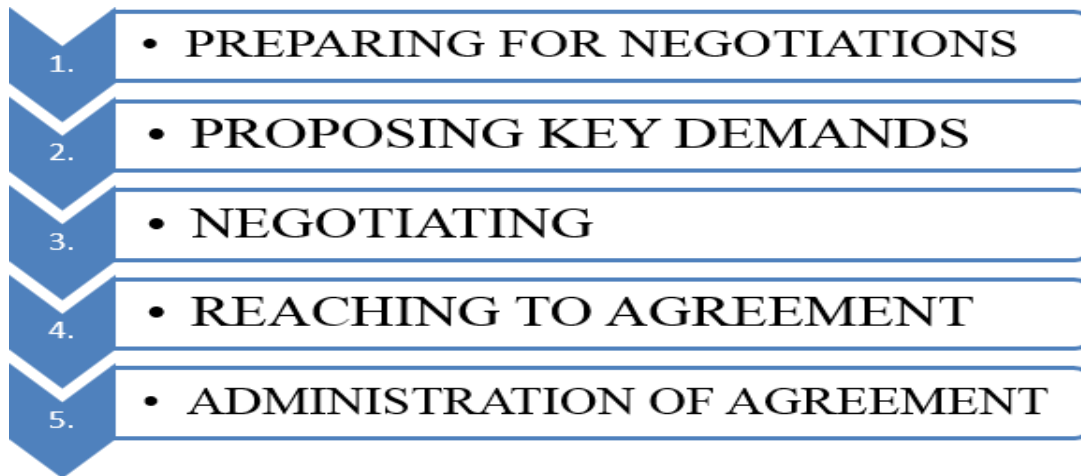
3. **Productivity Bargaining:** This type of bargaining is done by the management, where the workers are given the incentives or the bonus for the increased productivity. The workers get encouraged and work very hard to reach beyond the standard level of productivity to gain the additional benefits.

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.



## Process:



## Workers Participation In Management

The worker's participation in management includes the involvement of employees in the decision-making process. They may offer expertise, consultations, and views or have a governing seat. The worker-led decisions or companies are also present to **define the worker's participation in management.**

- The **introduction of workers' participation in management** began with disputes. The workers were often at crossroads. Several decisions were often not in their best interests.
- It led to a demand for including these workers in decisions that affect them. Thus, several **forms of workers' participation in management** came up.
- It increased their involvement in company management. The owners often get their opinion on several concepts. It can range from a change in manufacturing method to their working hours.
- Their participation is also necessary for better working. The employees are less likely to protest a decision when they're involved in it.
- **Workers participation in management** can also be when they're on the board. A member can get the seat and involve the workers.

### Forms of Workers' Participation in Management

Workers' participation in management involves various forms and structures that allow employees to have a say in decision-making processes and the overall management of an organization. The choice of the specific form depends on the organization's culture, industry, legal framework, and its goals. Here are some common forms of workers' participation in management:

- Works Councils: Works councils are formal bodies within an organization consisting of elected employee representatives. These councils focus on various workplace issues, such as working conditions, safety, and employee welfare. Works councils often exist in many European countries and play a crucial role in providing a channel for employees to communicate their concerns and recommendations to management.
- Employee Representatives on Boards: In some countries, employees may have the right to elect representatives to serve on a company's board of directors. This is known as co-determination, and it allows employees to influence strategic decisions and corporate governance.
- Joint Consultation Committees: Joint consultation committees are forums for discussion between management and employee representatives. These committees provide a platform for addressing various workplace issues and reaching consensus on certain matters.
- Collective Bargaining: Collective bargaining involves negotiations between employee unions and management regarding employment terms and conditions. These negotiations often cover wages, benefits, working hours, and other workplace policies.
- Quality Circles: Quality circles are small groups of employees who come together to discuss and propose solutions to quality-related issues and process improvements within the organization. This form of participation emphasizes employee involvement in continuous improvement.
- Suggestion Schemes: Organizations may establish suggestion schemes that allow employees to submit ideas and suggestions for process improvements or cost-saving measures. Employees are often rewarded for valuable suggestions.
- Employee Stock Ownership Plans (ESOPs): ESOPs are programs that provide employees with the opportunity to acquire company shares. When employees become shareholders,

they have a vested interest in the company's success and may participate in some decision-making processes.

- **Employee Surveys and Feedback Systems:** Organizations can implement regular employee surveys and feedback mechanisms to gather input on various aspects of the workplace, including job satisfaction, work environment, and potential areas for improvement.
- **Open-Door Policy:** Some organizations adopt an open-door policy in which employees are encouraged to approach higher management with their concerns, suggestions, or grievances. This informal approach promotes direct communication.
- **Employee Involvement in Goal Setting:** Employees can be involved in setting performance goals and objectives. When they participate in the goal-setting process, they are more likely to be motivated and committed to achieving those goals.
- **Employee Representatives in Safety Committees:** Safety committees often include employee representatives who focus on promoting a safe and healthy working environment. These representatives collaborate with management to identify and address safety issues.
- **Employee Participation in Decision-Making:** In some organizations, employees have the opportunity to participate in various decision-making processes, ranging from project planning to strategy development. Their input can be sought and valued at different levels of the organization.

Read about Importance and objectives of workers participation in management.

### **Types of Workers Participation In Management**

A company can allow **workers participation in management** in several forms. These contain the different levels where the employees can contribute. It ranges from simple changes to management decisions. The **types of workers' participation in management** are below.

- **Information participation:** This type refers to when the company employees receive details about all the major decisions. They are also able to express their concerns and

views. The worker's participation in management is present in several companies. The employees may team up against any adverse decisions.

- **Consultative participation:** The worker's participation in management may also just be advisory. They are consulted in matters of safety, health, and work. The decision is still up to the business management. The owners may or may not follow the advice of the employees.
- **Associative participation:** This participation happens when companies have a moral obligation. They involve the employees in the decisions. The management works with them in several areas. The company thus follows the unanimous decisions of the workers. It leads to better collaboration.
- **Administrative participation:** This type happens when employees have a better administrative role. The management usually presents the decisions to the employees. It also has some alternatives for the same. The workers may choose the best. It ensures they have a choice and can provide their feedback.
- **Decisive participation:** The worker's participation in management is highest when they have a decisive role. The workers and management jointly select the best choice. Both have decisive powers to decide on matters like production, work, or welfare.

### **Features of Workers Participation In Management**

The **characteristics of workers' participation in management** ensure that more businesses adopt it. Both the company and the employees benefit from this concept. Read below the features.

- The participation practices lead to better influence by the workers. It also assumes responsibility for them. They have to understand and contribute to the process.
- The **worker's participation in management** happens as a group. The representatives are for the employees.
- Participation depends on information exchange, trust, and problem-solving. It ensures that both parties want to collaborate.
- The workers have a legitimate right to participate. They contribute their time and efforts to the business. The end decisions will impact their future.

- This concept assumes the willingness of the employees to their responsibility.

Learn about types of stress management.

### **Level of Workers Participation In Management**

The collaboration between the workers and company management may happen in several levels or forms. Read the levels below.

- **Co-ownership:** The employees get the company shares. It automatically makes them owners. They get participative rights in management. Thus, they can decide on holistic company development.
- **Board of directors:** A worker may also represent all the employees with a board seat. It helps ensure that they get a voice for worker concerns. But, several unions reject this concept. It is usually because the member becomes a minority on the board. Their decision may not hold much power if there are multiple other members.
- **Works committee:** The worker's participation in management may also happen with a works committee. This body discusses and consults on several issues. It usually contains work conditions like safety, lighting, ventilation, medical facilities, etc.
- **Joint management councils:** Some councils may also be set for employee grievances. It ensures that the workers get a chance to solve their disputes. They also help understand management decisions. Also, these councils provide the platform to express concerns and work with the management on worker issues.
- **Profit sharing:** Some companies may offer a profit share with their workers. It motivates them more. They also feel a higher management involvement.
- **Suggestion scheme:** The businesses can also have a suggestion reward system. It rewards the employees when they make a useful suggestion about the company working.

Check notes for stress management techniques.

### **Essential Conditions for Workers Participation In Management**

There are several **factors affecting workers' participation in management**. The company must create conditions for easy collaboration. Read below the essential elements.

- Both parties must present a positive outlook for dialogue exchange. It ensures a free discussion for the benefit of all.
- The management and workers need trust and faith. They must believe in the system and present the best methods. It helps avoid resentment.
- There should be regular discussions on work conditions and production. Issues impacting both parties should be up for debate.
- The power for business decisions must not be centralized. It will help provide better power and responsibility to all levels.
- There must be development programs for labour. It will help develop their knowledge and understanding abilities.
- Strong unions are also necessary to ensure the representation of the workers.

Read about Collective Bargaining in Management.

### **Advantages of Workers Participation In Management**

There are several advantages involved with the **workers' participation in management**. Read below the **benefits of workers participation in management**.

- Participation leads to a better understanding of the company. The workers understand the management decisions. The management also experiences the employee's issues.
- The workers often get a profit or ownership share. They get more motivation to increase their efficiency.
- The increased understanding and efficiency ultimately improve productivity. It increases manufacturing levels.
- There is an increased peace in the industry. The companies can work without strikes or disputes.
- The worker's participation in management also implements democratic governance. The owners have to involve all parties.

- The workers become more welcoming of the change when they know it. They can also suggest measures for the same.
- It reduces confusion or misunderstandings in the company. It ensures that all disputes are solvable in the company itself.

Understand Training and development for commerce exams.

### **Disadvantages of Workers Participation In Management**

This concept also has some key disadvantages. Read about them below.

- The workers may not be enthusiastic about the changes. It can lead to more issues with implementing new policies.
- Weak trade unions can affect participation. The workers may not have the strength to unite.
- Participation can delay several decisions. It can lead to more time for decision-making.
- The decision quality may reduce with multiple opinions. The expert will have to listen to everyone else's views.
- This participation can also increase disputes if any party becomes stubborn. It results in conflicts.

### **Factors Influencing Workers Participation in Management**

- **Worker education:** The level of education and skills in workers can impact their participation. They may not understand some inner workings. But, they can contribute and change policies if they have the knowledge.
- **Company structure:** The company with a rigid power structure cannot effectively implement participation. It will only lead to employee dissatisfaction.
- **Management willingness:** The management must be willing to cooperate and listen. They cannot fulfil a formality and not listen to any employees. It will only create issues.
- **Company type:** Several companies, like manufacturing companies, often don't include participation. It is because of a high supply of labour. The workers become more susceptible to bad working conditions.
- **Trust and cooperation:** Participation cannot happen if all parties don't listen to or respect each other. It will improve when they are willing to improve each other and the company.

## UNIT-3

### **Grievance Handling:**

#### ***Introduction and Definition of Grievance:***

A grievance is any dissatisfaction or feeling of injustice having connection with one's employment situation which is brought to the attention of management. Speaking broadly, a grievance is any dissatisfaction that adversely affects organizational relations and productivity. To understand what a grievance is, it is necessary to distinguish between dissatisfaction, complaint, and grievance.

Dissatisfaction is anything that disturbs an employee, whether or not the unrest is expressed in words.

#### **What are the types of grievances in the workplace?**

Grievances in a workplace can arise from various issues and can be categorized as follow:

1. Biased behavior
2. Lack of proper communication
3. Payouts and perks
4. Working time and conditions
5. Bullying
6. Leadership issues

1. **Biased behavior:** Grievances when the employee suspects differential behavior based on social factors, including disability, caste, or other protected characteristics.

2. **Lack of proper communication:** Facing incorporative behavior or support from co-workers and insufficient communication with the management can lead to frustration or self-doubt.



3. **Payouts and perks:** Not getting paid on time or enough to the potential is a legitimate grievance. Unpaid bonuses and other perks, or disputes over compensation policies and rest of the practices.

4. **Working time and conditions:** An employee may be unhappy regarding their weekly breaks or working on non-working days, not able to feel comfortable, which may affect their physical or mental health. Maybe employees are not able to make proper adjustments or feel sabotaged in the setup.

5. **Bullying:** Bullying constitutes insulting behavior, intimidating or superiors misusing their power through any means, such as undermining the employee or humiliating in the organizational setting. By these means, a hostile work environment can be created, which can cause trouble for the other employees.

6. **Leadership issues:** Grievance includes managerial issues faced by the employees which includes being treated unfairly by the supervisors, being biased, lack of proper communication, not getting enough support from the managers and the guidance which is required by the employee.

### **Causes:**

Grievance is a feeling of unfair treatment at work. It can be resulted from dissatisfaction of work. In this regard, sources or causes of grievance can be anything that results dissatisfaction or involving wages, working hours, or conditions of employment are the basis of grievance. The causes or sources of grievance are classified into three categories as follows:

#### **1. Management Policies**

The policies and procedures adopted by management give rise to grievance. The autocratic or bureaucratic style of management, for instance, is hardly liked by educated masses. But they favor rather a participative style of management. Similarly, management practices also lead to employee grievance at work as they want to exploit employees through reduction in pays and other benefits. Grievances resulting from management policies are:

- Wages rates or scale of pay
- Overtime

- Leave
- Transfer improper matching of the worker with the job
- Seniority, promotion and discharge
- Lack of career planning and employee development
- Lack of regard for collective agreement
- Hostility towards a labor union
- Autocratic leadership style of supervisors.

## **2. Working Conditions:**

Working conditions are relative to the work environment of the organization. If the working environment of company is good, employees will get less place for grievance. Grievance resulting from working conditions are:

Unrealistic environment

- Non-availability of proper tools, machines and equipment for doing the jobs
- Tight production standards
- Bad physical conditions of workplace
- Poor relationship with the supervisor
- Negative approach to discipline

**3. Personal Factors:** Personal factors are related to the personality traits of individuals. Sometimes, these personality traits also cause the emergence of grievances at work. Some important personality traits that result into grievance are:

- Over ambition
- Narrow attitudes
- Excessive self esteem
- Gambling and fault finding attitude
- Mental tension

## MODEL GRIEVANCE PROCEDURE



### Strike and its types:

Strike is a very powerful weapon used by trade unions and other labour associations to get their demands accepted. It generally involves quitting of work by a group of workers for the purpose of bringing the pressure on their employer so that their demands get accepted. When workers collectively cease to work in a particular industry, they are said to be on strike.

- **KINGFISHER AIRLINES** employees were on strike for several days for not paying salary by company for almost period of seven months. strike took many turns and aggregated subsequently employees agitations came on to roads as demonstrations against non payment of salaries. At worst, wife of an employee of this airlines had committed suicide due to unbearable financial crisis caused due non payment of wages for months to his husband.
- Chennai, March, 2012: Nurses employed at different hospitals did strike for almost 7 days against hospital managements for their demands.
- Hundreds of nurses, several of them junior staff, have struck work across major private hospitals in the city – Apollo, Fortis Malar and Madras Medical Mission – **demanding a hike in basic salary** to Rs 15,000, besides annual increments and leave benefits.

### ***Causes of strikes:***

- a) Strikes can occur because of the following reasons:
- b) Dissatisfaction with company policy
- c) Salary and incentive problems
- d) Increment not up to the mark
- e) Wrongful discharge or dismissal of workmen
- f) Withdrawal of any concession or privilege
- g) Hours of work and rest intervals
- h) Leaves with wages and holidays
- i) Bonus, profit sharing, Provident fund and gratuity
- j) Retrenchment of workmen and closure of establishment
- k) Dispute connected with minimum wages

### **Types of Strike**

- According to Industrial Disputes Act 1947, Strike [Sec. 2 (q)]: Strike means "a cessation of work by a body of persons employed in any industry acting in combination or a concerted refusal under a common understanding of any number of persons who are or have been so employed, to continue to work or to accept employment". Mere stoppage of work does not come within the meaning of strike unless it can be shown that such stoppage of work was a concerted action for the enforcement of an industrial demand.

#### **1) Economic Strike:**

Under this type of strike, labors stop their work to enforce their economic demands such as wages and bonus. In these kinds of strikes, workers ask for increase in wages, allowances like traveling allowance, house rent allowance, dearness allowance, bonus and other facilities such as increase in privilege leave and casual leave.

#### **2) Sympathetic Strike:**

When workers of one unit or industry go on strike in sympathy with workers of another unit or industry who are already on strike, it is called a sympathetic strike. The members of other unions involve themselves in a strike to support or express their sympathy with the members of unions who are on strike in other undertakings. The workers of sugar industry may go on strike in sympathy with their fellow workers of the textile industry who may already be on strike.

In *Kambalingan v. Indian Metal & Metallurgical Corporation*, the Supreme Court examined the issue on the basis of the essential ingredients of strike and held that when the workmen resorting to sympathetic strike do not have any grievance of their own in relation to their employer or even in regard to conditions of service the element, of mens rea i.e. the mental element on part of the strikes is not there to pressurize their employer for the redressal of their grievance. In fact there was no animosity on part of the workmen against their own employer and since the essential element of mens rea is absent, the **sympathetic strike cannot be regarded as strike within the meaning of S. 2(q)** and management can take disciplinary action against any such workmen.

### **3) General Strike:**

It means a strike by members of all or most of the unions in a region or an industry. It may be a strike of all the workers in a particular region of industry to force demands common to all the workers. These strikes are usually intended to create political pressure on the ruling government, rather than on any one employer. It may also be an extension of the sympathetic strike to express generalized protest by the workers.

### **4) Sit down Strike:**

In this case, workers do not absent themselves from their place of work when they are on strike. They keep control over production facilities. But do not work. Such a strike is also known as 'pen down' or 'tool down' strike. Workers show up to their place of employment, but they refuse to work. They also refuse to leave, which makes it very difficult for employer to defy the union and take the workers' places. In June 1998, all the Municipal Corporation employees in Punjab observed a pen down strike to protest against the non-acceptance of their demands by the state government.

### **5) Slow Down Strike:**

Go-slow is yet another form of industrial protest in which workmen do not stop the work but deliberately slow-down the process of production in order to cause loss of production to the employer. It must be noted that there is no cessation of work at all, and in fact, workmen pretend themselves as engaged in doing their work. In *Sasa Musa Sugar Works (P) Ltd. v. Shobrati Khan*, the Supreme Court held that go-slow is not considered as strike within the ambit of Section 2(q), but it is a serious misconduct on part of the workmen. Mr. V.V. Giri, described go-slow as “**enemy number one**” of the workmen as it

ultimately causes damage to their means of livelihood, apart from causing harm to the employer. Indian Courts have also taken a serious view on the go-slow and refused to interfere with the punishment inflicted by the employer for this misconduct, so that the coward practice could be discouraged.

**6) Hunger strike:**

in this form of industrial protest, workmen resort to fasting near the workplace in order to demand the employer to redress their grievances.

***Bajaj Auto workers - two-day hunger strike***

On January 7 and 8 of 2017 the hunger strike was held by workers to protest the management's anti-worker and anti-union activities. The strike was called by Vishwa Kalyan Kamgar Sanghatana which had stated that Bajaj Auto had adopted a strategy of terrorising and harassing workers. It stated that the union's active members have been transferred and issued false charge sheets and show-cause letters. Later, Bajaj Auto issued a statement regarding the hunger strike called by its workers. It states that "the facts are contrary to reasons being cited by Vishwa Kalyan Kamgar Sanghatana (VKKS).

**7) Wild cat strikes:**

These strikes are conducted by workers or employees without the authority and consent of unions. In 2004, a significant number of advocates went on wildcat strike at the City Civil Court premises in Bangalore. They were protesting against some remarks allegedly made against them by an Assistant Commissioner.

## **Industrial Dispute:**

An Industrial dispute is basically a difference of opinion between the employer & employees over one or more issues. Disputes are core to the industrial relations exercise of an organisation. The primary aim of industrial relation exercises is dispute avoidance. The various aspects of industrial relations are designed with a view of restraining industrial dispute & the resultant labour unrest. Industrial disputes typically manifest in the debilitating form of strikes, lock outs, picketing, go slows & gheraos. Hence, they require the development of appropriate strategies for prompt identification of employees grievances & their resolution. In fact, a timely resolution of grievances can prevent them from becoming industrial disputes.

Section 2k of the Industrial Disputes Act, 1947. Defines an industrial disputes as “any dispute or difference between employers & employees or between employers & workmen, or between workmen & workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour of any person”.

A dispute can become industrial dispute when the following conditions are satisfied:

- (i) There must be actually a dispute or difference between (a) employers & employees, or (b) employers & employees, (c) workers or workers.
- (ii) There dispute must be connected with the employment / non-employment or terms of employment or with the condition of labour of any person.
- (iii) There must exist a relationship of employer & workmen as a result of the contract of employment & the workmen must be actually employed.

## **Characteristics of Industrial Disputes:**

Based on the definition of the term Industrial dispute given in the Industrial Dispute Act, its characteristics have been identified as follows:

1. An industrial dispute is a collective dispute between employer & employees. The disputes between an individual employee & employer are not normally viewed as an industrial dispute except for dismissal, discharge, retrenchment or termination of

individual employee. Typically, the dispute should have been raised by a substantial number of employees.



2. The relationship existing between the parties to the industrial dispute must be that of the employer & employee or co-workers, that is, between workmen & workmen.

3. The dispute may arise out of disagreements between employers & employees over the terms of employment like wages & salary, incentives & benefits, workloads & so on.

4. It could also be connected to the conditions of labour like working conditions, occupational health & safety & so on.

5. The industrial dispute may even relate to non-employment cause of workmen.

#### **Causes of Industrial Disputes:**

Organizations can effectively avoid an industrial dispute only when it is able to locate the causes of the industrial relations, tensions & disputes accurately. Generally, these causes are classified as Economic & Non-Economic.





### ***1. Demand for Pay & Benefits hike:***

Employee claim for increased pay & benefits & the employer's refusal to concede their demand often gives to an industrial dispute. Employers & employees often make mutually irconcilable claim over the profits & wealth of the organisations. On the other hand, the rising cost of living, improved social status & lifestyle changes often force employees to seek increase in their monetary compensation at periodic intervals. On the other hand, survival, prestige & growth needs drive the employers to retain the major share of the profit.

### ***2. Demand for Hygienic & Safer Working Conditions:***

The employee's insistence on good & safer working conditions may also form a ground for an industrial dispute. Specifically, the employee's demand for a proper physical environment, adherence to statutory safety measures & workload-related issues can cause industrial dispute in an organisation.

### ***3. Demand for better Labour welfare & social security measure:***

The employee's insistence on improvement in welfare facilities such as transport, housing, education, recreation, canteen, insurance, e-commuting & flexi-time can also cause industrial disputes. Similarly, the need for better social security's like retirement benefits, medical facilities & compensation facilities may also act as a ground for industrial disputes.

### ***4. Demand for Recognition & Appreciation:***

Besides the primary needs like wages, incentives, benefits, health & safety, the employees may also demand the fulfillment of social needs like recognition, self-expression, appreciation & scope for personal achievements. When these demands are denied or delayed by the employers, it may provide a ground for industrial dispute.

### ***5. Demand for justice for an Individual or a group of employees:***

Where there is a mass lay off or retrenchment of employees, it may provide reasons for the employees to develop a dispute with the employers. At times, even the disciplinary actions against individuals in the form of dismissal, discharge, demotions & suspensions may form a ground for industrial dispute as per Section 2A of the Industrial Dispute Act, 1947.

### ***6. One upmanship among the Unions:***

One-upmanship is the practice of always keeping one step ahead of the rest i.e. friends or competitors. In their quest to prove their credibility & dependability among the employees, the unions may adopt a negative attitude towards the management deliberately. In such a situation, the union may start a dispute with the management even on silly issues just to unite their members & expand their membership base.

### ***7. External Interference:***

The system of allowing external leaders to manage the unions, like in India, also plays a significant role in an industrial dispute. In such a case, union activities are influenced more by political considerations than by organisational problems. The union's stand on organisational issues are dictated mostly by the ideology & leadership of the political with which the union is affiliated.

### ***.8. Numerous Labour Legislation:***

The government has enacted several legislations to protect the rights & interests of the workers in industrial establishment. It becomes a legal necessity for the organisation to provide these facilities to their employees. Understandably, any violation of these provisions or denial of statutory facilities to the employees becomes a ground for dispute between employers & employees.

**Industrial disputes can be classified on the following grounds:**

#### ***Type # 1. Interest Disputes:***

These conflicts are also called „conflicts of interest“ or „economic disputes“. Such disputes relate to the establishment of new terms and conditions of employment for the general body workers i.e., that affect the masses. Generally, such type of disputes originate from trade union demands or proposals for increase in wages or other emoluments, fringe benefits, job security or other terms of employment. These demands are put forth by the trade unions with a view to negotiate through collective bargaining and disputes when the parties fail in their negotiations to reach an agreement.

The terms „conflicts of interest“ and „economic disputes“ refer to the nature of issues involved. There are no set principles to arrive at a settlement of interest disputes, and recourse must be had to bargaining power, compromise, and sometimes a test of economic

strength for the parties to arrive at an agreed solution. Such disputes are solved generally on „give and take“ basis.

***Type # 2. Disputes over Unfair Labour Practices:***

Such disputes arise over the malpractices adopted by the management against a worker or trade union. The examples of such malpractices may be discrimination against workers for their being members of the trade union or their involvement in union activities; interference, restraint or coercion of employees from exercising their right to organise, join or assist a union; establishment of employer sponsored union and coerce the workers to join such union; refusal to bargain with the recognized union; recruiting new employees during a strike which is not declared illegal; failure to implement an award, settlement or agreement; indulging in acts of violence. These practices are also known as „trade union victimization“. In some countries a procedure is given to settle such disputes. In the absence of any such procedure, the disputes are settled in accordance with the provisions of the Act relating to industrial disputes.

***Type # 3. Grievance or Rights Disputes:***

These disputes are also known as „conflicts of rights“ or „legal disputes“. They involve individual workers or a group of workers in the same group. In some countries, such disputes are called „individual disputes“. Such disputes arise from the day to day working relations of the workers and management, usually, as a protest by the workers or workers against an act of management that is considered to violate his or their legitimate right.

Grievances typically arise on such questions as discipline, promotion, transfer or dismissal of a worker, payment of wages, fringe benefits, overtime, retirement benefits, seniority work-rules, leave rules etc., which are against the practice and affect their rights adversely. In some cases, disputes arise especially over the interpretation and application of collective agreements.

Such grievances, if not dealt with according to the practice, may embitter the industrial relations and may result in industrial strife, „conflict of rights“ refer to the disputes based on alleged violation of an existing right or an alleged unfair treatment by the management.

There are, more or less definite standard for resolving a dispute i.e., the relevant provision of the Act or collective agreement, employment contract, works rules or law, or customs or usage.

***Type # 4. Recognition Disputes:***

Such type of disputes arises when the management refused to recognise a trade union for purposes of collective bargaining. Issues under this category differ according to the cause that led the management to refuse recognition. Here the problem is that of attitude.

However the management refusal may be on the ground that the union requesting for recognition does not represent a specific number of Workers. In such case, resolution of issue depends upon whether the rules for recognition of a trade union exist or not. Such rules may be laid down by law, for they may be Conventional or derived from prevailing practices in the country.

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**Industrial Dispute – What are the Causes of Industrial Disputes: Economic Causes, Managerial Causes, Political Causes and More...**

There has always been contradiction between the interests of employers and workers. Employer class has always adopted an indifferent attitude towards workers. Their tendency has always been to exploit the workers. Lack of human behaviour with workers, lack of proper working conditions, low wages and over-looking the interests of the workers are the things not new for the employers. It is the constant endeavour of the employers to keep the lion's share of the profit with them.

**The same are discussed in detail as under:**

***1. Economic Causes:***

Most of the Industrial Disputes are due to economic causes. Directly or indirectly economic causes are at the back of industrial disputes.

## **Main economic causes are as under:**

### **(1) Low Wages:**

In industries wages are low. As a result, it becomes awfully difficult for the labourers to meet their minimum necessities. Labourers demand that wages should commensurate with the amount of work. Such a demand leads to industrial disputes. Demand for higher wage-rate is the most dominant cause leading to industrial disputes.

### **(2) Dearness Allowance:**

Increasing cost of living is another factor responsible for industrial disputes. In order to neutralise it, workers demand additional remuneration in the form of dearness allowance. Rising prices are at the root of demand for dearness allowance and non-acceptance of this demand leads to industrial dispute.

### **(3) Industrial Profits:**

Workers are an important part of production. Profits of the employers multiply because of the untiring labour of the workers. That they should not be treated as a part of machine is the persistent demand of the workers, rather they be considered as partner in production. On the basis of this concept, they demand share out of the increasing profit. When this profit-sharing demand is rejected by the employers, industrial dispute crops up.

### **(4) Bonus:**

Demand for bonus is also a cause of industrial dispute. Workers consider bonus as deferred wage. Demand for payment of bonus constitutes cause of industrial dispute.

### **(5) Working Conditions:**

In India working conditions of the workers are not satisfactory. Obsolescence of machines, lack of safety provisions, inadequate light arrangement, less moving space, lack of other

necessary facilities, are the normal features of industrial units. Demand for better working conditions on the part of the workers also contributes to industrial disputes.

#### **(6) Working Hours:**

Hours of work is another matter of controversy between employers and workers. Despite legislation to this effect, it is always the intention of the employers to keep the workers engaged for long hours at low wages. It is opposed tooth and nail by the workers. Result is industrial dispute.

#### **Other Causes:**

- (i) Safety of work,
- (ii) Modernisation of machines,
- (iii) Pension, Gratuity, Provident Fund and other Beneficiary Schemes,
- (iv) Medical and accommodation facilities,
- (v) Leaves and Leaves with pay,
- (vi) Share in Profits.

#### **2. Managerial Causes:**

Success of an organisation depends largely on its managerial capacity. Growth of the organisation is based on the policies of the management. If the management pursues appropriate policies, development of the industrial unit will be automatic. But many a time, due to wrong policies of the management, disputes get accentuated.

#### **Managerial causes of industrial dispute are as under:**

##### **(1) Non Recognition of Unions:**

Employers' attitude towards trade unions has been antagonistic from the very beginning. They do not want that labourers should organise themselves. Hence, to prevent the workers from uniting, they refuse to recognise their unions. It leads to conflict between the employers and the workers. In order to create rift among the workers they deliberately recognise the rival union.

### **(2) Violation of Agreements:**

Employers and workers do enter into agreements on various issues. On many occasions, the employers do not enforce these agreements nor do they strictly adhere to them. It also accounts for dispute between the two parties.

### **(3) Ill-Treatment by Managers and Supervisors:**

Managers and supervisors consider themselves to be superior. It is under the influence of this superiority complex that they ill-treat the workers. The same is vehemently opposed by the trade unions.

### **(4) Defective Recruitment Procedure and Employees Development Policies:**

Defective Recruitment system also gives rise to industrial disputes. Many a time, workers are recruited by the middlemen who get bribe from them. They take undue advantage of the helplessness of the workers. Defective development policies like favoritisms in promotion, unnecessary and biased transfer, casual approach towards training facilities, on the part of employers also contribute to industrial disputes.

### **(5) Wrongful Retrenchment, Demotion and Termination:**

Sometimes on account of fall in production labourers are retrenched. Those workers who take active part in trade union activities are demoted. Sometimes employers terminate the services of the workers without assigning any reason. All these provocative acts of the employers are not only strongly opposed by the trade unions but also serve as good cause for industrial disputes.

### **(6) Selfish Leadership:**

Lack of right and effective leadership weakens the trade unions and the employer class takes advantage of it. In order to serve their selfish ends, these leaders enter into unholy alliance with the employers against the interests of the workers. Often this also becomes cause of dispute.

### **(7) Violation of Accepted Code of Conduct:**

Code of conduct refers to the terms accepted by both the parties and both the parties are required to abide by it. Employers agree to all the codes on paper but fail to carry them out in practice. As a result, workers oppose it.

### **(8) Collective Bargaining and Workers' Participation in Management:**

In the modern industrial world, labour class is seized with new awakening and is influenced by new concept of management. Trade unions, therefore, insist on workers' participation in management. By collective management they try to protect their interests to the maximum. The employers oppose it. The inevitable result is industrial dispute.

### **3. Political Causes:**

Political causes are no less significant than economic and managerial causes in accounting for industrial disputes.

**Chief among them are as under:**

#### **(1) Influence of Politics:**

In a country like India, influence of politics on trade unions is clearly visible. Political parties have been using their influence on trade unions for their selfish ends. Parties mislead the unions and instigate industrial unrest.

#### **(2) Trade Union Movement:**



Ever since trade union movement got recognition, industrial disputes have multiplied. Many a time trade unions take undue advantage of their position and this results into industrial dispute.

### **(3) Strikes against the Government:**

During the struggle for independence labour-class had taken leading part in it. Now this class directs its struggle against the government thereby adding fuel to industrial disputes.

### **Other Causes:**

- (1) Government's inclination to support management.
- (2) Internal conflicts in Trade Unions.
- (3) Resistance to automation.
- (4) Influence of Communist thinking on labourers.
- (5) Effect of non-acceptance of Human Relations.

Percentage distribution of Industrial Disputes by causes between the period 2011 and 2012. In the recent years, indiscipline is major reason for industrial disputes. In 2011, the percentage of industrial disputes due to indiscipline was 41.6 while this percentage was reduced to 24.2 in 2013. Even that this is the only reason for industrial disputes.

After indiscipline, wages and allowances are the major factor of causing industrial disputes. In 2011 and 2012, the percentage of industrial disputes due to wages and allowances was 24.9 and 16.3 respectively. Beside this charter of demand, personnel, bonus etc. are important reasons of industrial disputes.

## **revention of Industrial Disputes:**

The following measures can be taken to avoid disputes in industries:-

### ***28.6.1. Model Standing Order:***

The purpose of these orders is to prescribe guidelines for regulating between employers & employees under the Industrial Employment (standing Orders) Act, 1946.

Standing order defines regulates terms & conditions of employment & bring about uniformity in them. These also specify the duties & responsibilities of the both employees & regulate standards of their conduct.

### ***28.6.2. Code of Industrial Discipline:***

It consist 3 set of principles namely (a) obligations to be observed by management, (b) obligations to be observed by trade unions, and (c) principles binding on both the parties.

### ***28.6.3. Grievance Procedure:-***

According to Micheal Armstrong, a well developed & properly structured grievance redressal procedure provides: (a) a channel of avenue by which any aggrieved employee may present his grievance; (b) a procedure which ensures that there will be a systematic handling of every grievance; (c) a method by which an aggrieved employee can relieve his feelings of dissatisfaction with his job, working conditions, or with the management; and (d) a means of ensuring that there is some measures of promptness in the handling of the grievance.

#### ***28.6.4. Collective Bargaining:***

It is a process in which the representatives of the employer & of the employees meet & attempt to negotiate a contract governing the employer-employee union relationship. According to Jucious, “Collective bargaining refers to a process by which employers on the one-hand & representatives of employees on the other, attempt to arrive at agreements covering the conditions under which employee will contribute & be compensated for their services.

#### ***28.6.5. Work Committees:***

It deals with matters of day-to-day functioning at the shop floor level. According to the Indian labour Conference (1959) works committees are concerned with:-

- (a) Conditions of work such as ventilation, lighting, temperature & sanitation including latrines & urinals.
- (b) Amenities such as drinking water, canteens, dining rooms, medical & health services.
- (c) Safety & accident prevention, occupational diseases & protection equipment.

(d) Adjustment of festivals & national holidays.

(e) Administration of welfare & fine funds.

(f) Educational & recreational activities.

**6. Joint Management Councils:**

These councils were set up in 1958 consequent upon the acceptance of socialistic pattern of society. These consist of equal representatives of management & workers, not exceeding twelve, at the plant level in selected industrial units, the units should employ at least five hundred workers, should have a well established & strong central organisation of employee's unions & should have a record of good industrial relations.

**28.6.7. Suggestion Schemes:**

Under this system, workers are invited & encouraged to offer suggestion for improving the working of the enterprise. A suggestion box is installed. Any worker can write his suggestions & put it into the box. Periodically all the suggestions are scrutinized by the suggestions committee. Good suggestions are accepted for implementation & suitable rewards are given to the concerned workers. Suggestion schemes encourage worker's interest in the functioning of the enterprise.

**28.6.8. Joint Consultative Machinery:-**

Service conditions in the government sector are dealt with at National Council (for Central Government employees), Departmental Councils & Regional or office Councils.

**28.6.9. Tripartite Bodies:**

Several tripartite bodies have been constituted at Central & State levels. The Indian labour Conference, Standing labour Committees, Wage Boards & Industrial Committees operate at the centre. At the state levels, State labour Advisory Boards have been set up. All these bodies play an important role in reaching at agreements on various labour matters.

**28.6.10. Labour Welfare officer:**

The factories Act, 1948 provides for the appointment of a Labour Welfare Officer in every factory employing 50 or more workers. The officer looks after all facilities in the factory provided for the health, safety & welfare of workers.

### **Settlement of Industrial Disputes:**

The following approaches & measures are used for the settlement of disputes in industry.

**1. Conciliation:** – It is the process by which representatives of workers & employers are brought together before a third party with a view to persuade them to arrive at an agreement through mutual discussion between them. It involves friendly intervention of a neutral person or groups to help the parties to settle their disputes peacefully.

**2. Arbitration:**-It is a process in which a neutral third party listens to the disputing parties, gathers information & then takes a decision which is binding on both the parties in comparison with conciliation which involves compromise arbitration is a quasi-judicial process. The conciliator simply assists the parties to come to a settlement where as an arbitrator listens both the parties & then give his judgement.

**3. Adjudication:**-It is the ultimate legal remedy for the settlement of industrial disputes. Adjudication means intervention of legal authority appointed by the government to make a settlement which is binding on the parties.

**4. Courts of Enquiry:**-The appropriate government may, by notification in the official gazette, constitute a court of inquiry for inquiring into any matter appearing to be connected with or relevant to an industrial dispute. A court of inquiry may consist of one independent person or of such number of independent persons as the appropriate government may think fit.

**5. Labour Court:** The appropriate government may by notification in the official Gazette, constitute one or more labour Court for adjudication of industrial disputes relating to the following matters:

1. The propriety or legality of an order passed by an employer under the standing orders.
2. The application & interpretation of standing orders

3. Discharge or dismissal of workmen including reinstatement of, grant of relief to, workmen wrongfully dismissed.

4. Withdrawal of any customary concession or privilege

5. Illegality or otherwise of a strike or lockout &

6. All matters other than those specified in the Third schedule.

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

- i. Wages, including the period & mode of payment
- ii. Compensatory & other allowances
- iii. Hours of work & rest intervals
- iv. Leave with wages & holidays
- v. Bonus, profit sharing, provident fund & gratuity.
- vi. Shift working otherwise than in accordance with standing orders.
- vii. Classification by grades;

7. **National Tribunal:** The Central government may, by notification in the official gazette, constitute one or more National Industrial Tribunals for the adjudication of industrial disputes:

(a) involving questions of national importance or; (b) which are of such a nature that industries in more than one state are likely to be interested in or affected by, such disputes.

## **Industrial Disputes Act 1947**

The Industrial Disputes Act, 1947 regulates Indian labour law so far as that concerns trade unions as well as individual workmen employed in any industry in the Indian mainland. The Industrial Dispute Act was one of the last legislative acts before the passing of the Indian Independence Act of 1947.

### **Overview of the Industrial Disputes Act, 1947**

A cursory detail of the Industrial Dispute Act is given in the table below:

#### **Industrial Disputes Act, 1947**

<b>Long Title</b>	An Act to make provision for the investigation and settlement of industrial disputes, and for certain other purposes.
<b>Territorial Extent</b>	Territories under direct British control, later implemented in the Princely States upon their integration with the Indian Union
<b>Enacted by</b>	Central Legislative Assembly
<b>Assented to</b>	11th March 1947
<b>Commenced</b>	1st April 1947

#### **Objectives of the Industrial Disputes Act, 1947**

The act was drafted to make provision for the investigation and settlement of industrial disputes and to secure industrial peace and harmony by providing mechanisms and procedures for the investigation and settlement of industrial disputes by conciliation, arbitration and adjudication which is provided under the statute.

This Act was passed with the key objective of “Maintenance of Peaceful work culture in the Industry in India” which is mentioned under the Statement of Objects & Reasons of the statute.

**The Industrial Dispute Act also lays down:**

- a) The provision for payment of compensation to the workman on account of closure or layoff or retrenchment.
- b) The procedure for prior permission of the appropriate Government for laying off or retrenching the workers or closing down industrial establishments
- c) The actions to be taken against unfair labour practices on the part of an employer, a trade union or workers.

### **Features of the Industrial Disputes Act 1947**

- a) While the mediation and adjudication are underway, strikes and lockouts are unlawful.
- b) Any industrial dispute can be referred to an industrial tribunal by consent of the parties involved or by the State Government.
- c) An award must be binding on both parties to the dispute for no more than one year, and the government must enforce it.
- d) In the public interest or an emergency, the competent authority may declare the transportation, coal, iron, and steel industries public utility services under the Industrial Disputes Act for six months.
- e) When an employee is laid off or reduced in size, the company is required to provide compensation.
- f) Workers' compensation is also covered in the statute.
- g) Several agencies are available to resolve industrial disputes, including a works committee, a Conciliation Officer, a Board of Conciliation, a Labor Court, and a Tribunal.

### **Applicability of Industrial Disputes Act, 1947**

- The Industrial Disputes Act applies across India to every industrial institution engaged in any business, commerce, production, or distribution of products and services, regardless of the number of workers employed.
- The Act applies to everyone hired in an institution for hire or reward, including contract labour, apprentices, and part-time workers, to do any manual, clerical, skilled, unskilled, technical, operational, or supervisory work.
- This Act does not apply to persons primarily engaged in a managerial or administrative capacity, persons engaged in a supervisory capacity and persons subject to the Army Act, Air Force Act, and Navy Act, or those in police service or officers or employees of a prison.



## UNIT-4

### Payment of Wages Act 1936:

#### Objectives of the act

- a) To ensure regularity of the payment
- b) To ensure payment in legal terms
- c) Preventing arbitrary deductions
- d) Restricting employers to impose fines
- e) Providing remedy to the workers

#### SCOPE AND APPLICABILITY

- a) It applies to the whole of India
- b) It mainly applies to the workers of industries, factories
- c) It was also extended to the employees of railways, mining, transport, printing press and other establishments

#### IMPORTANT DEFINITIONS

Establishment- means motor transport, air transport, dock, jetty, plantation, construction, building roads, bridges, canals, water, electric supply and so on Wages- all remuneration expressed in terms of money, be payable to a person employed in respect of his employment

#### RESPONSIBILITY FOR PAYMENT OF WAGES

- a) Every employer is responsible for the payment of wages to persons employed by him
- b) Employer may be called as manager, Managing Director, CEO, Chairman
- c) In case of contract labor, contractor pays the wages to the labor

#### FIXATION OF WAGE PERIOD

The period of wage fixation shall not exceed one month

- a) Time for wage payment
- b) Wages must be paid before the expiry of the seventh day after the last wage period in case of factory, industrial establishment workers
- c) Wages must be paid before the expiry of the tenth day after the last wage period in case of other workers
- d) For terminated employees wages should be paid before the expiry of second working day
- e) All wages must be paid on a working day

#### MODE OF PAYMENT OF WAGES

- a) By cash ( coins or currency notes)
- b) By cheque
- c) By crediting to the bank account of the employee

#### AUTHORISED DEDUCTIONS FROM WAGES

- a) Withholding increment/promotion based on less efficiency
- b) Demotion to a lower post

- c) Suspension
- d) Fines

### **FINES**

- a) If any person fails or willfully neglects to pay the wages of any employed person on or before the date that the authority decides, then he is punishable with an additional fine of up to seven hundred (Rs 700) per day for which such failure or neglect continues.
- b) An employee can be fined for his acts which are specified by the government
- c) The fine list must be exhibited in the work place
- d) The worker should know the reason for fine
- e) Fine cannot be imposed to a person of age less than 15 years
- f) Fine cannot be recovered in installments of after the expiry of 6 months
- g) Fine should be imposed on the day of act
- h) All fines should be recorded in the register

### **DEDUCTIONS FOR ABSENCE FROM THE DUTY**

Absence from the duty means —absence from the place where the employed person is required to work

Workers though present in the work place and carrying out strikes are considered as absentees and proportionate salary can be deducted

### **OTHER AUTHORIZED DEDUCTIONS**

- a) Damage/loss
- b) Recovery of advances/loans
- c) Income tax
- d) Court orders
- e) Provident fund
- f) Cooperative societies/insurance
- g) House accommodation
- h) Acceptance of fake currency notes/coins
- i) Losses due to wrong invoice/documents
- j) Giving wrong discount/rebate to customers
- k) Others like savings scheme etc

### **ILLEGAL DEDUCTIONS FROM WAGES**

- a) When damage/loss is not directly attributable to a workers neglect
- b) Deductions for tools and raw materials meant for employment
- c) For loan recovery of more than 50-75% of wages
- d) For administration mistake in giving rebates/discounts

### **MAINTAINANCE OF RECORDS AND REGISTERS**

- Every employer shall maintain a record giving particulars of persons employed by him, work performance, wages paid, deductions made, and other particulars

### **AUTHORITIES UNDER THE ACT**

- a) Factory inspector is empowered to examine the records of wages paid to the employees
- b) Government is empowered to make rules to regulate the procedure of carrying out the act
- c) Claims by the employees are decided in the court regarding deductions
- d) Recovery of amount can be done by the court regarding fines

#### **OBLIGATION AND RIGHT OF EMPLOYERS**

- a) To make wages payment regularly
- b) Not to make any unauthorized deductions from wages
- c) To maintain a register of wages payment and deductions of all employees
- d) To display the abstract of the wages payment act in the workplace
- e) Deductions for absence, damage/loss
- f) Appeal to the court for wage disputes

#### **RIGHT OF EMPLOYEES**

- a) Every worker has right to receive the wages
- b) Refuse to agree for unauthorized deductions
- c) Approach the authority for delayed wages
- d) Penalties for offences
- e) A fine of Rs 500 for contravention of act or 6 months imprisonment or both
- f) An employer not paying the wages on a working day
- g) Does not record all fines
- h) Refuses to answer any information
- i) Fails to maintain record
- j) Illegal deductions from wages
- k) Any other offence according to the act
- l) Cognizance (knowledge or awareness) of offence
- m) No court is to take cognizance of complaint of any matter of the act unless an application has been presented regarding the same and sanctioned

## **Minimum Wages Act-1948**

### **Purpose of Minimum Wage Act, 1948**

The importance of the Minimum wage act 1948 is to prevent employee exploitation and ensure a decent living for a worker. The Act provides that the government will fix the minimum wage rate and revise it every five years. It appoints advisory committees to consider the proposals. The government must follow the guidelines and implement them as soon as possible. In many cases, this means announcing the changes to the law before the public.

- The Act was introduced in 1948, and it was amended in 2000
- The changes included a change in the floor level for minimum wages
- Currently, the minimum wage floor in India is 115, but the law also gives exceptions for certain employees
- The lowest floors are in Andhra Pradesh, Kerala, and Gujarat
- In addition to this, the new law provides for higher minimum wages for workers with disabilities

The act requires the government to consult with the committee and the representatives of the people affected by the minimum wage.

- The committee determines the minimum rate of the act
- The government must publish it in the official newspapers and enforce it within three months
- The government must inform the affected parties of the proposed minimum wage by publishing the decision in a national daily
- In case of non-payment of wages, the authority must pay ten times the difference

### **The Objective of the Minimum Wages Act**

The Minimum wage Act 1948 accommodates fixing wage rates (time, piece, ensured time, additional time) for any industry.

1) While fixing hours for an ordinary working day according to the demonstration, ought to ensure the accompanying:

- The number of hours to be fixed for an ordinary working day should have at least one stretch/break
- One three-day weekend from a whole week ought to be given to the representative for rest
- Installation for the day chosen to be given for rest ought to be paid at a rate at the very least the additional time rate

2) If a representative is engaged with work that classifies his service in at least two booked vocations, the worker's pay will incorporate a particular compensation pace of all work for the number of hours devoted at each undertaking.

3) The business must keep records of all workers' work, wages, and receipts.

4) Appropriate legislatures will characterise and dole out the errand of review and choose examiners for the equivalent.

### **Fixation and Revision of Minimum rates**

The Minimum Wages Act, 1948, for the most part, indicates the lowest pay permitted by law rates on an everyday basis and stretches out to the whole nation. It is overhauled every five years, but there is an arrangement to increment the dearness allowance every two years. ILC first suggested the standards for fixing and amending minimum wages.

Update of the lowest pay permitted by law rates depends on a „typical cost for many everyday items list“, and wages can be fixed for a whole state, some portion of the state, class or classes, and occupations relating to these classifications. The obsession with wages depends on the standards referenced and a compensation board (different for various industries).

Under the Minimum Wages Act, State and Central Governments can fix and reexamine the least wages.

- a) The demonstration determines that the “suitable” government ought to improve the wages; for example, if the wages to be fixed are according to any power of the Central Government or Railway organisation, then the Central government fixes it
- b) Assuming that the compensation rate is to be fixed or amended for planned work, the separate state legislatures set it
- c) The Centre fixes the National floor level Minimum Wage that is lower than most states' individual least wages
- d) The vagueness and cross-over in the locale of government levels have caused discussions and contentions
- e) One of such discussions spins around fixing wage paces of MGNREGA plot and a business ensure drive by the Central Government

## **Equal Remuneration Act-1976**

In 1976, the Indian Government passed the Equal Remuneration Act 1976 to bridge the wage gap between men and women workers. The objectives of this Act was to provide equal wages for men and women based on the nature of employment; to provide equality of opportunity in employment; to protect persons against discrimination concerning employment or occupation, and to ensure that no person shall be unfairly dismissed from work on grounds only of sex. No woman shall be dismissed on grounds only of her sex. This Act facilitates and ensures equality among all the sexes, whether it is male or female.

### **Equal Remuneration Act, 1976**

Age discrimination and gender discrimination are covered by this Act. For purposes of this Act, the following expressions shall have the meanings assigned to them hereunder:-

- Age means a person's age as of the relevant date
- Child means a person under Eighteen years of age, either wholly or partially dependent on others for support and maintenance
- Women means a female human being of any age
- Remuneration means the salary, wages, bonus, commission, and other types of monetary consideration payable to a person in return for their services, whether payable in cash or otherwise, including provident fund, pension

### **Objectives of Equal Remuneration act, 1976**

1. To provide equal wages to men and women based on the nature of employment
2. To provide equality of treatment in employment
3. To protect persons against discrimination concerning employment or occupation
4. To ensure that no person shall be unfairly dismissed from work on grounds only of sex

The "Equal Remuneration Act, 1976" extends to India except for the State Of Jammu And Kashmir. It was enacted to make it illegal for employers to discriminate between men and women employees on their pay scale.

### **The Salient Features of Equal Remuneration Act, 1976**

1. **Remuneration to be paid in cash or in-kind at the same rate:** Under section 2(e) of the remuneration act, a woman shall not be paid a rate less than what is being paid to male workers

of a corresponding grade employed in the same establishment if the nature of employment is not essentially different. If employment is essentially different, then pay should be made differently but based on skills, capacity, and performance.

2. **No discrimination in favour of men:** Under section 3(1) of the remuneration act, no employer shall discriminate between men and women in favour of men by paying them fewer wages for the same work or employment. The definition provided under section 2(h) says that any differential pay shall be justified and has to be on any one or more of the following grounds:-
3. **Any other factor which is not prohibited under the provisions of this Act:** Under section 3(2) of the remuneration act, The employer shall not discriminate between men and women in favour of men by paying women fewer wages for the same work or employment. The definition provided under section 2(h) says that any differential pay shall be justified and has to be on any one or more of the following grounds. This is an addition to the Act made in 1998 by introducing section 3(2).
4. **No discrimination on the ground of sex:** Section 4 of the remuneration act, 1976 prohibits discrimination and offers a guarantee against the exploitation of women workers. It states that no woman shall be dismissed on grounds only of her sex.
5. **No discrimination in employment:** Section 5 of the remuneration act, 1976 prohibits discrimination and offers a guarantee against the exploitation of women workers. It states that no employer shall discriminate between men and women regarding employment or any term or condition of employment based on their sex by paying them fewer wages for the same work or employment.

## The Contract Labour (Regulation and Abolition) Act, 1970

The **Contract Labour (Regulation and Abolition) Act, 1970** is an act to regulate the employment of **contract labour in certain establishments** and to **provide for its abolition** in certain circumstances.

**A.** The act extends to the **whole of India.**

**B.** It came into force on **10th February 1971.**

### Important points

- 1) The Act applies to every **establishment** in which **twenty or more workmen** are employed as contract labour.

This act applies to every contractor who employs twenty or more workmen.

- 2) The act is not applicable to the establishments, in which the work is intermittent or casual in nature. The appropriate government shall consult the Central Board or a State Board to decide the nature of the work and its decision shall be final. 3) The work performed in an establishment is not considered as intermittent in nature:

- a) If the work is performed for more than one hundred and twenty days in the preceding twelve months.
- b) If the work is performed for more than sixty days in a year, in the case of seasonal establishments.

- 3) The **work performed** in an establishment is **not considered as intermittent** in nature:

- If the **work is performed** for more than **one hundred and twenty days** in the preceding twelve months.
- If the work is performed for **more than sixty days in a year**, in the case of **seasonal establishments.**



4) Section 2(b) of the act defines **contract labour**. As per this section, when a workman is hired in connection with the work of an establishment through a contractor, with or without the knowledge of the principal employer, he shall be considered to be employed as contract labour.

5) **Establishment** (Section 2(e)) refers to the following:

- Any office or department of the government or local authority.
- Any place where any industry, trade, business, manufacture, or occupation is carried on.

6) The **Central Advisory Contract Labour Board (The Central Board)** constituted by the central government shall assist it in the matters that are related to the administration of this act.

7) The composition of the Central Board is as follows:

- a) A Chairman to be appointed by the central government.
- b) The Chief Labour Commissioner (Central), ex-officio.
- c) The central government shall nominate such a number of members **not exceeding seventeen but not less than eleven** to represent the Government, the Railways, the coal industry, the mining industry, the contractors, the workmen, and any other interests considered by the central government.

## UNIT-5

### **Payment of Bonus Act -1965(amendments of 2016):**

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

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

### **Eligibility for bonus**

Every employee receiving salary or wages up to RS. 3,500 p.m. and engaged in any kind of work whether skilled, unskilled, managerial, supervisory etc. is entitled to bonus for every accounting year if he has worked for at least 30 working days in that year.

However employees of L.I.C., Universities and Educational institutions, Hospitals, Chamber of Commerce, R.B.I., IFCI, U.T.I. Social Welfare institutions are not entitled to bonus under this Act.

### **Disqualification for bonus**

Notwithstanding anything contained in the act, an employee shall be disqualified from receiving bonus, if he is dismissed from service for fraud or riotous or violent behavior while in the premises of the establishment or theft, misappropriation or sabotage of any property of the establishment.

### **Applicability:**

For new factory or establishment the Bonus becomes payable only if the factory or establishment makes profit during the first five years. After 5 years irrespective of profit or loss

Bonus will become payable to employees

Minimum Bonus : 8.33%

Maximum Bonus : 20% Of the annual wages earned.

### **To whom it is applicable :**

Section 2 Clause 13 employee” means any person (other than an apprentice) employed on a salary or wages not exceeding Twenty One Thousand per mensem in any industry to do any skilled or unskilled manual, supervisory, managerial, administrative, technical or clerical work for hire or reward, whether the terms of employment be express or implied;

## **THE PAYMENT OF WAGES ACT,1936**

### **Payment of Wages Act, 1936**

#### **Objectives of the act**

- a) To ensure regularity of the payment
- b) To ensure payment in legal terms
- c) Preventing arbitrary deductions
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- Every employer shall maintain a record giving particulars of persons employed by him, work performance, wages paid, deductions made, and other particulars

### **AUTHORITIES UNDER THE ACT**

- a) Factory inspector is empowered to examine the records of wages paid to the employees
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### **OBLIGATION AND RIGHT OF EMPLOYERS**

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- Not to make any unauthorized deductions from wages

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- An employer not paying the wages on a working day
- Does not record all fines
- Refuses to answer any information
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- Illegal deductions from wages
- Any other offence according to the act
- Cognizance (knowledge or awareness) of offence
- No court is to take cognizance of complaint of any matter of the act unless an application has been presented regarding the same and sanctioned

### **THE MINIMUM WAGES ACT,1948**

#### **Introduction to the act**

The aim of any legislation is to protect workers. Indian labor is by and large is illiterate and not organized to protect themselves In our Developing country, exploitation of workers is common. Hence, there was a need for the act to protect workers from exploitation

#### **Object & Scope**

- a) To secure the welfare of the workers in a competitive market by providing for a minimum limit of wages in certain employments
- b) To prevent the exploitation of workers
- c) To fix minimum wages which the employer must pay to workers

#### **Concept of minimum wages**

Wages means all remuneration capable of being expressed in terms of money, if the terms of employment were fulfilled, be payable to a person employed in respect of his employment which includes house rent allowance

Minimum wages is not defined in the act, as it is literally impossible to pay uniform wages for all industries throughout the country, on account of different conditions and locations of industries

### **WAGES DOES NOT INCLUDE**

- a) Any house accommodation, supply of light, water
- b) Provident fund
- c) Traveling allowance
- d) Special expenses regarding the work
- e) Gratuity

### **LIVING WAGE**

- a) Appropriate wages for the normal needs of the average employee who lives in a civilized society
- b) Living wage must provide essentials such as food, shelter, clothing, comforts like children education, protection against ill health, essential social needs, old age needs

### **FAIR WAGE**

- a) Relates to fair workload and the earning capacity
- b) Prevailing rates of wages in the same or similar industries in the neighboring areas
- c) Present economic conditions

### **APPLICABILITY OF THE ACT**

- a) It extends to whole of India
- b) It came to force from March 15<sup>th</sup> 1948
- c) It was amended in 1954, 1957, 1961, 1982, 1983, 1987, 1990, 1993

### **FIXATION OF MINIMUM WAGES**

- a) Minimum rate for time work , minimum time wage,,
- b) Minimum rate for piece work ,minimum piece rate,,
- c) Minimum rate for ,time-piece work,,
- d) Overtime wages

- e) Minimum wages should be revised every two years or on a rise of 50 points in the consumer price index (CPI)

#### **Procedure for fixation and revision of minimum wages**

- a) Appropriate government shall appoint a committee and sub-committees to hold enquiries and advise in respect of fixation and revision of wages
- b) Or Gazette Official publishes proposals for minimum wages
- c) Government shall revise the wages on the expiry of 3 months from the date of issue of the order
- d) Government also seeks the advice from the advisory board which comprises of equal number of employers and employees

#### **FIXING HOURS OF WORK**

- a) A working day should include one or more specified intervals
- b) Working hours shall be nine hours
- c) Normally Sunday is the rest day
- d) But any other day can also be a rest day accordingly
- e) Extra wages for work more than specified hours-overtime wages
- f) Wages for two or more classes of work should be paid

#### **Other provisions**

- a) Wages for overtime
- b) Wages for less than normal working day in case of illness
- c) Wages for 2 or more types of work to be paid in respect of the time spent
- d) Maintenance of registers and records

#### **AUTHORITIES UNDER THE ACT-Inspectors**

- a) Factory inspector is empowered to examine the records of wages paid to the employees
- b) Government is empowered to make rules to regulate the procedure of carrying out the act
- c) Claims by the employees are decided in the court regarding deductions
- d) Recovery of amount can be done by the court regarding fines
- e) Claims
- f) For less payment than minimum wages
- g) Payment for work on rest days
- h) Overtime wages



- i) Any other claims
- j) Claims are decided by labor officer or Compensation commissioner

**Who can claim**

- a) Employee himself
- b) Lawyer(legal practitioner)
- c) Trade union official
- d) Inspector
- e) Any authorized person
- f) Claims should be applied within 6 months of receiving wages
- g) Authority decides the case after hearing from both the parties

**Penalties**

- a) An employer who pays less than the minimum wages may be punished
- b) With 6 months jail or Rs 500/- or both
- c) An employer who does not maintain the records properly is punishable to a fine of Rs 500/
- d) Power to make rules
- e) Appropriate government has power to make/amend rules related with the minimum wages act

Introduction:

The chief motive of the Equal Remuneration Act 1976 is to provide for payment of remuneration to men and women on a uniform basis. In order to avoid discrimination against women and to treat the women in a fair and just manner, this act is brought into force.

Meaning: Equal Remuneration Act, 1976 is an act to provide equal remuneration to men and women and to prevent gender discrimination against women in matters related to employment.

- The act extends to the whole of India.
- It came into force on 8th March 1976. Some provision under the Act: 1) Section 2(g) of the act defines remuneration. It includes basic wage or salary and additional emoluments.

## What Is the Payment of Gratuity Act 1972

Payment of Gratuity Act 1972 is a type of legislation in India that falls under labour laws. Companies must pay a one-time gratuity to retired employees or those who resign after at least five years of service. The law applies to all companies in India with at least ten workers.

The Act provides a lump sum payment to the employee or their nominee in case of death or disability. The amount payable is calculated based on 15 days' salary for each completed year of service.

Payment of Gratuity Act provides for the appointment of controlling authorities to settle disputes between employers and employees regarding gratuity payments. Employers must obtain insurance coverage for their gratuity liabilities, and failure to comply with the Act can result in penalties and legal action.

### Gratuity Act 1972 Eligibility

To qualify for gratuity as per the Act, an employee must have completed at least five years of continuous service in the same establishment, including seasonal or interrupted service.

But this excludes periods of absence due to sickness, accident, or leave without pay. The Act also provides for the payment of gratuity in case of death or disablement due to accident or disease.

### Clauses for Nomination:

The Gratuity Act 1972 allows an employee to designate a person- a nominee to receive the gratuity amount in case of their death. There are certain clauses for nomination under this Act.

1. An employee can nominate one or more family members. If they have no family, they can choose anyone else as their nominee.
2. The employee can make the nomination at any point during their tenure, and they also have the option to modify it before they pass away.
3. Any change in the nomination made by the employee should be in writing and submitted to the employer.
4. If the nominee is a minor, the employee can appoint a guardian to receive the gratuity on their behalf.

## When is Gratuity Paid?

Gratuity Paid is paid at these times.

- Retirement: Gratuity is typically paid at the time of retirement of an employee as a token of appreciation for their long-term service.
- Resignation: Employees who resign after completing a minimum of five years of service are eligible for gratuity.
- Death or disability: If an employee is terminated due to a disability or death, the employer must pay the gratuity amount to their nominee or legal heir.

## How is Gratuity Calculated?

The formula for calculating gratuity is as follows.

$$\text{Gratuity} = (\text{Last drawn salary} \times \text{Number of years of service} \times 15) / 26$$

Here, 15 represents the number of days of salary (also called the gratuity rate) for every completed year of service, and 26 represents the number of working days in a month. The formula assumes that an employee works 26 days a month, and the gratuity calculation is based on the number of completed years of service.

For example, if an employee has worked with an organisation for 10 years and their last drawn salary was Rs. 90,000 per month, the gratuity calculation would be as follows:

$$\begin{aligned} \text{Gratuity} &= (90,000 \times 10 \times 15) / 26 \\ &= 5,19,230/- \end{aligned}$$

In this example, the employee is entitled to receive a gratuity payment of Rs. 5,19,230/- from their employer.

It is important to note that the maximum gratuity payable under the Payment of Gratuity Act 1972 is Rs. 20 lakhs.

The gratuity rate can vary from one organisation to another, and employers are required to specify this rate in their employment contracts.

For instance, if an employer has specified a gratuity rate of 20% of an employee's last drawn salary, the calculation of gratuity for an employee with 6 years of service and a last drawn salary of Rs. 75,000 per month would be as follows:

$$\begin{aligned}\text{Gratuity} &= (75,000 \times 6 \times 20)/26 \\ &= 3,46,153/-\end{aligned}$$

### **The Contract Labour (Regulation and Abolition) Act, 1970**

The **Contract Labour (Regulation and Abolition) Act, 1970** is an act to regulate the employment of **contract labour in certain establishments** and to **provide for its abolition** in certain circumstances.

- a) The act extends to the **whole of India**.
- b) It came into force on **10th February 1971**.

#### **Important points**

- a) The Act applies to every **establishment** in which **twenty or more workmen** are employed as contract labour.
  - b) This act applies to every **contractor** who employs **twenty or more workmen**.
- 2) The act is **not applicable to the establishments**, in which the work is **intermittent or casual in nature**.
- a) The appropriate government shall consult the **Central Board or a State Board** to **decide the nature of the work** and its decision shall be final.
- 3) The **work performed** in an establishment is **not considered as intermittent** in nature:
- a) If the **work is performed** for more than **one hundred and twenty days** in the preceding twelve months.
  - b) If the work is performed for **more than sixty days in a year**, in the case of **seasonal establishments**.
- 4) Section 2(b) of the act defines **contract labour**. As per this section, when a workman is hired in connection with the work of an establishment through a contractor, with or without the knowledge of the principal employer, he shall be considered to be employed as contract labour.
- 5) **Establishment** (Section 2(e)) refers to the following:
- a) Any office or department of the government or local authority.
  - b) Any place where any industry, trade, business, manufacture, or occupation is carried on.
- 6) The **Central Advisory Contract Labour Board (The Central Board)** constituted by the central government shall assist it in the matters that are related to the administration of this act.
- 7) The composition of the Central Board is as follows:

- a) A Chairman to be appointed by the central government.
- b) The Chief Labour Commissioner (Central), ex-officio.
- c) The central government shall nominate such a number of members **not exceeding seventeen but not less than eleven** to represent the Government, the Railways, the coal industry, the mining industry, the contractors, the workmen, and any other interests considered by the central government.
- d) The number of members nominated to represent the workmen **shall not be less than** the number of members nominated to represent the principal employers and the contractors.

8) The composition of the State Board is as follows:

- a) A Chairman to be appointed by the state government.
- b) The Labour Commissioner, ex officio, or any other officer nominated by the state government in his absence.
- c) The state shall nominate such a number of members, **not exceeding eleven but not less than nine**, to represent the Government, the industry, the contractors, the workmen, and any other interests considered by the state government.
- d) The number of members nominated to represent the workmen **shall not be less than** the number of members nominated to represent the principal employers and the contractors.

9) Section 16 of the act is regarding canteens. As per this section, one or more canteens shall be provided by the contractor for contract labour in every establishment:

- a) To which this act is applicable.
- b) In which the work requires contract labour for a specific period.
- c) In which **contract labour numbering one hundred or more** are employed by a contractor.

10) The contractor shall provide the following to contract labour in every establishment to which the act applies:

- a) Drinking water at convenient places.
- b) Sufficient number of latrines and urinals.
- c) Washing facilities.
- d) First-aid facilities.

11) If any amenity required to be provided under this act for the benefit of the contract labour, is not provided by the contractor within the time prescribed, then such amenity shall be provided by the **principal employer**.

- The **expenses shall be recovered by the principal employer from the contractor** either by **deduction** from any payable amount or as a **debt payable** by the contractor.

12) The **contractor** shall be responsible for the **payment of wages** before the expiry of the prescribed period.

- a) A **representative to certify** the amounts paid as wages by the contractor shall be **nominated by the principal employer** to be present at the time of **disbursement of wages by the contractor**.
- b) If the **contractor fails** to make payment of wages within the prescribed period or **makes a short payment**, then the **principal employer** is responsible for the payment of wages or unpaid balance due and **shall be recovered** from the contractor.

13) Any person who does the following shall be punishable with a **maximum imprisonment of three months** or with a **maximum fine of one thousand rupees**, or with both and in the case of a continuing contravention, with a maximum **additional fine of one hundred rupees** for every day during the continuation of such contravention:

- a) Contravening **any provision** of the act.
- b) Contravening any rules made thereunder **prohibiting, restricting, or regulating** the **employment of contract labour**.
- c) Contravening any **condition of a license** granted under this act.

14) If any person **contravenes any provision** under this act and if there is **no penalty stated**, then **he shall be punished with a maximum imprisonment of three months** or with a maximum fine of **one thousand rupees** or with both.

# Equal Remuneration Act 1976

## Introduction

The chief motive of the Equal Remuneration Act 1976 is to provide for payment of remuneration to men and women on a uniform basis. In order to avoid discrimination against women and to treat the women in a fair and just manner, this act is brought into force.

## Objectives of Equal Remuneration act, 1976

- a) To provide equal wages to men and women based on the nature of employment
- b) To provide equality of treatment in employment
- c) To protect persons against discrimination concerning employment or occupation
- d) To ensure that no person shall be unfairly dismissed from work on grounds only of sex

## Various provisions of the Act

Every employer covered under this act shall pay the employees remuneration in cash/kind at a rate which shall not be less favourable to the other gender if the work is the same or of similar nature. Same work or work of similar nature would mean if the work is performed under similar conditions either by a man or woman it would require the same skill, effort and responsibility. If there are any differences in the skill, effort and responsibility required from a man when compared to a woman the same is not important to the employment.

- a) No employer shall be allowed to reduce the remuneration of any worker in order to comply with the provisions of this act.
- b) In case the remuneration payable before the commencement of this act was different due to discrimination then going forward the higher(in case of two rates) or highest(in case of more than two rates) rate shall be payable. However the same shall not apply to the remuneration payable for the services rendered before the commencement of the act
- c) While employees are recruited for work which is the same or of similar nature no discrimination shall be directed towards women unless any law prohibits the same. This provision is also extended to activities after recruitment i.e promotion, training or transfer. The reservations made towards Scheduled Castes or Scheduled Tribes, ex-



servicemen, retrenched employees or any other class or category of persons will not be affected by this provision.

- d) An advisory committee shall be formed which shall consist of 10 members half of which shall be women and the committee shall focus on providing its advice for increasing the employment opportunities for women, hours of work, nature of work and such other matters.
- e) Every employer is required to maintain registers and other documents in relation to the workers employed by him.
- f) The appropriate government shall appoint inspectors for the purpose of investigation of compliance with the provisions of this act.
- g) The Inspector shall have the power:
  - h) To enter any building/premises/factory/vessel
  - i) Require the production of documents
  - j) Take evidence from any person to confirm compliance of the act
  - k) Examine the employer/agent/servant

Offence	Penalty
Employer omits/fails to -maintain the register -produce the register and other relevant documents -give evidence -give any information	Maximum: Rs 10,000 OR Maximum Imprisonment: 1 month OR Both
Employer makes -any recruitment in contravention of the provisions of this act -any payment of remuneration at an unequal rate for the same work or work of similar nature -any discrimination between a man and a woman -an omission to carry out the directions made by the appropriate government.	Minimum: Rs 10,000 Maximum: Rs 20,000 OR Minimum Imprisonment:3 months Maximum Imprisonment:1 year OR Both Note: The maximum period of 1 year shall be replaced by 2 years for the 2nd,3rd and 4th offence.
Failure to produce the register or any other document or to give any information to the Inspector	Maximum: Rs 500