



## KARPAGAM ACADEMY OF HIGHER EDUCATION

(Deemed to be University)  
(Established under section 3 of UGC Act 1956)  
Coimbatore-641021

### DEPARTMENT OF MANAGEMENT

Subject: **Management of Industrial Relations**

Semester: **VI**

Subject Code: **16BAU601B**

**Class- III BBA**

#### SCOPE

Management of Industrial Relations represents the different aspects of industrial relations, role of trade unions, importance of collective bargaining, forums of settlement of disputes, benefits relating to payment of wages and provisions relating to health, safety and welfare measures.

#### OBJECTIVES

- To acquaint students knowledge with concepts of Industrial Relations
- To enlighten the students knowledge with legislations related to Labour Welfare and Industrial Relations.

#### UNIT I

Concept of Industrial Relations - Aspects of industrial relations - Conflict and cooperation - Parties in industrial relations - Workers employers and government - Trade unions - Objectives collective bargaining.

#### UNIT II

Workers Participation in Management - Levels of participation - Mode of participation Works Committee - Joint Management councils - Worker Director - Grievance Procedure - Quality Circles.

#### UNIT III

Trade Union Act 1926 - Immunity granted to Registered Trade Unions - Recognition of Trade Unions - The Industrial Employment (Standing Orders) Act 1946 - Scope - Coverage - certification process - Modification - Interpretation and Enforcement - The Industrial Disputes Act 1947 - Forum for settlement of disputes - Instruments of economic coercion - Strikes, lockouts and closure.

#### UNIT IV

Salient Features - Coverage of employees and employers - Rules and benefits relating to the Payment of Wages Act 1936 - The Payment of Gratuity Act 1972 - The Minimum Wages Act 1948 - The Payment of Bonus Act 1965 - Provident Fund

**UNIT V**

The Factories Act 1948 - Definition - Approval - Licensing and registration – Health, Safety and Welfare measures - Employment of women and young persons - Leave with wages and weekly holidays - Employees Compensation Act, 1923.

**SUGGESTED READINGS:****TEXT BOOKS**

1. Srivastava, . S C. (2012). *Industrial Relations and Labour Laws*. New Delhi: Vikas Publishing House.

**REFERENCES**

1. Chhabra, T. N. (2007). *Industrial Relations and Labour Laws*. New Delhi: Dhanpat Rai Publishing House
2. Nair, N.G., & Latha Nair. (2004). *Personnel Management and Industrial Relations*. New Delhi: S.Chand and Company Ltd.
3. Kapoor, N.D. (2015). *Elements of Industrial Law*. New Delhi: Sultan Chand and Sons.
4. Tripathy. (2013). *Personnel Management and Industrial Relations*. New Delhi: Sultan Chand and Sons.



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### Department of Management

Name: **Mr.Gowrishankkar.V (Associate Professor)**

Department: **Management**

Subject Code: **16BAU601B**

Semester: **VI**

Year: **2016-19 Batch**

Subject: **Management of Industrial Relations - Lesson Plan**

UNIT 1			
Sl.No	Lecture Hours	Contents	References
1	1	Industrial Relations and Concepts of Industrial Relations	R1, Pg - 435, 436
2	1	Aspects of Industrial Relations	R1, Pg - 437
3	1	Conflict Industrial Relations	R1, Pg – 441
4	1	Cooperation Industrial Relations	R1, Pg – 443
5	1	Parties in Industrial Relations	R1, Pg – 445
6	1	Workers Employer and Government	R1, Pg – 19 , 385
7	1	Tutorial	-
8	1	Trade Unions	R1, Pg – 241
9	1	Objective of Trade Union	R1, Pg – 389
10	1	Collective Bargaining	R1, Pg – 391
11	1	Tutorial	-
12	1	Recapitulation and discussions on important questions	-
<b>Total Number of hours planned for Unit 1</b>			<b>12</b>
UNIT 2			
		Topic to be Covered	Support Materials
1	1	Workers Participated in Management	T1, Pg – 272
2	1	Levels of Participation	R2, Pg – 262
3	1	Mode of Participation	R1, Pg – 445

			Lesson Plan 2016-18 Batch			
4	1	Works Committee	R2, Pg – 268 – 271			
5	1	Joint Management Council	R1, Pg – 354			
6	1	Worker Director	R2, Pg – 464 – 466			
7	1	Tutorial	-			
8	1	Grievance Procedure	R1, Pg – 365			
10	1	Quality Circles	R2, Pg – 472 – 476			
11	1	Recapitulation and discussions on important questions	-			
<b>Total Number of hours planned for Unit 2</b>			<b>11</b>			
<b>UNIT 3</b>						
1	1	Trade Union Act 1926	T1, pg – 302			
2	1	Immunity granted to Registered Trade Union	R1, Pg – 414			
3	1	Recognition of Trade Unions	R1, Pg – 592 – 596			
4	1	Tutorial	-			
5	1	The Industrial Employment Act 1946	R2, Pg – 596 – 598			
6	1	Standing Order	T1, pg – 309			
7	1	Scope of Standing Order	R3, Pg – 108			
8	1	Coverage in Standing Order & Certification Process	R1, Pg – 417			
9	1	Tutorial	-			
10	1	Modification in Standing Order	R1, Pg – 489			
11	1	Interpretation and Enforcement	T1, Pg – 278			
12	1	The Industrial Disputes Act 1947	R3, Pg – 272			
13	1	Forum for settlement of disputes				
14	1	Instruments of economics coercion				
15	1	Strikes , Lockouts and Closure				
16	1	Recapitulation and discussion on important questions	-			
<b>Total Number of hours planned for Unit 3</b>			<b>16</b>			
<b>UNIT 4</b>						
1	1	Salient Features(SF)	T1, Pg – 345			
2	1	Coverage of employees and employers	T1, Pg – 349			
3	1	Rules and benefits relating to the payment off wages Act 1936	T1, Pg – 352			
4	1	Tutorial	T1, Pg – 356			
5	1	The Payment o Gratuity Act 1972	R4, Pg -126			
6	1	The Mi	R4, Pg -129			

7	1	Occupational Hazards	R4, Pg -137
8	1	Disease	R4, Pg -162
9	1	Psychological Problems	R4, Pg -167
10	1	Counseling	R1, Pg -326 – 327
11	1	Case Discussion	-
12	1	Recapitulation and discussion on important questions	-
<b>Total Number of hours planned for Unit 4</b>			<b>12</b>
<b>UNIT 5</b>			
1	1	Labour Welfare – Concept	R1, Pg – 320
2	1	Objective of Labour Welfare	R3, Pg – 243
3	1	Scope – Need of Labour Welfare	T1, Pg – 96
4	1	Voluntary welfare measure	R4, Pg -179
5	1	Statutory welfare measure	R3, Pg – 245
6	1	Welfare funds	R3, Pg – 266
7	1	Education and Training schemes	R4, Pg – 182
8	1	Child Labour – Female labour	R4, Pg – 185
9	1	Contract Labour – Construction Labour agricultural Labour	R4, Pg – 190
<b>Total Number of hours planned for Unit 5</b>			<b>09</b>
10	1	Discussion of previous year ESE Question papers	
11	1	Discussion of previous year ESE Question papers	
12	1	Discussion of previous year ESE Question papers	
<b>Total Number of hours planned for Unit 5 and discussion of previous year ESE Question papers</b>			<b>09+03=12</b>

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**Suggested Readings:****Text books:**

T1- N.G.Nair, Lata Nair, “Personal Management and Industrial Relations”, Sultan Channel and Sons, New Delhi – 2007

**References:**

R1 – C. Tripathi “Personal management and Industrial Relations”, Sultan Channel and Sons, New Delhi – 2007

R2 – C.B. Mannoria, “Dynamics of Industrial Relation”, Himalaya Publication House, New Delhi-2009

R3 – ArunMonappa, “Industrial Relations”, Tata McGraw Hill, New Delhi- 2009

**UNIT-II-Workers Participation in Management**

**SYLLABUS**

Workers Participation in Management - Levels of participation - Mode of participation Works Committee - Joint Management councils - Worker Director - Grievance Procedure - Quality Circles.

**Workers participation in Management(WPM)**

- WPM is the participation resulting from the practices which increase the scope for employees' share of influence in decision-making at different tiers of organizational hierarchy with associated assumption of responsibility.
- Workers' participation may be viewed as:
- An instrument for increasing the efficiency of enterprises and establishing harmonious relations;
  - A device for developing social education for promoting solidarity among workers and for tapping human talents;
- - o A means for achieving industrial peace and harmony which leads to higher productivity and increased production;
    - A humanitarian act, elevating the status of a worker in the society;
    - An ideological way of developing self-management and promoting industrial democracy.
- Other objectives of WPM can be cited as:
- - o To improve the quality of working life (QWL) by allowing the workers greater influence and involvement in work and satisfaction obtained from work; and
- To secure the mutual co-operation of employees and employers in achieving industrial peace; greater efficiency and productivity in the interest of the enterprise, the workers, the consumers and the nation.
- The main implications of workers' participation in management as summarized by ILO:
  - o Workers have ideas which can be useful;

- o Workers may work more intelligently if they are informed about the reasons for and the intention of decisions that are taken in a participative atmosphere.

### **Importance of WPM**

- Unique motivational power and a great psychological value.
- Peace and harmony between workers and management.
- Workers get to see how their actions would contribute to the overall growth of the company.
- They tend to view the decisions as 'their own' and are more enthusiastic in their implementation.
- Participation makes them more responsible.
- They become more willing to take initiative and come out with cost-saving suggestions and growth-oriented ideas.

### **Scope and ways of participation:**

- One view is that workers or the trade unions should, as equal partners, sit with the management and make joint managerial decisions. The other view is that workers should only be given an opportunity, through their representatives, to influence managerial decisions at various levels. In practice, the participation of workers can take place by one or all the methods listed below:

### **Participation at the Board level:**

- This would be the highest form of industrial democracy.
- The workers' representative on the Board can play a useful role in safeguarding the interests of workers.
- He or she can serve as a guide and a control element.
- He or she can prevail upon top management not to take measures that would be unpopular with the employees.
- He or she can guide the Board members on matters of investment in employee benefit schemes like housing, and so forth.

The Government of India took the initiative and appointed workers' representatives on the Board of



Hindustan Antibiotics (Pune), HMT (Bangalore), and even nationalized banks. The Tatas, DCM, and a few others have adopted this practice.

**Participation through ownership:**

- This involves making the workers' shareholders of the company by inducing them to buy equity shares.
  - o In many cases, advances and financial assistance in the form of easy repayment options are extended to enable employees to buy equity shares.

Examples of this method are available in the manufacturing as well as the service sector.

**Advantage:**

- o Makes the workers committed to the job and to the organization.

**Drawback:**

- o Effect on participation is limited because ownership and management are two different things.
  - Participation through complete control:
    - Workers acquire complete control of the management through elected boards.
    - The system of self-management in Yugoslavia is based on this concept.
    - Self-management gives complete control to workers to manage directly all aspects of industries through their representatives.
  - **Advantages:**
    - o Ensures identification of the workers with their organization.
    - o Industrial disputes disappear when workers develop loyalty to the organization.
    - o Trade unions welcome this type of participation.

**Conclusion:** Complete control by workers is not an answer to the problem of participation because the workers do not evince interest in management decisions.

**Participation through Staff and Works Councils:**

- Staff councils or works councils are bodies on which the representation is entirely of the employees.
- There may be one council for the entire organization or a hierarchy of councils.
- The employees of the respective sections elect the members of the councils.

**Such councils play a varied role.**

- Their role ranges from seeking information on the management's intentions to a full share in decision-making.
- Such councils have not enjoyed too much of success because trade union leaders fear the erosion of their power and prestige if such workers' bodies were to prevail.

**Participation through Joint Councils and Committees:**

- Joint councils are bodies comprising representatives of employers and employees.
- This method sees a very loose form of participation, as these councils are mostly consultative bodies.
- Work committees are a legal requirement in industrial establishments employing 100 or more workers.
- Such committees discuss a wide range of topics connected to labour welfare.
- Examples of such committees are welfare committee, safety committee, etc.
- Such committees have not proven to be too effective in promoting industrial democracy, increasing productivity and reducing labour unrest.

**Participation through Collective Bargaining:**

- Through the process of CB, management and workers may reach collective agreement regarding rules for the formulation and termination of the contract of employment, as well as conditions of service in an establishment.
- Even though these agreements are not legally binding, they do have some force.
- For CB to work, the workers' and the employers' representatives need to bargain in the right spirit. But in practice, while bargaining, each party tries to take advantage of the other.
- This process of CB cannot be called WPM in its strongest sense as in reality; CB is based on the crude concept of exercising power for the benefit of one party.
- WPM, on the other hand, brings both the parties together and develops appropriate mutual understanding and brings about a mature responsible relationship.

**Participation through Job Enlargement and Job Enrichment:**

Excessive job specialization that is seen as a by-product of mass production in industries, leads to boredom and associated problems in employees. Two methods of job designing – job enlargement and job enrichment– are seen as methods of addressing the problems. Job enlargement means expanding the job content – adding task elements horizontally. Job enrichment means adding 'motivators' to the job to make it more rewarding.

This is WPM in that it offers freedom and scope to the workers to use their judgment. But this form of participation is very basic as it provides only limited freedom to a worker concerning the method of performing his/her job. The worker has no say in other vital issues of concern to him – issues such as job and income security, welfare schemes and other policy decisions.

**Participation through Suggestion Schemes:**

- Employees' views are invited and reward is given for the best suggestion.
- With this scheme, the employees' interest in the problems of the organization is aroused and maintained.
- Progressive managements increasingly use the suggestion schemes.
- Suggestions can come from various levels. The ideas could range from changes in inspection procedures to design changes, process simplification, paper-work reduction and the like.
- Out of various suggestions, those accepted could provide marginal to substantial benefits to the company. The rewards given to the employees are in line with the benefits derived from the suggestions.

**Participation through Quality Circles:**

- Concept originated in Japan in the early 1960s and has now spread all over the world.
- A QC consists of seven to ten people from the same work area who meet regularly to define, analyze, and solve quality and related problems in their area.
- Training in problem-solving techniques is provided to the members. QCs are said to provide quick, concrete, and impressive results when correctly implemented.

**Advantages:**

- o Employees become involved in decision-making, acquire communication and analytical skills and improve efficiency of the work place.
- o Organization gets to enjoy higher savings-to-cost ratios.
- o Chances of QC members to get promotions are enhanced.

**The Indian Scenario:QC**

- Tried by BHEL, Mahindra and Mahindra, Godrej and Boyce among others.
- Workers got to get out of their daily routine and do something challenging.
- These circles require a lot of time and commitment on the part of members for regular meetings, analysis, brainstorming, etc.
- Most QCs have a definite life cycle – one to three years.
- Few circles survive beyond this limit either because they loose steam or they face simple problems.
- QCs can be an excellent bridge between participative and non-participative approaches.
- For QCs to succeed in the long run, the management needs to show its commitment by implementing some of the suggestions of the groups and providing feedback on the disposition of all suggestions.

**Empowered Teams:**

- Empowerment occurs when authority and responsibility are passed on to the employees who then experience a sense of ownership and control over their jobs.
- Employees may feel more responsible, may take initiative in their work, may get more work done, and may enjoy the work more.
- For empowerment to occur, the following approach needs to be followed as compared to the traditional approach:

**Features of empowered or self-directed teams:**

- Empowered to share various management and leadership functions.
- Plan, control and improve their work.
- Often create their schedules and review their performance as a group.
- May prepare their own budgets and co-ordinate their work with other departments.
- Usually order materials, keep inventories and deal with suppliers.
- Frequently responsible for acquiring any new training they might need.

- May hire their own replacement to assume responsibility for the quality of their products or services.

**Total Quality Management:**

- TQM refers to the deep commitment, almost obsession, of an organization to quality.
- Every step in company's processes is subjected to intense and regular scrutiny for ways to improve it.

**Quality in the job of the QC Personnel.**

- Meet the customer's requirement on time, the first time, and 100% of the time.
- Strive to do error-free work.
- Manage by prevention, not correction.
- Measure the cost of quality.
- TQM is called participative because it is a formal programme involving every employee in the organization; making each one responsible for improving quality everyday.

**Financial Participation:**

- This method involves less consultations or even joint decisions. Performance of the organization is linked to the performance of the employee.
- The logic behind this is that if an employee has a financial stake in the organization, he/she is likely to be more positively motivated and involved.
- Some schemes of financial participation:  
Profit-linked pay  
Profit sharing and Employees' Stock Option schemes.  
Pension-fund participation.
- **Advantages**
- Technology and organizations today are so complex that specialized work-roles are required.
- This means employees will not be able to participate effectively in matters beyond their particular environment.
- Everybody need not want participation.

- The role of trade unions in promoting participative management has been far from satisfactory.
- Employers are unwilling to share power with the workers' representatives. Managers consider participative management a fraud.

**Evolution of WPM in India:**

- The beginning towards WPM was made with the Industrial Disputes Act, 1947, which made Works Committees mandatory in industrial establishments employing 100 or more workers.
- The Industrial Policy Resolution adopted by the government in 1956 stated that there should be some joint consultation to ensure industrial peace, and improve employer-employee relations.
- The functions of both these joint bodies were to be consultative and were not binding on the management.  
The response to these schemes was encouraging to begin with, but gradually waned.
- A study team was appointed in 1962 to report on the working of joint councils and committees.
- The team identified some reasons for their failure. No concrete steps were taken to remove the difficulties, or change the pattern of participative management.
- During the emergency of 1975-77, the interest in these schemes was revived by the then Prime Minister by including Workers' Participation in industry in the government's 20-point programme.
- The government started persuading large enterprises to set up joint consultative committees and councils at different levels.
- The Janata Government who came to power in 1977 carried on this initiative.
- It was again emphasized by the Congress government who came back in 1979. This continued in a "non-statutory vein" till the late 1980s, and the response from the employers and employees stayed luke-warm.  
o Then, the 42nd Amendment to the Constitution was made.
- Article 43-A reads: The State shall take steps, by suitable legislation, or in any other way, to secure the participation of workers in the management of undertakings, establishments or other organizations engaged in any industry.



- Thus, participative management is a constitutional commitment in India. And then, on May 30, 1990, the government introduced the Participation of Workers in Management Bill in the Rajya Sabha.
- The bill requires every industrial enterprise to constitute one or more 'Shop-Floor Councils' at the shop floor level, and 'Establishment Council' at the establishment level.
- These councils will have equal representation of employers and employees.
- Shop-Floor councils enjoy powers over a wide range of functions from production, wastage control to safety hazards.
- The Establishment Council enjoys similar powers. The bill provides for the constitution of a Board of Management of every corporate body owning an industrial establishment.
- The bill also provides for penalties on individuals who contravene any provision of the bill.
- In spite of all these efforts, only the government and the academicians have been interested in participative management. But participative management is staging a comeback.
- The compulsions of emerging competitive environment have made employee involvement more relevant than ever before.
- Managers and the managed are forced to forget their known stands, break barriers, and work in unison.
- Managers and workers are partners in the progress of business.
- **Joint Management Councils (JMCs 1958)**
- The Second Five-year Plan recommended the setting up of Joint
- Councils of Management consisting of representatives of workers and
- management. The Government of India deputed a study group (1957) to study
- the schemes of workers' participation in management in countries like UK,
- France, Belgium and Yugoslavia. The Indian Labour Conference (ILC)
- considered the report of the study group in its 15th session in 1957 and it
- made certain recommendations:
- (i) Workers' participation in management schemes should be set up in
- selected undertakings on a voluntary basis.
- (ii) A sub-committee consisting of representatives of employers, workers
- and government should be set up for considering the details of workers'
- participation in management schemes. This committee should select

- the undertakings where workers' participation in management schemes
- would be introduced on an experimental basis.

### **Objectives**

- The objectives of Joint Management Councils are as follows:
- (i) to increase the association of employers and employee there by promoting cordial industrial relations;
- (ii) to improve the operational efficiency of the workers;
- (iii) to provide welfare facilities to them;
- (iv) to educate workers so that they are well prepared to participate in these schemes; and
- (v) to satisfy the psychological needs of workers

A tripartite sub-committee was set up as per the recommendations of Indian Labour Conference, which laid down certain criteria for selection of enterprises where the JMCs could be introduced. They are:

- (i) The unit must have 500 or more employees;
- (ii) It should have a fair record of industrial relations;
- (iii) It should have a well organise trade union;
- (iv) The management and the workers should agree to establish JMCs;
- (v) Employers (in case of private sector) should be members of the leading Employers' Organisation; and
- (vi) Trade unions should be affiliated to one of the central federations.

It was observed by the sub-committee that if the workers and employers mutually agree they could set up JMCs even if these conditions are not met.

The sub-committee also made recommendations regarding their composition, procedure for nominating workers representatives, the membership of JMCs etc. The details of these aspects have to be worked out by the parties themselves. A draft model was drawn up regarding the establishment of JMCs.

This sub-committee was later reconstituted as the " Committee on Labour- Management Co-operation" to advise on all matters pertaining to the scheme.

### **Functions**

The following are the important functions of JMCs:

- (i) To be consulted on matters like standing orders, retrenchment, rationalisation, closure, reduction of operations etc.
- (ii) To receive information, to discuss and offer suggestions.
- (iii) To shoulder administrative responsibilities like maintaining welfare measures, safety measures, training schemes, working hours, payment of rewards.



***Working of JMCs***

Over the years, there has been a good growth in number of units adopting JMCs in public sector. JMCs in some of the public sector undertakings, for example, Bharat Heavy Electricals Limited, have provided an appropriate forum for effective communication and managements unreservedly furnished all facts and information sought for. The unions have responded by moderation their enthusiasm and exercising reasonable restraint in demanding information, disclosure of which could be detrimental to the interest of the organisation. Deliberations in the JMCs are characterised by mutual understanding and a high level of objectivity in the appreciation of problems without acrimony or emotionalism. But the working of the JMCs indicates that they have not been successful both in private and public sectors. JMC was first introduced in Hindustan Machine Tools in 1958 among the public sector units but survived less than one year. The scheme has also failed in other public sector units like Posts and Telegraphs, Railways, Hindustan Insecticides, Indian Airlines Corporation, Air India and Fertilizer and Chemical Corporation.

It is often criticised by different quarters that the scheme of employee participation in management did not make headway though it was initiated with much enthusiasm. The National Commission on Labour observed that “mental reservations which operated against it are the same both in the ranks of management and among the workers”.

**Board Level Participation (1970)**

Following the recommendations of Administrative Reforms Commission, the Government has accepted that representatives of workers be taken on the Board of Directors of public sector undertakings. It was introduced in Hindustan Antibiotics Ltd, Hindustan Organic Chemicals Ltd, National Coal Mines Development Corporation, BHEL, National Textile Mills, Newsprint and Paper Mills, etc. The worker Director was supposed to be elected by all the workers of the company through secret ballot. After the nationalization of banks, the government advised all nationalized banks to appoint employee directors to their boards – one representing employees and the other representing officers – having a tenure of 3 years. The scheme required verification of trade union membership, identification of the representative union and the selection of a worker director who is chosen out of a panel of three names furnished to the government by the representative union within a prescribed period. In some of the banks, the scheme could not be introduced smoothly after 1971 owing to difficulties in verifying union membership figures. A study of the scheme in the nationalised banks by the National Labour Institute has indicated that it has failed in promoting cordial relations between labour and management.

**Shop and Join Councils (1975 and 1977)**

The 1975 scheme has come into existence after the emergency was declared in June 1975. It had envisaged the setting up of Shop Councils at the shop/ departmental level and Joint Councils at the enterprise level. These were to be introduced in manufacturing and mining units employing 500 or more workers – whether in public, private or cooperative sector.

The actual number of Shop Councils in an enterprise was to be decided by the employer after consultations with the recognised union/ workers. The chosen workers' representatives must be

actually working in the shop or department concerned. The Chairman of the council will be elected by management and the Vice-Chairman by the workers' representatives. The council shall function for 2 years and will meet regularly to discuss matters relating to safety, discipline, physical working conditions, welfare measures, productivity norms and targets, absenteeism, flow of communication etc.

The Joint Council, having a tenure of two years, shall be constituted for the whole enterprise consisting of representatives of both the management and the labour. The chief executive shall be the Chairman of the council and the representatives of workers shall nominate the Vice-President. The Council will meet once in a quarter to discuss matters which remain unsolved by shop councils including: schedules of working hours, holidays, optimum use of materials, productivity standards, training facilities to develop skills of workers awards to workers for creative suggestions, general health, safety and welfare of workers, etc.

Apart from manufacturing and mining units, commercial and service organisations (such as railways, hospitals, P&T, state electricity boards) were also covered in the 1977 scheme. Both the schemes evoked considerable interest and were introduced with a lot of enthusiasm, covering a wide spectrum of public and private sector units. However, after the emergency was lifted, most of the councils became defunct. Several operational problems surfaced from time to time, including:

- (a) inadequate sharing of information,
- (b) absence of a participative culture,
- (c) indifferent attitude of management,
- (d) lack of interest on the part of workers,
- (e) failure to clarify the norms for the nominations of representatives,
- (f) absence of a single union interested in a bipartite consultative process etc.

### **Adding Article 43A in the Indian Constitution**

In view of the growing acceptance of the importance of workers' participation in management for increasing productivity, maintaining industrial peace and accelerating the pace of economic development, Article 43A was inserted in the Indian Constitution under the Directive Principles of the State Policy in 1977. The Article provides that the State shall take steps, by suitable legislation or any other way, to secure the participation of workers in the management of undertakings, establishments or other organisations engaged in any industry.

### **The New Scheme (1984)**

A new scheme of workers' participation in management was prepared and notified in 1984 after reviewing the progress of various schemes in industry. It was applicable to all central public sector enterprises. It was decided that workers would be allowed to participate at the shop level, the plant level and the board level. The mode of representation of workers' representatives was to be determined by consultations with the concerned unions. A wide range of work related issues (personnel, welfare, plant, operations, financial matters, etc.) were brought within the ambit of the councils. The Ministry of Labour constituted a tripartite committee to review the working of the scheme and to suggest corrective measures.

### **Participation of Workers in Management Bill, 1990**

The Participation of workers in Management Bill was introduced in the Rajya Sabha on 30th May 1990. This Bill had been referred to the Parliamentary Standing Committee on Labour and Welfare. This Bill is still under consideration of the Standing Committee. The bill aims at providing participation of workers in management at shop floor level, establishment level and board of management level.

**Provisions*****I. Shop floor council***

Except for industries having one shop floor, all other industries are required to have shop floor council in accordance with the rules.

**Functions:** It carries out functions specified in Schedule I of the Bill which include:

- (i) production facilities
- (ii) storage facilities
- (iii) materials economy
- (iv) operational problems
- (v) wastage control
- (vi) hazards and safety problems
- (vii) quality improvement
- (viii) cleanliness
- (ix) monthly targets and production schedule
- (x) cost reduction programme
- (xi) formation & implementation of work systems
- (xii) design group working
- (xiii) welfare measures.

***II. Establishment council***

Every industry is required to set up an establishment council at establishment level.

**Functions:** An establishment council can exercise powers as specified in Schedule II of the Bill, which includes:

**(A) Operational Area:**

- (i) evolution of productivity schemes
- (ii) planning, implementation, fulfillment and review of monthly targets and schedules
- (iii) material supply & its shortfall
- (iv) storage and inventories
- (v) house keeping
- (vi) improvement in productivity
- (vii) encouragement and consideration of suggestion
- (viii) quality of technological improvement
- (ix) machine utilisation, knowledge and development of new product
- (x) operational performance figure, etc.

**(B) Economic and Financial Areas:**

- (i) profit & loss statement and balance sheet
- (ii) review of operating expenses, financial result and cost of sales
- (iii) plant performance in financial terms.

**(C) Personnel Matters:**

- (i) absenteeism
- (ii) problems of women workers
- (iii) initiation of supervision of workers' training programme
- (iv) administration of social security schemes.

**(D) Welfare Areas:**

- (i) operational details
- (ii) implementation of welfare schemes
- (iii) safety measures etc.

**(E) Environmental Areas:**

- (i) extension activities and community development projects
- (ii) pollution control.

**III. Representation of Board of Management**

“The representatives of workmen are to constitute 13% and those of other workers 12% of the total strength of the Board of Management.” The bill provides for a monitoring committee to advise on matters of administration of the Act and scheme under it.

**HURDLES IN THE WAY OF WORKERS PARTICIPATION IN INDIA**

The foregoing discussions reveal that ever since the independence of the country, Government has been keen on promoting workers' participation in management in the country. There has been a growing realisation in the country, especially in the Government circles, that promotion of workers' participation would lead to increase in productivity and would be helpful in maintaining industrial peace and accelerating the pace of economic development. With the adoption of planning as an instrument of economic and industrial development, maintenance of cordial relations between labour and management is considered all the more desirable. To achieve these objectives, Government embarked upon different programme of workers participation at different intervals of time, for example, Works Committee (1947), Joint Management Councils (1977), Shop Floor and Plant Councils (1983) and so on. However, experience has shown that these schemes, which were launched so enthusiastically, have on the whole proved to be a failure.

This has been supported by the findings of the studies conducted in regard to their functioning. The failure of the schemes of workers' participation in management may be attributed to several factors:

**Employer-related**

Employers, by and large, were not very enthusiastic about schemes of workers' participation in management. They feared dilution of their powers, participation would take away from them their right to manage. Also, they felt that workers might not be able to contribute much in discussions relating to matters where they lack a broad perspective. When employers tried to substitute trade unions with the bipartite bodies, conflicting situations developed, vitiating the atmosphere of give and take.

**Worker-related**

By and large, workers' representatives were not fully equipped to participate in discussions relating to organisational issues. Factors, such as illiteracy, lack of knowledge, lack of enthusiasm to update their viewpoints, have often come in the way of extending wholehearted support to the schemes of workers' participation in management.

**Union-related**

Trade union movement in India is largely fragmented, poorly organised, characterized by intense inter union rivalry and colored by various political ideologies. In such an atmosphere, the union representatives are not expected to act in the best interests of workers and the organisations.

**Macro level factors**

All the schemes of workers participation in India are non-statutory. The different pieces of labour legislation have complicated matters further. There is no central law on the subject. Some of the forms of participation envisaged by the government like Works Committees, Joint Management's Councils – appear to be similar in scope and function. The multiplicity of such bipartite bodies with loosely defined structure and purpose, not surprisingly have failed to deliver the goods.

**Part B**

1. "Employee participation is a must today" Comment.
2. What is meant by workers' participation in management? Describe the objectives of WPM.
3. What are different forms of WPM?
4. Discuss different varieties of workers' participation/involvement.
5. Examine various schemes of workers' participation in India. What are your suggestions to improve them?
6. "The concept of WPM is facing tough times today and reason lies on part of all those involved". Discuss
7. "Workers' participation in India has not been a resounding success". Do you agree? Give reasons.



**UNIT-II-Workers Participation in Management**

**SYLLABUS**

Workers Participation in Management - Levels of participation - Mode of participation Works Committee - Joint Management councils - Worker Director - Grievance Procedure - Quality Circles.

**Workers participation in Management(WPM)**

- WPM is the participation resulting from the practices which increase the scope for employees' share of influence in decision-making at different tiers of organizational hierarchy with associated assumption of responsibility.
- Workers' participation may be viewed as:
- An instrument for increasing the efficiency of enterprises and establishing harmonious relations;
  - A device for developing social education for promoting solidarity among workers and for tapping human talents;
- - o A means for achieving industrial peace and harmony which leads to higher productivity and increased production;
    - A humanitarian act, elevating the status of a worker in the society;
    - An ideological way of developing self-management and promoting industrial democracy.
- Other objectives of WPM can be cited as:
- - o To improve the quality of working life (QWL) by allowing the workers greater influence and involvement in work and satisfaction obtained from work; and
- To secure the mutual co-operation of employees and employers in achieving industrial peace; greater efficiency and productivity in the interest of the enterprise, the workers, the consumers and the nation.
- The main implications of workers' participation in management as summarized by ILO:
  - o Workers have ideas which can be useful;

- o Workers may work more intelligently if they are informed about the reasons for and the intention of decisions that are taken in a participative atmosphere.

### **Importance of WPM**

- Unique motivational power and a great psychological value.
- Peace and harmony between workers and management.
- Workers get to see how their actions would contribute to the overall growth of the company.
- They tend to view the decisions as 'their own' and are more enthusiastic in their implementation.
- Participation makes them more responsible.
- They become more willing to take initiative and come out with cost-saving suggestions and growth-oriented ideas.

### **Scope and ways of participation:**

- One view is that workers or the trade unions should, as equal partners, sit with the management and make joint managerial decisions. The other view is that workers should only be given an opportunity, through their representatives, to influence managerial decisions at various levels. In practice, the participation of workers can take place by one or all the methods listed below:

### **Participation at the Board level:**

- This would be the highest form of industrial democracy.
- The workers' representative on the Board can play a useful role in safeguarding the interests of workers.
- He or she can serve as a guide and a control element.
- He or she can prevail upon top management not to take measures that would be unpopular with the employees.
- He or she can guide the Board members on matters of investment in employee benefit schemes like housing, and so forth.

The Government of India took the initiative and appointed workers' representatives on the Board of

Hindustan Antibiotics (Pune), HMT (Bangalore), and even nationalized banks. The Tatas, DCM, and a few others have adopted this practice.

### Participation through ownership:

- This involves making the workers' shareholders of the company by inducing them to buy equity shares.
  - o In many cases, advances and financial assistance in the form of easy repayment options are extended to enable employees to buy equity shares.

Examples of this method are available in the manufacturing as well as the service sector.

#### Advantage:

- o Makes the workers committed to the job and to the organization.

#### Drawback:

- o Effect on participation is limited because ownership and management are two different things.
  - Participation through complete control:
    - Workers acquire complete control of the management through elected boards.
    - The system of self-management in Yugoslavia is based on this concept.
    - Self-management gives complete control to workers to manage directly all aspects of industries through their representatives.
  - Advantages:
    - o Ensures identification of the workers with their organization.
    - o Industrial disputes disappear when workers develop loyalty to the organization.
    - o Trade unions welcome this type of participation.

**Conclusion:** Complete control by workers is not an answer to the problem of participation because the workers do not evince interest in management decisions.

### Participation through Staff and Works Councils:

- Staff councils or works councils are bodies on which the representation is entirely of the employees.
- There may be one council for the entire organization or a hierarchy of councils.
- The employees of the respective sections elect the members of the councils.



**Such councils play a varied role.**

- Their role ranges from seeking information on the management's intentions to a full share in decision-making.
- Such councils have not enjoyed too much of success because trade union leaders fear the erosion of their power and prestige if such workers' bodies were to prevail.

**Participation through Joint Councils and Committees:**

- Joint councils are bodies comprising representatives of employers and employees.
- This method sees a very loose form of participation, as these councils are mostly consultative bodies.
- Work committees are a legal requirement in industrial establishments employing 100 or more workers.
- Such committees discuss a wide range of topics connected to labour welfare.
- Examples of such committees are welfare committee, safety committee, etc.
- Such committees have not proven to be too effective in promoting industrial democracy, increasing productivity and reducing labour unrest.

**Participation through Collective Bargaining:**

- Through the process of CB, management and workers may reach collective agreement regarding rules for the formulation and termination of the contract of employment, as well as conditions of service in an establishment.
- Even though these agreements are not legally binding, they do have some force.
- For CB to work, the workers' and the employers' representatives need to bargain in the right spirit. But in practice, while bargaining, each party tries to take advantage of the other.
- This process of CB cannot be called WPM in its strongest sense as in reality; CB is based on the crude concept of exercising power for the benefit of one party.
- WPM, on the other hand, brings both the parties together and develops appropriate mutual understanding and brings about a mature responsible relationship.

**Participation through Job Enlargement and Job Enrichment:**

Excessive job specialization that is seen as a by-product of mass production in industries, leads to boredom and associated problems in employees. Two methods of job designing – job enlargement and job enrichment– are seen as methods of addressing the problems. Job enlargement means expanding the job content – adding task elements horizontally. Job enrichment means adding 'motivators' to the job to make it more rewarding.

This is WPM in that it offers freedom and scope to the workers to use their judgment. But this form of participation is very basic as it provides only limited freedom to a worker concerning the method of performing his/her job. The worker has no say in other vital issues of concern to him – issues such as job and income security, welfare schemes and other policy decisions.

**Participation through Suggestion Schemes:**

- Employees' views are invited and reward is given for the best suggestion.
- With this scheme, the employees' interest in the problems of the organization is aroused and maintained.
- Progressive managements increasingly use the suggestion schemes.
- Suggestions can come from various levels. The ideas could range from changes in inspection procedures to design changes, process simplification, paper-work reduction and the like.
- Out of various suggestions, those accepted could provide marginal to substantial benefits to the company. The rewards given to the employees are in line with the benefits derived from the suggestions.

**Participation through Quality Circles:**

- Concept originated in Japan in the early 1960s and has now spread all over the world.
- A QC consists of seven to ten people from the same work area who meet regularly to define, analyze, and solve quality and related problems in their area.
- Training in problem-solving techniques is provided to the members. QCs are said to provide quick, concrete, and impressive results when correctly implemented.

**Advantages:**

- o Employees become involved in decision-making, acquire communication and analytical skills and improve efficiency of the work place.
- o Organization gets to enjoy higher savings-to-cost ratios.
- o Chances of QC members to get promotions are enhanced.

**The Indian Scenario:QC**

- Tried by BHEL, Mahindra and Mahindra, Godrej and Boyce among others.
- Workers got to get out of their daily routine and do something challenging.
- These circles require a lot of time and commitment on the part of members for regular meetings, analysis, brainstorming, etc.
- Most QCs have a definite life cycle – one to three years.
- Few circles survive beyond this limit either because they loose steam or they face simple problems.
- QCs can be an excellent bridge between participative and non-participative approaches.
- For QCs to succeed in the long run, the management needs to show its commitment by implementing some of the suggestions of the groups and providing feedback on the disposition of all suggestions.

**Empowered Teams:**

- Empowerment occurs when authority and responsibility are passed on to the employees who then experience a sense of ownership and control over their jobs.
- Employees may feel more responsible, may take initiative in their work, may get more work done, and may enjoy the work more.
- For empowerment to occur, the following approach needs to be followed as compared to the traditional approach:

**Features of empowered or self-directed teams:**

- Empowered to share various management and leadership functions.
- Plan, control and improve their work.
- Often create their schedules and review their performance as a group.
- May prepare their own budgets and co-ordinate their work with other departments.
- Usually order materials, keep inventories and deal with suppliers.
- Frequently responsible for acquiring any new training they might need.

- May hire their own replacement to assume responsibility for the quality of their products or services.

**Total Quality Management:**

- TQM refers to the deep commitment, almost obsession, of an organization to quality.
- Every step in company's processes is subjected to intense and regular scrutiny for ways to improve it.

**Quality in the job of the QC Personnel.**

- Meet the customer's requirement on time, the first time, and 100% of the time.
- Strive to do error-free work.
- Manage by prevention, not correction.
- Measure the cost of quality.
- TQM is called participative because it is a formal programme involving every employee in the organization; making each one responsible for improving quality everyday.

**Financial Participation:**

- This method involves less consultations or even joint decisions. Performance of the organization is linked to the performance of the employee.
- The logic behind this is that if an employee has a financial stake in the organization, he/she is likely to be more positively motivated and involved.
- Some schemes of financial participation:  
Profit-linked pay  
Profit sharing and Employees' Stock Option schemes.  
Pension-fund participation.
- **Advantages**
- Technology and organizations today are so complex that specialized work-roles are required.
- This means employees will not be able to participate effectively in matters beyond their particular environment.
- Everybody need not want participation.

- The role of trade unions in promoting participative management has been far from satisfactory.
- Employers are unwilling to share power with the workers' representatives. Managers consider participative management a fraud.

**Evolution of WPM in India:**

- The beginning towards WPM was made with the Industrial Disputes Act, 1947, which made Works Committees mandatory in industrial establishments employing 100 or more workers.
- The Industrial Policy Resolution adopted by the government in 1956 stated that there should be some joint consultation to ensure industrial peace, and improve employer-employee relations.
- The functions of both these joint bodies were to be consultative and were not binding on the management.  
The response to these schemes was encouraging to begin with, but gradually waned.
- A study team was appointed in 1962 to report on the working of joint councils and committees.
- The team identified some reasons for their failure. No concrete steps were taken to remove the difficulties, or change the pattern of participative management.
- During the emergency of 1975-77, the interest in these schemes was revived by the then Prime Minister by including Workers' Participation in industry in the government's 20-point programme.
- The government started persuading large enterprises to set up joint consultative committees and councils at different levels.
- The Janata Government who came to power in 1977 carried on this initiative.
- It was again emphasized by the Congress government who came back in 1979. This continued in a "non-statutory vein" till the late 1980s, and the response from the employers and employees stayed luke-warm.  
o Then, the 42nd Amendment to the Constitution was made.
- Article 43-A reads: The State shall take steps, by suitable legislation, or in any other way, to secure the participation of workers in the management of undertakings, establishments or other organizations engaged in any industry.

- Thus, participative management is a constitutional commitment in India. And then, on May 30, 1990, the government introduced the Participation of Workers in Management Bill in the Rajya Sabha.
- The bill requires every industrial enterprise to constitute one or more 'Shop-Floor Councils' at the shop floor level, and 'Establishment Council' at the establishment level.
- These councils will have equal representation of employers and employees.
- Shop-Floor councils enjoy powers over a wide range of functions from production, wastage control to safety hazards.
- The Establishment Council enjoys similar powers. The bill provides for the constitution of a Board of Management of every corporate body owning an industrial establishment.
- The bill also provides for penalties on individuals who contravene any provision of the bill.
- In spite of all these efforts, only the government and the academicians have been interested in participative management. But participative management is staging a comeback.
- The compulsions of emerging competitive environment have made employee involvement more relevant than ever before.
- Managers and the managed are forced to forget their known stands, break barriers, and work in unison.
- Managers and workers are partners in the progress of business.
- **Joint Management Councils (JMCs 1958)**
- The Second Five-year Plan recommended the setting up of Joint
- Councils of Management consisting of representatives of workers and
- management. The Government of India deputed a study group (1957) to study
- the schemes of workers' participation in management in countries like UK,
- France, Belgium and Yugoslavia. The Indian Labour Conference (ILC)
- considered the report of the study group in its 15th session in 1957 and it
- made certain recommendations:
- (i) Workers' participation in management schemes should be set up in
- selected undertakings on a voluntary basis.
- (ii) A sub-committee consisting of representatives of employers, workers
- and government should be set up for considering the details of workers'
- participation in management schemes. This committee should select



- the undertakings where workers' participation in management schemes
- would be introduced on an experimental basis.

**Objectives**

- The objectives of Joint Management Councils are as follows:
- (i) to increase the association of employers and employee there by promoting cordial industrial relations;
- (ii) to improve the operational efficiency of the workers;
- (iii) to provide welfare facilities to them;
- (iv) to educate workers so that they are well prepared to participate in these schemes; and
- (v) to satisfy the psychological needs of workers

A tripartite sub-committee was set up as per the recommendations of Indian Labour Conference, which laid down certain criteria for selection of enterprises where the JMCs could be introduced. They are:

- (i) The unit must have 500 or more employees;
- (ii) It should have a fair record of industrial relations;
- (iii) It should have a well organise trade union;
- (iv) The management and the workers should agree to establish JMCs;
- (v) Employers (in case of private sector) should be members of the leading Employers' Organisation; and
- (vi) Trade unions should be affiliated to one of the central federations.

It was observed by the sub-committee that if the workers and employers mutually agree they could set up JMCs even if these conditions are not met.

The sub-committee also made recommendations regarding their composition, procedure for nominating workers representatives, the membership of JMCs etc. The details of these aspects have to be worked out by the parties themselves. A draft model was drawn up regarding the establishment of JMCs.

This sub-committee was later reconstituted as the " Committee on Labour- Management Co-operation" to advise on all matters pertaining to the scheme.

**Functions**

The following are the important functions of JMCs:

- (i) To be consulted on matters like standing orders, retrenchment, rationalisation, closure, reduction of operations etc.
- (ii) To receive information, to discuss and offer suggestions.
- (iii) To shoulder administrative responsibilities like maintaining welfare measures, safety measures, training schemes, working hours, payment of rewards.

***Working of JMCs***

Over the years, there has been a good growth in number of units adopting JMCs in public sector. JMCs in some of the public sector undertakings, for example, Bharat Heavy Electricals Limited, have provided an appropriate forum for effective communication and managements unreservedly furnished all facts and information sought for. The unions have responded by moderation their enthusiasm and exercising reasonable restraint in demanding information, disclosure of which could be detrimental to the interest of the

organisation. Deliberations in the JMCs are characterised by mutual understanding and a high level of objectivity in the appreciation of problems without acrimony or emotionalism. But the working of the JMCs indicates that they have not been successful both in private and public sectors. JMC was first introduced in Hindustan Machine Tools in 1958 among the public sector units but survived less than one year. The scheme has also failed in other public sector units like Posts and Telegraphs, Railways, Hindustan Insecticides, Indian Airlines Corporation, Air India and Fertilizer and Chemical Corporation.

It is often criticised by different quarters that the scheme of employee participation in management did not make headway though it was initiated with much enthusiasm. The National Commission on Labour observed that “mental reservations which operated against it are the same both in the ranks of management and among the workers”.

**Board Level Participation (1970)**

Following the recommendations of Administrative Reforms Commission, the Government has accepted that representatives of workers be taken on the Board of Directors of public sector undertakings. It was introduced in Hindustan Antibiotics Ltd, Hindustan Organic Chemicals Ltd, National Coal Mines Development Corporation, BHEL, National Textile Mills, Newsprint and Paper Mills, etc. The worker Director was supposed to be elected by all the workers of the company through secret ballot. After the nationalization of banks, the government advised all nationalized banks to appoint employee directors to their boards – one representing employees and the other representing officers – having a tenure of 3 years. The scheme required verification of trade union membership, identification of the representative union and the selection of a worker director who is chosen out of a panel of three names furnished to the government by the representative union within a prescribed period. In some of the banks, the scheme could not be introduced smoothly after 1971 owing to difficulties in verifying union membership figures. A study of the scheme in the nationalised banks by the National Labour Institute has indicated that it has failed in promoting cordial relations between labour and management.

**Shop and Join Councils (1975 and 1977)**

The 1975 scheme has come into existence after the emergency was declared in June 1975. It had envisaged the setting up of Shop Councils at the shop/ departmental level and Joint Councils at the enterprise level. These were to be introduced in manufacturing and mining units employing 500 or more workers – whether in public, private or cooperative sector.

The actual number of Shop Councils in an enterprise was to be decided by the employer after consultations with the recognised union/ workers. The chosen workers’ representatives must be



actually working in the shop or department concerned. The Chairman of the council will be elected by management and the Vice-Chairman by the workers' representatives. The council shall function for 2 years and will meet regularly to discuss matters relating to safety, discipline, physical working conditions, welfare measures, productivity norms and targets, absenteeism, flow of communication etc.

The Joint Council, having a tenure of two years, shall be constituted for the whole enterprise consisting of representatives of both the management and the labour. The chief executive shall be the Chairman of the council and the representatives of workers shall nominate the Vice-President. The Council will meet once in a quarter to discuss matters which remain unsolved by shop councils including: schedules of working hours, holidays, optimum use of materials, productivity standards, training facilities to develop skills of workers awards to workers for creative suggestions, general health, safety and welfare of workers, etc.

Apart from manufacturing and mining units, commercial and service organisations (such as railways, hospitals, P&T, state electricity boards) were also covered in the 1977 scheme. Both the schemes evoked considerable interest and were introduced with a lot of enthusiasm, covering a wide spectrum of public and private sector units. However, after the emergency was lifted, most of the councils became defunct. Several operational problems surfaced from time to time, including:

- (a) inadequate sharing of information,
- (b) absence of a participative culture,
- (c) indifferent attitude of management,
- (d) lack of interest on the part of workers,
- (e) failure to clarify the norms for the nominations of representatives,
- (f) absence of a single union interested in a bipartite consultative process etc.

### **Adding Article 43A in the Indian Constitution**

In view of the growing acceptance of the importance of workers' participation in management for increasing productivity, maintaining industrial peace and accelerating the pace of economic development, Article 43A was inserted in the Indian Constitution under the Directive Principles of the State Policy in 1977. The Article provides that the State shall take steps, by suitable legislation or any other way, to secure the participation of workers in the management of undertakings, establishments or other organisations engaged in any industry.

### **The New Scheme (1984)**

A new scheme of workers' participation in management was prepared and notified in 1984 after reviewing the progress of various schemes in industry. It was applicable to all central public sector enterprises. It was decided that workers would be allowed to participate at the shop level, the plant level and the board level. The mode of representation of workers' representatives was to be determined by consultations with the concerned unions. A wide range of work related issues (personnel, welfare, plant, operations, financial matters, etc.) were brought within the ambit of the councils. The Ministry of Labour constituted a tripartite committee to review the working of the scheme and to suggest corrective measures.

### **Participation of Workers in Management Bill, 1990**

The Participation of workers in Management Bill was introduced in the Rajya Sabha on 30th May 1990. This Bill had been referred to the Parliamentary Standing Committee on Labour and Welfare. This Bill is still under consideration of the Standing Committee. The bill aims at providing participation of workers in management at shop floor level, establishment level and board of management level.

**Provisions*****I. Shop floor council***

Except for industries having one shop floor, all other industries are required to have shop floor council in accordance with the rules.

***Functions:*** It carries out functions specified in Schedule I of the Bill which include:

- (i) production facilities
- (ii) storage facilities
- (iii) materials economy
- (iv) operational problems
- (v) wastage control
- (vi) hazards and safety problems
- (vii) quality improvement
- (viii) cleanliness
- (ix) monthly targets and production schedule
- (x) cost reduction programme
- (xi) formation & implementation of work systems
- (xii) design group working
- (xiii) welfare measures.

***II. Establishment council***

Every industry is required to set up an establishment council at establishment level.

***Functions:*** An establishment council can exercise powers as specified in Schedule II of the Bill, which includes:

***(A) Operational Area:***

- (i) evolution of productivity schemes
- (ii) planning, implementation, fulfillment and review of monthly targets and schedules
- (iii) material supply & its shortfall
- (iv) storage and inventories
- (v) house keeping
- (vi) improvement in productivity
- (vii) encouragement and consideration of suggestion
- (viii) quality of technological improvement
- (ix) machine utilisation, knowledge and development of new product
- (x) operational performance figure, etc.

***(B) Economic and Financial Areas:***

- (i) profit & loss statement and balance sheet
- (ii) review of operating expenses, financial result and cost of sales
- (iii) plant performance in financial terms.

***(C) Personnel Matters:***

- (i) absenteeism
- (ii) problems of women workers
- (iii) initiation of supervision of workers' training programme
- (iv) administration of social security schemes.

**(D) Welfare Areas:**

- (i) operational details
- (ii) implementation of welfare schemes
- (iii) safety measures etc.

**(E) Environmental Areas:**

- (i) extension activities and community development projects
- (ii) pollution control.

**III. Representation of Board of Management**

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**HURDLES IN THE WAY OF WORKERS PARTICIPATION IN INDIA**

The foregoing discussions reveal that ever since the independence of the country, Government has been keen on promoting workers' participation in management in the country. There has been a growing realisation in the country, especially in the Government circles, that promotion of workers' participation would lead to increase in productivity and would be helpful in maintaining industrial peace and accelerating the pace of economic development. With the adoption of planning as an instrument of economic and industrial development, maintenance of cordial relations between labour and management is considered all the more desirable. To achieve these objectives, Government embarked upon different programme of workers participation at different intervals of time, for example, Works Committee (1947), Joint Management Councils (1977), Shop Floor and Plant Councils (1983) and so on. However, experience has shown that these schemes, which were launched so enthusiastically, have on the whole proved to be a failure.

This has been supported by the findings of the studies conducted in regard to their functioning. The failure of the schemes of workers' participation in management may be attributed to several factors:

**Employer-related**

Employers, by and large, were not very enthusiastic about schemes of workers' participation in management. They feared dilution of their powers, participation would take away from them their right to manage. Also, they felt that workers might not be able to contribute much in discussions relating to matters where they lack a broad perspective. When employers tried to substitute trade unions with the bipartite bodies, conflicting situations developed, vitiating the atmosphere of give and take.

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By and large, workers' representatives were not fully equipped to participate in discussions relating to organisational issues. Factors, such as illiteracy, lack of knowledge, lack of enthusiasm to update their viewpoints, have often come in the way of extending wholehearted support to the schemes of workers' participation in management.

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**Part B**

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5. Examine various schemes of workers' participation in India. What are your suggestions to improve them?
6. "The concept of WPM is facing tough times today and reason lies on part of all those involved". Discuss
7. "Workers' participation in India has not been a resounding success". Do you agree? Give reasons.

**UNIT-III-Trade Union Act 1926**

**SYLLABUS**

Trade Union Act 1926 - Immunity granted to Registered Trade Unions - Recognition of Trade Unions - The Industrial Employment (Standing Orders) Act 1946 - Scope - Coverage - certification process - Modification - Interpretation and Enforcement - The Industrial Disputes Act 1947 - Forum for settlement of disputes - Instruments of economic coercion - Strikes, lockouts and closure.

**THE TRADE UNIONS' ACT, 1926**

- ☉ I OBJECT: To provide for the registration of trade unions and to define law relating to registered trade unions.
- ☉ II APPLICABILITY: It extends to the whole of India.
- ☉ III TRADE UNIONS:
  - ☉ means any combination whether temporary or permanent formed primarily for the purpose of regulating the relations between workmen and employers for imposing restrictive conditions on the conduct of any trade or business, and includes any federation of two or more trade unions.
- ☉ IV MODE OF REGISTRATION:
  - ☉ Any seven or more members of a trade union may apply for registration of a trade union in Form - A to the Registrar appointed for the area.
  - ☉ Along with bylaw, Seven ordinary members of the union to make an application for registration of the union, and a treasury chalan of Rs.100/- remitted as registration fee. (Section 4 and 5 read with Regulation: 3 & 5)
- ☉ V REGISTRATION CERTIFICATE:
  - ☉ On receipt of the application for registration, the Registrar, after making reasonable enquiry issue a Registration Certificate in Form - B (Section 8 & read with Regulation 6)
- ☉ VI CANCELLATION OF REGISTRATION :
  - ☉ A certificate of Registration may be withdrawn or cancelled by the Registrar:
  - ☉ 1. On an application of a Trade Union in Form-H, or



- ⊙ 2. If the Registrar is satisfied that the certificate is obtained by fraud or mistake or that the trade union had ceased to exist or willfully and after notice from the Registrar contra vent any provisions of the Act or rules etc. (Section 10 read with Regulations 8 to 12)
- ⊙ VII APPEAL :
- ⊙ Any person aggrieved by any order of the Registrar may appeal within two months to the Civil Court not inferior to the court of an Additional or Assistant Principal Civil Court.
- ⊙ (Section 11 read with Regulation 13)
- ⊙ VIII CHANGE OF NAME
- ⊙ Any registered trade union may with the consent of not less than 2/3 of its total members may make application in Form-L, for the change of its name (Section - 23 read with Regulation – 16-72)
- ⊙ XI ANNUAL RETURNS
- ⊙ Every trade union shall send annual returns to the Registrar on or before the 1st day of May of the year succeeding the calendar year in Form-E in the case of individual trade unions and in Form-F in the case of federation of trade unions (Section 28 read with Regulation 21)
- ⊙ XII PENALTIES
- ⊙ Offences punishable for the failure to submit returns may extend to Rs.5/- and in the case of continuing default with an additional fine which may extend to Rs.5/- for each week and shall not exceed Rs.50.00. Any person who willfully makes, or causes to be made any false entry or any omission from the general statement required by Section 28 etc. shall be punishable which may extend to Rs.500/-. Registered trade unions, furnishing false informations, shall be punishable with fine which may extend to Rs.200/- (Section 31)
- ⊙ XIII WHO CAN FILE PROSECUTIONS:
- ⊙ 1. Registrar
- ⊙ 2. Persons with the previous sanction of the Registrar.
- ⊙ 3. Aggrieved person under Section 32.
- ⊙ The complaint shall be filed within six months of the date on which the offence is alleged to have been committed.

- ⊙ No court inferior to that of a Presidency Magistrate or a Magistrate of First Class shall try any offence under the Act.

- ⊙ XIV AUTHORITIES UNDER THE ACT:

1. Registrar of Trade Unions (under Section - 3)

- ⊙ Labour Commissioner

- ⊙ 2. Additional Registrar of Trade Unions

- ⊙ Additional Labour Commissioner

- ⊙ 3. Deputy Registrar of Trade Unions

- ⊙ Joint Labour Commissioner

- ⊙ IX AMALGAMATION OF TRADE UNIONS

- ⊙ IX AMALGAMATION OF TRADE UNIONS: Any two or more registered trade unions may

- ⊙ become amalgamated together as one trade union provided the votes of at least one half of the members of each or every such trade union entitled to vote and at least 60% of the votes recorded are in favor of the proposal. Notice of the amalgamation shall be sent to the Registrar Form-R (Section 24 to 26 read with Regulation 18)

- ⊙ X DISSOLUTION

- ⊙ X DISSOLUTION: When a registered trade union is dissolved the notice of dissolution shall be sent to the Registrar in Form - Q, within 14 days of the dissolution along with the registration certificate (Section 27 read with Regulation 19)

- 
- ⊙ **Employee rights**

- ⊙ \*be paid the right wage for the job you do

- ⊙ \*protection from unfair dismissal (subject to statutory exclusion periods)

- ⊙ general protections of your 'workplace rights'

- ⊙ \*protection from unlawful discrimination

- ⊙ \*sick leave, annual leave, public holidays, family leave and long service leave

- ⊙ \*freedom to belong to or not belong to a union.
- ⊙ \*receive your wages without unlawful deduction (lawful deductions include tax or any deduction you authorize in writing).
- ⊙ **Obligations**
- ⊙ arrive at work on time
- ⊙ dress suitably for the job (including wearing appropriate safety equipment if required)
- ⊙ work to the best of your ability
- ⊙ respect your employer, colleagues and customers
- ⊙ take care of your employer's property
- ⊙ follow your employer's 'reasonable and lawful' instructions (that is, instructions that are not illegal, don't threaten your health and safety and you are capable of doing)
- ⊙ obey safety rules
- ⊙ ask for help if you need it
- ⊙ know what the employer expects you to do if you can't be at work for any reason (for example, your employer's policy on what to do if you need to advise you are sick)
- ⊙ not discriminate or harass others in the workplace
- ⊙ not act in a way that puts you – or others – at risk of injury in the workplace

#### ■ **Collective Bargaining**

- According to **Dale Yoder**, "Collective bargaining is the term used to describe a situation in which the essential conditions of employment are determined by bargaining process undertaken by representatives of a group of workers on the one hand and of one or more employers on the other."
- In the words of **Flippo**, "Collective bargaining is a process in which the representatives of a labour organisation and the representatives of business organisation meet and attempt to negotiate a contract or agreement, which specifies the nature of employee-employer-union relationship."



■ **Features of Collective Bargaining**

- I. It is a **collective** process. The representatives of both workers and management participate in bargaining.
- II. It is a **continuous** process. It establishes regular and stable relationship between the parties involved. It involves not only the negotiation of the contract, but also the administration of the contract.
- III. It is a **flexible and dynamic** process. The parties have to adopt a flexible attitude through the process of bargaining.
- IV. It is a method of **partnership of workers in management**

**The Trade Unions Act, 1926**

The act was enacted with the object of providing for the registration of trade unions and verification of the membership of trade unions registered so that they may acquire a legal and corporate status. As soon as a trade union is registered, it is treated as an artificial person in the eyes of law, capable of enjoying the rights and discharging liabilities like a natural person. In certain respects, the Act attempts to define the law relating to the registered trade unions. The Act, apart from the necessary provisions for administration and penalties, makes provisions for:

- (a) conditions governing the registration of trade unions;
- (b) laying down the obligations of a registered trade union; and
- (c) fixing the rights and liabilities of registered trade unions.

**The Industrial Employment (Standing Orders) Act, 1946**

The preamble of the Act clearly says that the “Standing Orders shall deal with the conditions of employment of workers in an industrial establishment. It is obligatory upon all employers/covered by this Act to define precisely the employer and the employees and to make the said conditions known to the workmen employed by them.” The Act provides uniformity of terms of employment in respect of all employees belonging to the same category and discharging the same or similar work in an industrial establishment.

The standing orders bring home to the employers and the employees as on what terms and conditions the workmen are offering to work and the employer is offering to engage them. This Act requires the employers to define the conditions of service in their establishments and to reduce them to writing and to get them compulsorily certified with a view to avoid unnecessary industrial disputes. In other words, Standing Orders are intended to be the nature of “shop rules” promulgated by employers under statutory obligations.

They may be described as an act of misconduct. In actual practice, they also represent a form of compulsory collective bargaining agreement with a built-in device for compulsory arbitration, if any dispute relating to the fairness and reasonableness of the rules, as also their application and interpretation arises.

The aims of the Act have been:

- 1) To define, with sufficient precision, the principal conditions of employment in industrial establishments under them and to make the said conditions known to workmen employed by them.
- 2) To regulate standards of conduct of the employers and employees so that labour-management relations could be improved.
- 3) To maintain proper discipline, harmonious working conditions and achieve higher productivity by providing satisfactory employment and working conditions.
- 4) To provide for redressal of grievances arising out of employment or relating to unfair treatment of wrongful exaction on the part of the employers against the employees.
- 5) To specify the duties and responsibilities of both the employers and the employees.
- 6) To provide statutory sanctity and importance to the Standing Orders.

In sum, the purpose of Standing Orders is to create an attitude of mind among both the parties so that industrial harmony is achieved in and industrial establishment. The Orders form part of the contract between management and every one of its employees. These are reduced in writing and they are to be compulsorily certified with a view to avoid unwanted industrial disputes. Once the Standing Orders come into force, they bind all those presently in employment of the concerned establishment as well as those who are appointed thereafter; and also those who were employed previously.

The Act makes provision for certification of Standing Order, which after certification from competent authority under the Act, constitute the statutory terms and conditions of employment in industrial undertakings. They specify duties and responsibilities on the part of both employers and employees. They make both of them conscious of their limitations. They require, on the one hand, the employers to follow certain specified rules and regulations as laid down regarding working hours, pay days, holidays, granting of leave to the employees, temporary stoppages of work, termination of employment, supervision of dismissal in certain conditions. On the other hand, they require that the employees should adhere to rules and regulations mentioned in the Standing Orders. Standing Orders try to create an attitude among both the parties which is beneficial for achieving industrial harmony.

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

According to the Notification in the Official Gazette of India, 1946, Pt. V., the Act was enacted to achieve the following object:

“Experience of working of the Trade Disputes Act of 1929, has revealed that its main defect is that while restraints have been imposed on the rights of strike and lockout in public utility services, no provision has been made to render the proceedings institutable under the Act for the settlement of an industrial dispute, either by reference to a Board of Conciliation or to a Court of Inquiry conclusive and binding on either parties to the dispute.” The defect was overcome, during the war, by empowering under Rule 18-A of the Defence of Indian Rules, the Central Government to refer industrial disputes to adjudicators and to enforce the awards. Rule 81-A is being kept in force by the Emergency Power (Continuancy) Ordinance, 1946, for a further period of six months, as industrial unrest in checking, which this rule has proved useful, is gaining momentum due to stress of post-war industrial readjustments, the need of permanent legislation in replacement of this Rule 81-A which has proved generally acceptable to both employers and

workmen retaining impact for the most part, the provision of the Trade Disputes Act, 1929. The Preamble of the Act reads,” An Act to make provision for the investigation and settlement of industrial disputes and for certain other purposes.”

This is a special legislation, which applies to workmen drawing wages not exceeding a specified amount per month and which governs the service conditions of such persons. It may be regarded as a supplement to the Indian Contract Act, 1872, whose aim is to regulate the contractual relationship of master and servant in ordinary sense. This Act deals with the prevention and settlement of conflict between the two parties and thereby try to improve relationship between them. Thus, the purpose of this Act is to harmonize the relations between the employer and the workmen; and to afford a machinery to settle disputes that arise between the management and the workmen which, if not settled, would undermine the industrial peace and cause dislocation and even collapse of industrial establishments, essential to the life of the community. This industrial peace is secured through voluntary negotiations and compulsory adjudication.

On the basis of the judgements given from time to time, by the Supreme Court, the principal objectives of the Act may be stated as below:

- a) To promote measures for securing and preserving amity and good relations between the employers and the employees, to minimise the differences and to get the dispute settled through adjudicatory authorities
- b) To provide a suitable machinery for investigation and settlement of industrial disputes between employers and employees, between employers and workmen; or between workmen and workmen with a right of representation by a registered trade union or by an association of employers;
- c) To prevent illegal strikes and lockouts;
- d) To provide relief to workmen in matters of lay-offs, retrenchment, wrongful dismissals and victimization;
- e) To give the workmen the right of collective bargaining and promote conciliation.

The purpose of the Act, according to Patna High Court, is “amelioration of the conditions of workmen in an industry.

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

Prior to the enactment of this Act, the employees/workers suffered many evils at the hands of the employers, such as

- i. The employers determined the mode and manner of wage payment as they liked;
- ii. Even when paid in cash, wages were paid in illegal tender and in the form of depreciated currency;
- iii. A large number of arbitrary deductions were made out of the wages paid to the workers; and
- iv. The payment was usually irregular and sometimes there was nonpayment altogether. These grave evils attracted the attention of the Royal Commission on Labour which recommended for a suitable legislation to check these evils.

Consequently the Payment of Wages Act was passed on 23rd April 1936. It came into force from 28th March 1937. It was amended in 1937, 1940, 1957, 1964, 1967, 1972 and 1982 with a view to make it more comprehensive. The Act seeks to remedy the evils in wage payment:

- a) Ensuring regularity of payment;

- b) Ensuring payment in legal tender;
- c) Preventing arbitrary deductions;
- d) Restricting employers right to impose fines; and
- e) Providing remedy to the workers.

**The Minimum Wages Act, 1948**

The object of the Act is to secure the welfare of the workers in a competitive market by providing a minimum rate of wages in certain employments. In other words, the object is to prevent exploitation of the workers and for this purpose it aims at fixation of minimum rates of wages which the employer must pay. This minimum wages must provide not merely for the bare subsistence life but also for the preservation of the efficiency of the worker, and so it must provide for some measure of education, medical requirements and amenities. The capacity of the employer to pay is not a consideration in fixing wages.

**The Payment of Bonus Act, 1965**

The Bonus act is the outcome of the recommendation made by the tripartite commission which was set up by the Government of India way back in 1961. The commission was asked to consider the question of payment of bonus based on profit to the employees by the employer. On September 2, 1964 the government implemented the recommendations of the commission with certain changes. Accordingly the payment of Bonus Ordinance 1965 was promulgated on May 26, 1965. Subsequently it was accepted by the parliament and accordingly in the year 1965, the payment of Bonus act was enacted. The Act was amended in 1968, 1969, 1975, 1976, 1977, 1978, 1980, 1985, and 1995. The main objectives of the Act are as under:

- a) To impose statutory obligation on the employer of every establishment defined in Act to pay bonus to all eligible employees working in the establishments.
- b) To outline the principles of payment of bonus according to prescribed formula.
- c) To provide for payment of minimum and maximum, bonus and linking the payment of bonus with the scheme of “set off” and “set on” and
- d) To provide machinery for enforcement of bonus.

**Code of Discipline**

Code of discipline forms the Gandhian approach to industrial relations to bind employees and trade unions to a moral agreement for promoting peace and harmony. It was an outcome of the efforts of Guljari Lal Nanda, the then Union Labour Minister in 1957 to 1958. G.L. Nanda was the true Gandhian. It was at his instance that code was formulated. It was formally adopted at the 16th session of the Indian labour conference (1958). National representatives of both employers and trade unions were parties to it. This code was a unique formulation to voluntarily regulate labour management relations. Indian Labour Conference discussed three draft codes including:

1. A ‘code of Conduct’ to regulate inter-union relations.
2. A ‘code of Discipline’ to regulate labour management relations.
3. A ‘code of Efficiency and Welfare’ for laying down norms of productivity and labour welfare.

The third code was never formally adopted and did not take off. The inter union ‘code of conduct’ was voluntarily adopted, after a great deal of persuasion by G.L. Nanda on may 21, 1958. The four central organisations of labour then representing on the Indian Labour conference (including INTUC, AITUC, HMS and UTUC) agreed to comply with the code.



The adoption of the 'code of Discipline' was announced in June, 1958. All the representative central organizations of employers and labour accepted it. There were difficulties in persuading the ministries, defense and railways, employing a large number of industrial workers to accept it in toto. Some adaptations were later on agreed to here and there.

**The main features of this code are:**

1. Both employer and employees should recognise the rights and responsibilities of each other and should willingly discharge their respective obligations.
2. There should be no strike or lockout without proper notice and efforts should be made to settle all disputes through existing machinery.
3. A mutual agreed grievance procedure will be setup and both the parties will abide by it without taking arbitrary
4. Both employers and trade unions will educate their member regarding their mutual obligations.
5. Management will not increase workloads without prior agreement or settlement with the workers.
6. Employer will take prompt for the settlement of grievances and for the implementation of all awards and agreements.
7. Management will take immediate action against all officers found guilty of provoking indiscipline among workers
8. Union will avoid demonstrations, rowdiness all form of physical duress and workers will not indulge in union activity during working hours.
9. Union will discourage negligence of duty, damage to property, careless operation, insubordination and other unfair labour practices on the part of workers.

Thus, the 'code of discipline' consists of three sets of principles, namely

- (a) obligation to be observed by management,
  - (b) obligations to be observed by trade unions, and
  - (c) principles binding on both the parties.
- The code of discipline has been helpful in improving industrial relation in the country. It has focused the attention of employers and workers on their respective obligations. In 1967 the Central Implementation and Review Committee of the Union Ministry of Labour and Employment made an evolution of the code. With the passage of time the spirit of the code has been lost and the code has not been very effective in ensuring harmonious relations among employers and employees due to their self-discipline and self commitment.

The National Commission on Labour recommended that the following provisions of the code should be made statutory:

- (a) recognition of the representative union as the sole bargaining agent;
- (b) setting up of a grievance machinery;
- (c) prohibition on strikes and lockouts without prior notice;
- (d) penalties for unfair labour practices; and
- (e) provision for voluntary arbitration.

However, the code by itself cannot maintain discipline in industry unless the parties subscribing to it have full faith in it.

**Indiscipline, causes, sign, and symptoms of misconduct Indiscipline or Misconduct**

The term 'indiscipline' can be described as non-conformity to formal and informal rules and regulations. It is an act or conduct, which is prejudicial to the interest of the employer or is likely to

impair the reputation of the employee. It is necessary to correct indiscipline in an organization as soon as it is observed because of its adverse influence on the morale and motivation of the employee as well as organization. Indiscipline results in chaos, confusion and diffusion of results. It gives rise to strikes, 'go-slows', and absenteeism, leading to loss of production, profits and wages.

**Causes of Indiscipline**

Basically, indiscipline may arise due to poor management, errors of judgment by employees about their union leaders or a lack of understanding of management policy. This problem could also develop when an individual behaves in disciplinary manner or as an outcome of the managements ignorance to his grievance. It can occur due to lack of commitment towards the work, by an employee in an organization. Various other factors are also responsible for indiscipline such as: unfair labour practices, victimization by management, wage differentials, wrong work assignment, defective grievance procedure, payment of very low wages (giving rise to poverty, frustration and indebtedness), poor communication, ineffective leadership, result in indiscipline. Thus, various socio-economic and cultural factors play a role in creating indiscipline in an organization.

**Sign and Symptoms of Misconduct**

Every act of indiscipline is called misconduct. The main acts of misconduct are given as:

- 1 Disobedience or willful insubordination.
  - 2 Theft, fraud or dishonesty in connection with the employers business or property.
  - 3 Willful damage or loss of employers goods or property.
  - 4 Taking or giving bribe or any illegal gratification.
  - 5 Habitual absence without leave or absence without leave for more than ten days.
  - 6 Habitual late attendance.
  - 7 Frequent repetition of any act or omission for which fine may be imposed.
  - 8 Habitual negligence or neglect of work.
  - 9 Habitual breach of any law applicable to the establishments.
  - 10 Disorderly behaviour during working hours at the establishment.
  - 11 Striking of work or inciting others to strike in contravention of the provisions of any law.
- These are not exhaustive but illustrative examples of misconduct under the model standing orders, framed as a part of the rules made under this Industrial Employment (Standing Orders) Act, 1946.

**The remedial measures, prerequisites for disciplinary actions****Remedial Measures for Indisciplinary Actions**

The labour is the most important factor of production. Therefore, an organisation can prosper only if labour is properly motivated towards the attainment of specific objectives. A tactful human relations approach becomes necessary if management wants to extract more and efficient honest work from its employees. It is therefore, obligatory on the part of management to analyze and study the causes of indiscipline and then take the necessary action in the matter.

Each worker as an individual, need a fair or reasonable wage to maintain him and his family in good health and spirits. Therefore, the wages should be adequate so that the worker may meet the economic needs of his family.

When a worker joins an organization, he agrees, under a contract of employment, to give a certain amount of work and loyalty, and in return expects suitable economic reward, security of employment, fair treatment and other kinds of support from his employer. To encourage him to stay in his job and to allow him the necessary security, amenities and freedom to express his feelings and sentiments, a human relation approach should be adopted.



The trade union leadership should be developed from within the rank and file workers. A leader who comes from within is part of the workmen's associations and is in a better position to know the feelings and reaction of his fellow-workers so that he may be able to put their demands in a right way.

Finally, the various human resource management policies be made more realistic and progressive.

**Prerequisites**

The essential prerequisites for using this approach to manage indiscipline are:

1. Reasonable, legitimate and clear rules and regulations.
2. Workers should be involved in framing rules and regulations so that they willingly accept the rules.
3. Prior notice of the consequences of breaking rules.
4. Consistency and uniformity of punishment.
5. Respect for the human personality.
6. Management personnel should set high standards.

Indiscipline could be dealt with using formal and informal systems through which it is corrected. In case an informal system is being used, either a transfer, an informal warning, or a non-hierarchical but status demotion are the remedies to correct indiscipline. Managements, in order to avoid the legal complexities of the formal system, resort to informal systems.

**APPROACHES, PRINCIPLES AND PROCEDURE FOR DISCIPLINARY ACTION****Approaches**

Basically, there are five approaches regarding to manage indiscipline or misconduct. All these approaches briefly explain here.

**1 Judicial Approach:**

It is commonly followed in India. The present day manager has to handle a variety of disciplinary issues. His right to hire and dismiss is curbed to a great extent, especially where unionized employees are concerned. The complexity is increasing in this arbitrary managerial function due to intervention by the government, by providing legislation for governing terms of employment. The need for legislation arose as India is faced with a chronic problem of unemployment and illiteracy among industrial labour. In order to secure security of jobs, the govt has tried to ensure protection to industrial labour from likely misuse of managerial power to hire and fire.

**2 The Human Relation Approach:**

It calls for treating an employee as a human being and considers the totality of his personality and behaviour while correcting faults that contribute to indiscipline. His total personality is considered, as is his interaction with his colleagues, his family background, etc. and then appropriate punishment for misconduct is awarded.

**3 The Human Resources Approach:**

The approach calls for treating every employee as a resource and an asset to the organization before punishing the workers, the cause for indiscipline has to be ascertained. An analysis of the cause is made, to find out whether indiscipline is due to the failure of his training and motivating system or the individual's own failure to meet the requirements, and accordingly corrections are made.

**4. The group Discipline Approach:**

The management in this approach sets and conveys well established norms and tries to involve the groups of employees. The group as a whole control Indiscipline and awards appropriate punishments. The trade union may also act as a disciplinary agency.

**5. The leadership Approach:**

In this case, every supervisor or manager has to guide, control, train, develop, lead a group and administer the rules for discipline.

**Principles for Disciplinary Action**

Despite, best efforts, acts of indiscipline occur and it becomes necessary to take a disciplinary action. While taking disciplinary action the following principles must be considered.

1 Principles of natural justice: This principle must guide all enquires and actions. This means that no person should be appointed to conducting an enquiry who himself is interested in the outcome – either as an aggrieved party or because he is hostile to the person proceeded against, or for any other reason.

2 Principles of impartiality or consistency: There should be no marked difference in the action taken under identical situations where all the factors associated to situations are alike.

3 Principle of impersonality: The disciplinary authority should not encourage a person who is failing to fulfill his duty. He should be impartial to everyone.

4 Principle of reasonable opportunity to the offender to defend himself. Article 311 of the constitution of India says: No “person employed by the union or a state govt. shall be dismissed or remove until he has been given a reasonable opportunity showing cause against the action proposed to be taken in regard to him.”

**Procedure for Disciplinary Action**

The procedure for taking disciplinary action involves the following steps:

**1. Preliminary Investigation**

First of all a preliminary enquiry should be held to find out the misconduct behaviour or situation.

**2. Issue of a charge sheet**

Once a misconduct or indiscipline is identified, the authority should proceed to issue of charge sheet to the employee. Charge sheet is merely a notice of the charge and provides the employee an opportunity to explain his conduct. Therefore, charge sheet generally called as show cause notice. In the charge sheet each charge should be clearly defined and specified.

**3. Suspension Pending Enquiry**

In case the charge is grave a suspension order may be given to the employee along with the charge sheet. According to the industrial employment (Standing orders) Act, 1946, the suspended worker is to be paid a subsistence allowance equal to one-half of the wages for the first 90 days of suspensions and three-fourths of the wages for the remaining period of suspension if the delay in the completion of disciplinary proceedings are not due to the workers conduct.

**4. Notice of Enquiry**

In case the worker admits the charge, in his reply to the charge sheet, without any qualification, the employer can go ahead in awarding the punishment without further enquiry. But if the worker does not admit the charge and the charge merits major penalty, the employer must hold enquiry to investigate into the charge. Proper and sufficient advance notice should be given to the worker of the enquiry.

**5. Conduct of Inquiry**

The inquiry should be conducted by an impartial and responsible officer. He should proceed in a proper manner and examine witnesses. Fair opportunity should be given to the worker to cross-examine the management witnesses.

**6. Recording the findings**

The enquiry officer must record all the conclusion and findings. As far as possible he should refrain from recommending punishment and leave it to the decision of the appropriate authority.

**7. Awarding Punishment**

The management should decide the punishment on the basis of finding of an enquiry, past record of worker and gravity of the misconduct.

**8. Communicating Punishment**

The punishment awarded to the worker should be communicated to him quickly. The letter of communication should contain reference to the charge sheet, the enquiry and the findings. The date from which the punishment is to be effective should also be mentioned.

**4.2.5 RED - HOT STOVE RULE**

Douglas McGregor has suggested this rule to guide managers in enforcing discipline. The rule is based on an analogy between touching a red hot stove and violating rules of discipline. When a person touches a hot- stove,

1. The burn is immediate
2. He had warning that he knew that he would get burn if he touched it.
3. The effect is consistent everybody who touches red-hot stove would be burned.
4. The effect is impersonal. A person is burned because he touches the hot stove not because of who he is.
5. The effect is commensurate with the gravity of misconduct. A person who repeatedly touches the hot stove is burnt more than one who touched it only once.

The same should be with discipline. Te disciplinary process should begin immediately after the violation of rules/regulations is noticed. It must give a clear warning that so many penalties would be imposed for a given offence.

The same kind of punishment should be consistently imposed for the same offence. Punishment should be impersonal i.e. it should be imposed regardless of the status of the offender. Punishment should be commensurate with the gravity of the offence. For instance, a worker guilty of minor misconduct e.g. irregular attendance should be given less punishment than that given to a worker found guilty of major misconduct like the theft of employers property.

**UNIT-V  
SYLLABUS**

The Factories Act 1948 - Definition - Approval - Licensing and registration – Health, Safety and Welfare measures - Employment of women and young persons - Leave with wages and weekly holidays - Employees Compensation Act, 1923.

**The Factories Act, 1948**

The Factories Act came into force on April 1, 1949. It was enacted with a view to removing a number of defects, revealed in the working of the Act of 1934. The Act of 1948 not only consolidates but also amends the law regulating labour in Factories. It extends to the whole of India. Section 116 provides that unless otherwise provided, this Act also applies to factories belonging to the Central or any State Government.

The object of this Act is, to secure health, welfare, proper working hours, leave and other benefits for workers employed in factories. In other words, the Act is enacted primarily with the object to regulate the conditions of work in manufacturing establishments coming within the definition of the term ‘factory’ as used in the Act.

**LABOUR WELFARE**

**CONCEPT OF LABOR WELFARE**

Labor welfare is an important dimension of industrial relation, labor welfare includes overall welfare facilities designed to take care of well being of employee's and in order to increase their living standard. It can also be provided by government, non government agencies and trade unions.

The concept of labor welfare is flexible and elastic and differs widely with time, region, industry, social values and customs, degree of industrialization, the general socio – economic development of the people and the political ideologies prevailing at a particular time. It is also molded according to the age – group, sex, socio – cultural background, marital and economic status and educational level of the workers in various industries.

**Labor Welfare- Definition**

According to the Committee on Labor Welfare, welfare services should mean:

–Such services, facilities, and amenities as adequate canteens, rest and recreation facilities, sanitary and medical facilities, arrangements for travel to and from place of work, and for the accommodation of workers employed at a distance from their homes; and such other services, amenities and facilities, including social security measures, as

contribute to the conditions under which workers are employed.¶

- The employers need welfare activities to discharge their social responsibility, raise the employees morale use the work force more effectively and to reduce function with workers and to avoid Welfare facilities besides removing dissatisfaction help to develop loyalty in workers towards the organization.
- Welfare may help minimize social evils, such as alcoholism, gambling, prostitution and drug addiction.
- To create harmonious industrial relationship.

### **OBJECTIVES OF LABOUR WELFARE**

- ❑ **To increase the standard of living of the Working class:** The laborer is more prone to exploitation from the capitalists if there is no standardized way of looking after their welfare.
- ❑ **To make the management feel the employees are satisfied** about the work and working conditions.
- ❑ **To reduce the labour problems in the orgnisaton:** There are various problems affecting the workers, problems like absenteeism, turnover ratio, indebtedness, alcoholism, etc., which make the labourer further weak both physically and psychologically. Labour Welfare looks forward to helping the labourer to overcome these problems.
- ❑ **To recognize human values** Every person has his own personality and needs to be recognized and developed. It is in the hands of the management to shape them and help them grow. The management employs various methods to recognize each one's worth as an individual and as an asset to the organization.
- ❑ **Labour Welfare helps to foster a sense of responsibility in the industry:** A person works both in a group and as an individual. If the person is given responsibility he will act better or else he will be only a slave to the direction of the superiors and will not show any initiative to prove his worth, Labour Welfare improves industrial relationsand reduces industrial disputes: Industrial dispute in any industry is a sign of unsatisfied employees. Labour Welfare measures act as a

preventive tool to most of these disputes.

- ☐ **To retain the employees** There should be fixed policies. This calls in to prepare the policies, to conduct different training programmes, to have various motivational schemes, to create interest in the job. The employees who feel secure in an organisation, backed by fixed welfare policies have less chance of looking for a job elsewhere.
- ☐ **To show up their positive mind in the work:** Positive mind refers to the development of one's attitudes. This is to change the negative attitude into positive.
- ☐ **To influence over other employees:** This means Labour Welfare helps to change one's personality - presentation skills, communication skills, inter-personal relationships, etc. This is best achieved when their morale is kept high by the different welfare schemes.
- ☐ **To increase the bargaining power of the employees:** Bargaining means to systematically extract something from the opponent. The better bargaining power, the better influence on the opponent. Labor welfare measures like



formation of works committee, worker's participation, Trade Union, etc., will surely help them to have better bargaining power.

### **SCOPE OF LABOR WELFARE**

#### **Working Environment**

Favorable working environment enhances efficiency of workers and includes proper illumination, safety, temperature, ventilation, sanitation, cleanliness and canteen facilities.

Workplace sanitation and cleanliness is very important for making workplace favourable to workers. Following points should be considered to make workplace favourable to workers.

- Proper ventilation, lighting, temperature, cleanliness, seating arrangements etc.
- Proper safety measures for workers should be there.
- Sufficient urinals, lavatories and bathing facilities should be provided and cleaned regularly.
- Proper gardening and cleanliness of open spaces.
- Pure drinking water should be provided.
- Canteen services.

#### **Need of Labour welfare**

- The employers need welfare activities to discharge their social responsibility, raise the employees morale use the work force more effectively and to reduce friction with workers and to avoid
- Welfare facilities besides removing dissatisfaction help to develop loyalty in workers towards the organization.
- Welfare may help minimize social evils, such as alcoholism, gambling, prostitution and drug addiction.
- To create harmonious industrial relationship.

The need for the Labour welfare arises from the very nature of industrial system which is characterized by two basic factors: one the conditions under which work is carried on are not congenial for the health and second when a laborer joins an industry has to work in an entirely

strange atmosphere, which creates problems of adjustments. When a worker, who is in fact a retaliante comes to work in a factory has to work and live in unhealthy, congested factories. And slum areas with no outdoor recreation facilities. To escape from the tiring conditions of his tedious and tiresome job, he absents himself becomes irregular and often undisciplined. Hence the need for providing welfare Services arises.

The necessity for labor welfare is felt more in our country because of its developing economy aimed at rapid economic and social development. The need for labor welfare was strongly felt by the committee of Royal Commission on Labour as far back as in 1931. Primarily because of lack of commitment to industrial work among factory workers and also the harsh treatment they received from the employers. The resolution passed by the Indian National Congress for Fundamental Right and economic program me, in 1931 emphasized that the state should safeguard the interest of industrial workers and should secure for them, by suitable legislation, a living wage, healthy conditions of work, limited hours of labor, suitable machinery or settlement of disputes between employers and workmen and protection against the economic consequences of old age, sickness and unemployment.

The Planning Commission also realized the necessity of Labour Welfare. The working conditions should be such as to safeguard his health and protect him against occupational hazards. The worker should, also be equipped with necessary technical training and a certain level of general education because of the high rate of illiteracy among the workers. The facilities would also help in decreasing the number of industrial accidents and increasing the workers efficiency. Therefore proper organization and administration Welfare facilities can play a vital role in promoting better working conditions and living standards for industrial workers and also increase their productivity especially in developing countries. It is obvious that the scope of Labour Welfare depends on the kind of Labour problems.

### **VOLUNTARY WELFARE ACTIVITIES**

- **Personal Health Care (Regular medical check-ups):** Some of the companies provide the facility for extensive health check-up
- **Flexi-time:** The main objective of the flextime policy is to provide opportunity to
- employees to work with flexible working schedules. Flexible work schedules are

initiated by employees and approved by management to meet business commitments while supporting employee personal life needs

- **Employee Assistance Programs:** Various assistant programs are arranged like external counseling service so that employees or members of their immediate family can get counseling on various matters.
- **Harassment Policy:** To protect an employee from harassments of any kind, guidelines are provided for proper action and also for protecting the aggrieved employee.
- **Maternity & Adoption Leave** – Employees can avail maternity or adoption leaves. Paternity leave policies have also been introduced by various companies.
- **Medi-claim Insurance Scheme:** This insurance scheme provides adequate insurance coverage of employees for expenses related to hospitalization due to illness, disease or injury or pregnancy.
- **Employee Referral Scheme:** In several companies employee referral scheme is implemented to encourage employees to refer friends and relatives for employment in the organization.

### **Various statutory welfare activities**

Statutory welfare measures mainly include welfare facilities provided within the precincts of an industrial establishment. They form part of the employers' statutory obligations. All welfare states provide welfare to the labour by securing and protecting social order to ensure social, economic and political justice.

**UNIT-V- Salient Feature**

**SYLLABUS**

The Factories Act 1948 - Definition - Approval - Licensing and registration – Health, Safety and Welfare measures - Employment of women and young persons - Leave with wages and weekly holidays - Employees Compensation Act, 1923
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**The Factories Act, 1948**

The Factories Act came into force on April 1, 1949. It was enacted with a view to removing a number of defects, revealed in the working of the Act of 1934. The Act of 1948 not only consolidates but also amends the law regulating labour in Factories. It extends to the whole of India. Section 116 provides that unless otherwise provided, this Act also applies to factories belonging to the Central or any State Government.

The object of this Act is, to secure health, welfare, proper working hours, leave and other benefits for workers employed in factories. In other words, the Act is enacted primarily with the object to regulate the conditions of work in manufacturing establishments coming within the definition of the term 'factory' as used in the Act.

**LABOUR WELFARE**

**CONCEPT OF LABOR WELFARE**

Labor welfare is an important dimension of industrial relation, labor welfare includes overall welfare facilities designed to take care of well being of employee's and in order to increase their living standard. It can also be provided by government, non government agencies and trade unions.

The concept of labor welfare is flexible and elastic and differs widely with time, region, industry, social values and customs, degree of industrialization, the general socio – economic development of the people and the political ideologies prevailing at a particular time. It is also molded according to the age – group, sex, socio – cultural background, marital and economic status and educational level of the workers in various industries.

**Labor Welfare- Definition**

According to the Committee on Labor Welfare, welfare services should mean:

–Such services, facilities, and amenities as adequate canteens, rest and recreation facilities, sanitary and medical facilities, arrangements for travel to and from place of work, and for the accommodation of workers employed at a distance from their homes; and such other services, amenities and facilities, including social security measures, as

contribute to the conditions under which workers are employed.¶

- The employers need welfare activities to discharge their social responsibility, raise the employees morale use the work force more effectively and to reduce function with workers and to avoid Welfare facilities besides removing dissatisfaction help to develop loyalty in workers towards the organization.
- Welfare may help minimize social evils, such as alcoholism, gambling, prostitution and drug addiction.
- To create harmonious industrial relationship.

#### **OBJECTIVES OF LABOUR WELFARE**

- ❑ **To increase the standard of living of the Working class:** The laborer is more prone to exploitation from the capitalists if there is no standardized way of looking after their welfare.
- ❑ **To make the management feel the employees are satisfied** about the work and working conditions.
- ❑ **To reduce the labour problems in the orgnisaton:** There are various problems affecting the workers, problems like absenteeism, turnover ratio, indebtedness, alcoholism, etc., which make the labourer further weak both physically and psychologically. Labour Welfare looks forward to helping the labourer to overcome these problems.
- ❑ **To recognize human values** Every person has his own personality and needs to be recognized and developed. It is in the hands of the management to shape them and help them grow. The management employs various methods to recognize each one's worth as an individual and as an asset to the organization.
- ❑ **Labour Welfare helps to foster a sense of responsibility in the industry:** A person works both in a group and as an individual. If the person is given responsibility he will act better or else he will be only a slave to the direction of the superiors and will not show any initiative to prove his worth, Labour Welfare improves industrial relationsand reduces industrial disputes: Industrial dispute in any industry is a sign of unsatisfied employees. Labour Welfare measures act as a

preventive tool to most of these disputes.

- **To retain the employees** There should be fixed policies. This calls in to prepare the policies, to conduct different training programmes, to have various motivational schemes, to create interest in the job. The employees who feel secure in an organisation, backed by fixed welfare policies have less chance of looking for a job elsewhere.
- **To show up their positive mind in the work:** Positive mind refers to the development of one's attitudes. This is to change the negative attitude into positive.
- **To influence over other employees:** This means Labour Welfare helps to change one's personality - presentation skills, communication skills, inter-personal relationships, etc. This is best achieved when their morale is kept high by the different welfare schemes.
- **To increase the bargaining power of the employees:** Bargaining means to systematically extract something from the opponent. The better bargaining power, the better influence on the opponent. Labor welfare measures like formation of works committee, worker's participation, Trade Union, etc., will surely help them to have better bargaining power.

### **SCOPE OF LABOR WELFARE**

#### **Working Environment**

Favorable working environment enhances efficiency of workers and includes proper illumination, safety, temperature, ventilation, sanitation, cleanliness and canteen facilities.

Workplace sanitation and cleanliness is very important for making workplace favourable to workers. Following points should be considered to make workplace favourable to workers.

- Proper ventilation, lighting, temperature, cleanliness, seating arrangements etc.
- Proper safety measures for workers should be there.
- Sufficient urinals, lavatories and bathing facilities should be provided and cleaned regularly.



- Proper gardening and cleanliness of open spaces.
- Pure drinking water should be provided.
- Canteen services.

#### **Need of Labour welfare**

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- Welfare facilities besides removing dissatisfaction help to develop loyalty in workers towards the organization.
- Welfare may help minimize social evils, such as alcoholism, gambling, prostitution and drug addiction.
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The necessity for labor welfare is felt more in our country because of its developing economy aimed at rapid economic and social development. The need for labor welfare was strongly felt by the committee of Royal Commission on Labour as far back as in 1931. Primarily because of lack of commitment to industrial work among factory workers and also the harsh treatment they received from the employers. The resolution passed by the Indian National Congress for Fundamental Right and economic programme, in 1931 emphasized that the state should safeguard the interest of industrial workers and should secure for them, by suitable legislation, a living wage, healthy conditions of work, limited hours of labor, suitable

machinery or settlement of disputes between employers and workmen and protection against the economic consequences of old age, sickness and unemployment.

The Planning Commission also realized the necessity of Labour Welfare. The working conditions should be such as to safeguard his health and protect him against occupational hazards. The worker should, also be equipped with necessary technical training and a certain level of general education because of the high rate of illiteracy among the workers. The facilities would also help in decreasing the number of industrial accidents and increasing the workers efficiency. Therefore proper organization and administration Welfare facilities can play a vital role in promoting better working conditions and living standards for industrial workers and also increase their productivity especially in developing countries. It is obvious that the scope of Labour Welfare depends on the kind of Labour problems.

#### **VOLUNTARY WELFARE ACTIVITIES**

- **Personal Health Care (Regular medical check-ups):** Some of the companies provide the facility for extensive health check-up
- **Flexi-time:** The main objective of the flexitime policy is to provide opportunity to employees to work with flexible working schedules. Flexible work schedules are initiated by employees and approved by management to meet business commitments while supporting employee personal life needs
- **Employee Assistance Programs:** Various assistant programs are arranged like external counseling service so that employees or members of their immediate family can get counseling on various matters.
- **Harassment Policy:** To protect an employee from harassments of any kind, guidelines are provided for proper action and also for protecting the aggrieved employee.
- **Maternity & Adoption Leave** – Employees can avail maternity or adoption leaves. Paternity leave policies have also been introduced by various companies.
- **Medi-claim Insurance Scheme:** This insurance scheme provides adequate insurance coverage of employees for expenses related to hospitalization due to illness, disease or injury or pregnancy.
- **Employee Referral Scheme:** In several companies employee referral scheme is

implemented to encourage employees to refer friends and relatives for employment in the organization.

**Various statutory welfare activities**

Statutory welfare measures mainly include welfare facilities provided within the precincts of an industrial establishment. They form part of the employers' statutory obligations. All welfare states provide welfare to the labour by securing and protecting social order to ensure social, economic and political justice.

- i. **Storing and drying.** The State Government may make rules requiring the provision of suitable facilities for storing and drying clothing.-Sec. 43.
- ii. **Sitting.** Sitting facilities must be provided for workers who have to work in a standing position. so that they may take rest when possible. When work can be done in a sitting position efficiently the Chief Inspector may direct the provision of sitting arrangements. Sec. 44.
- iii. **First aid.** Every factory must provide first aid boxes or cupboard. They must contain the prescribed materials and they must be in charge of persons trained in first aid treatment. Factories employing more than 500 persons must maintain an ambulance room containing the prescribed equipment and in charge of the prescribed medical and nursing staff-Sec. 45.
- iv. **Canteens.** Where more than 250 workers are employed. The state Government may require the opening of canteen or canteens for workers. Rules may be framed regarding the food served its management etc.,...-Sec.
- v. **Shelters.** In every factory where more than 150 workers are employed there must be provided adequate and suitable shelters or rest rooms and a lunch room (with drinking water supply) where workers may eat meals brought by them. Such rooms must be sufficiently lighted and ventilated and must be maintained in a cool and clean condition~. The standards may be fixed by the State Government. -Sec. 47
- vi. **Creches.** In every factory where more than 30 women a employed, a room shall be provided for the use of the children (below 6 years) of such women. The room shall be adequate size well lighted and ventilated, maintained in a clean and sanitary condition and shall be in charge of a woman trained in the care of children and infants. The standards shall be laid down by the State Government.Sec. 48.
- vii. **Welfare officers.** Welfare officers must be appointed in every factory where 500 or more workers are employed. The State Government may prescribe the duties, qualifications etc. of such officers. Sec. 49.
- viii. **Rules.** The State Government may make rules regarding the welfare of workers.-Sec. 50.

#### NON STATUTORY SCHEMES

Many non statutory welfare schemes may include the following schemes:

#### Personal Health Care (Regular medical check-ups)

Some of the companies provide the facility for extensive health check-up

- a. Flexi-time:** The main objective of the flextime policy is to provide opportunity to employees to work with flexible working schedules. Flexible work schedules are initiated by employees and approved by management to meet business commitments while supporting employee personal life needs
- b. Employee Assistance Programs:** Various assistant programs are arranged like external counseling service so that employees or members of their immediate family can get counseling on various matters.
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- e. Medi-claim Insurance Scheme:** This insurance scheme provides adequate insurance coverage of employees for expenses related to hospitalization due to illness, disease or injury or pregnancy.
- f. Employee Referral Scheme:** In several companies employee referral scheme is implemented to encourage employees to refer friends and relatives for employment in the organization.

### **Different Categories of Labour Welfare**

Some of the major categories of labour welfare are: (1) Intra-mural Facilities (2) Extra- mural Facilities (3) Statutory Facilities (4) Mutual Facilities and (5) Voluntary.

It is very difficult to classify the welfare activities into certain broad categories.

#### **(1) Intra-mural Facilities:**

The facilities provided inside the factory are known as intra-mural facilities. These facilities include activities relating to minimization of industrial fatigue, provision of safety measures like fencing and covering of machines, good layout of the plant and machinery, sufficient lighting conditions, provision of first aid appliances etc.

Provisions of such facilities are also obligatory in all industrial establishments all over the world.

#### **(2) Extra-mural Facilities:**

Facilities offered to the workers outside the factory are known as extra-mural facilities. They

include better housing accommodations, indoor and outdoor recreation sports, educational facilities etc. The provision of these facilities is voluntary. Earlier, due attention was not given to the provision of extra-mural facilities to the workers but now it is realised that these facilities are very important for the general welfare and upliftment of the workers.

**(3) Statutory Facilities:**

Under this category, welfare facilities are provided according to the labour legislations passed by the Government. The nature and coverage of these facilities vary from country to country. Again these facilities may be either intra-mural facilities or extra-mural facilities. These facilities must be provided by all the employers and cannot be ignored. Any contravention of the statutory provisions shall render the employer punishable under the Act concerned.

**The National Commission of Labour has divided all the statutory measures under two distinct heads:**

1. Facilities which have to be provided irrespective of the size of the establishment e.g., drinking water.
2. Facilities which are to be provided subject to the employment of a specified number of persons, e.g., crèches.

**(4) Mutual Facilities:**

These facilities are usually outside the scope of the statutory facilities. These activities are voluntarily undertaken by the workers themselves for their own interest. As such the employer has no say in it.

**(5) Voluntary:**

The facilities which are voluntarily provided by the employers come under this category. Hence these are not statutory. No doubt, the activities under this category ultimately lead to increase in the efficiency of workers.

**LABOUR WELFARE FUNDS**

Labour welfare funds are created as a measure of social security provided to the working class. Social security is one of the working class. Social security is one of the three categories of labour welfare activities classified by the study group appointed by the Government of India to examine the labour welfare activities



## KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

**Class: III BBA**

**Course Name: Management of Industrial Relations**

**Course Code: 16BAU601B**

**Unit 4**

**Semester: VI**

**Year: 2016-19 Batch**

The Government constitutes Labour Welfare Fund, as per section 3, to which the following are credited to –

- a. All Unpaid Accumulations due to workers
- b. All fines realized from the workers
- c. Deduction made under the proviso to Sub-section(2) of section 9 of the Payment of Wages Act, 1936 and the proviso to Sub-section (2) of section 36 of the Tamil Nadu Shops and Establishments Act, 1947.
- d. Contribution from Employees, Employers and Government,
- e. Any interest by way of penalty, paid under Section 14 of the Tamil Nadu Labour Welfare Fund Act, 1972.
- f. Any Voluntary Donation.
- g. Any amount raised by the Board from other sources to augment the resources of the Board.
- h. Any fund transferred under Sub-section 5 of Section 17 of the Tamil Nadu Labour Welfare Fund Act, 1972.
- i. Any sum borrowed under Section 18 of Tamil Nadu Labour Welfare Fund Act, 1972
- j. Any unclaimed amount credited to the Government in accordance with the rules made under the Payment of Wages Act, 1936 and Minimum Wages Act, 1948 Grants or Advances made by the Government.

### **EDUCATION AND TRAINING PROGRAMME**

#### **Employee's Education:**

In the word of William Flayed, –Worker Education is an attempt on the part of organized labour to educate its own members under an educational system in which the workers prescribe the courses of instructions, select the teachers and in a considerable measure, furnish the finance.

#### **Features of employees education**

- i. The scope of workers' education is much wider than that of trade union education but is narrower than that of adult education.
- ii. The workers' education is designed to create trade union consciousness among workers, besides making them good citizens and training them to understand their status, rights and responsibilities.

- iii. In workers' education, the workers themselves prescribe the curriculum and select the teachers who have full sympathy with the working class.
- iv. The institutions providing workers' education are owned, financed and managed by the workers.
- v. It is aimed at increasing the bargaining power of trade unions and making the working class more sensible and cooperative.
- vi. It differs from vocational and professional education, for its main aim is to train a worker for his group advancement and increasing individual creativity, whereas vocational and professional education aims at individual development.
- vii. The approach in workers' education is psychological and philosophical.
- viii. It includes general education, vocational education, technical education, social education and training in trade unionism.

The Director General of Employment and Training (DGET) has designed a number of training procedures are

The Board has developed a need based, three tier training programme for education officers, workers and teachers. In first state education officer are trained. The period of training is four months. Then they give training for different regional centres.

Second stage is to get selected workers trained as worker teachers at the regional and sub -regional centres by the educational officers. The duration of training programme is three months.

### **Workers Education Scheme**

#### **Aims and Objectives**

- It is important for Industrial peace and Harmony, healthy Management- labour relations.
- Develop Effective trade unions through better trained officials and more enlightened members.
- Enhance the leadership skills which enables the worker in his development.
- Increase the total labour mass literacy.
- Better understanding of the problem, with effective solutions
- To fulfill the Organisations requirements through proper responsibility handling.

- The pre-condition of workers education literacy.
- Important consideration at the present stage of developing country.
- To understand the workers privileges, rights and obligations.
- Time-to-time training programs to upgrade the workers knowledge.
- Minimize the Industrial Accidents and other mishaps on the shop floor.
- National Commission on Labour, has said that the labour's/ workers education should have the following key areas to be studied:-
- This should employee independent, intelligent and innovative.
- He should be responsible, alert, and self-disciplined.
- Also Guided the National trade union centers to arrange for the quality programs with the Collaboration with some of the universities and Institutions.

### TRAINING SCHEMES

- i. **Craftsmen's Training Programme**
  - To promote the efficiency of craftsmen
  - To conduct various types of test for selection of craftsmen trainees
  - The duration of the course is one to two years
  - National trade certificate is issued for successful candidates
- ii. **Craft Instructors Training:** Education- ITI or diploma is required
- iii. **Advanced Vocational Training System:** To give training to advanced skill workers & technicians.
- iv. **Foremans Training:** For the training of foreman an institute was set up. Training is provided to the existing and potential shop foremen and supervisors in theoretical and managerial skills and workers from industry in advanced technical skills
- v. **Apprenticeship Training Scheme**
  - ☐ Apprenticeship act, 1961
  - ☐ Employers are required to engage apprentices
- vi. **Part Time Training for Industrial Workers:** To conduct part time evening classes are organized to improve the standards of working

- vii. **Vocational Training Programme for Women:** It includes instructor training, basic training and advanced training in selected trades particularly suitable for women.

### **CHILD LABOUR**

Children have to be taken care and must be protected from being exploited by the society. Children of any age, whether, male or female should be not only protected but also safeguarded and developed to grow in a healthy atmosphere.

#### **Laws pertaining to the prohibition of Child Labour**

1. Children (Pledging of Labour] Act (1933)
2. Employment of Children Act (1938)
3. The Bombay Shop and Establishments Act (1948)
4. Child Labour (Prohibition and Regulation Act) 1986
5. The Indian Factories Act (1948)
6. Plantations Labour Act (1951)
7. The Mines Act (1952)
8. Merchant Shipping Act (1958)
9. The Apprentice Act (1961)
10. The Motor Transport Workers Act (1961)
11. The Atomic Energy Act (1962)
12. Bidi and Cigar Workers (Condition of Employment) Act (1966)
13. State Shops and Establishments Act

#### **Some of the Statutory Provisions on Child Labour**

The child shall enjoy special protection and shall be given opportunities and facilities, by law and other means, to enable him to develop, physically, mentally, spiritually and socially in a healthy and normal manner and in conditions of freedom and dignity. In the enactment of laws for this purpose, the best interest of the child shall be the Paramount Consideration

#### **Main provisions of child labour act, 1986.**

The Act came into force from 23rd December 1986. Its main objectives are to prohibit the employment of children in certain categories of industries and to regulate the conditions of work of children in certain industries. It was amended in 1988.

### (1) Scope

The Act is applicable to all establishments such as workshop, farm, residential hotels, restaurants, eating houses, theatre or other places of public amusement where child labour is largely employed. The Act extends to the whole of India.

–Child means a person who had not completed fourteen years of age.

### Main Provisions of the Act

1. **Prohibition of employment of children** in certain occupations and processes:
2. **No child can be employed**, or permitted to work in any of the occupations set forth in Part A of the Schedule or in any workshop wherein any of the processes set forth in Part B of the schedule is carried on.
3. **Hours and period of work:**
  - No child shall be allowed to work in any establishment in excess of such number of hours as many be prescribed for such establishment or class establishment;
  - The daily hours of work shall be so fixed that no child shall be allowed to work for more than three hours without prior interval of an hour:
  - The hours of work shall be so arranged that inclusive of rest interval, time spread and the time spend in waiting for the work shall not exceed six hours a day;
  - No child shall be allowed to work between 7. P.M and 8 P.M

### 4. Weekly Holiday

Every child employed in any establishment shall be given one weekly holiday of 24 hours.

### 5. Healthy and Safety

- a. The appropriate government by notification in the Official Gazette, can make rules for health and safety of children employed or permitted to work in any establishment or class of establishment.

- b. Without any prejudice to the generality of the foregoing provisions, the rules for health and safety may provided for all or any of the following matters namely;
- Cleanliness in the place of work and its freedom from nuisance
  - Disposal of wastes and effluents
  - Ventilation and temperature
  - Dust and fumes
  - Lighting
  - Drinking water
  - Artificial humidification
  - Latrine and urinal
  - Spittoons
  - Fencing of machines
  - Work at or near machinery in motion
  - Employment of children on dangerous machines
  - Instructions training and supervision in relation to employment of children on dangerous
  - Device for cutting off power
  - Self-acting machines
  - Casing of new machinery
  - Floor, stairs and means of access
  - Pits, sumps, opening in floors etc.
  - Excessive weights
  - Protection eyes
  - Explosive or inflammable dist gas etc
  - Precaution in case of fire; maintenance of buildings; and safety of buildings and machinery.

### **FEMALE LABOUR**

Participation of women in economic activity is common in all countries. But in developing countries, the incomes of women labour by and large are low. Moreover, if women have to work, she needs more protection than man in her working environment in developing countries and in traditional occupations.



**Restrictions on the employment of women**

- a. **Maximum daily work is 9 hours:** No exemption from the provisions of Section 54 (which lays down that the maximum daily hours of work shall be nine hours) can be granted in respect of any women.
- b. **Prohibition of night work:** No women shall be required or allowed to work in any factory except between the hours of 6 a.m. and 7 p.m. The State Government may by notification in the official Gazette vary the limits for any factory or group or class or description of factories. But such variation must not authorize the employment of women between the hours 10 p.m. and 5 a.m.
- b. **Change of Exception:** There is an exceptional case. The State Government may make rules providing for the exemption from the afore aid restrictions (wholly or partially or conditionally) of women working in fish-curing or fish-canning factories. In factories, mentioned above, the employment of women beyond the hours specified is necessary to prevent damage to or deterioration in any raw material. But such rules shall remain in force for not more than three years at a time.

**Other restrictions:** There are other restrictions on the employment of women workers :

**1. Work on or near machinery in motion.** No woman or young person shall be allowed to clean, lubricate or adjust any part of the machinery while the prime mover or transmission machinery is in motion or to work between moving parts, or between fixed and moving parts of any machinery which is in motion.-Sec. 22(2).

**2. Cotton openers.** No woman or child shall be employed in any part of a factory for pressing cotton in which a cotton opener is at work. If the feed-end of a cotton opener is in a room separated from the delivery-end by a partition extending to the roof or to such height as the Inspector may in a particular case specify in writing , women and children may be employed on the side of the partition where the feed-end is situated.-Sec. 27

**3. Excessive weights.** The State Government may make rules prescribing the maximum weights .which may be lifted, carried. or moved by adult men, adult women, adolescents and children employed in factories or in any class or description of factories or in carrying on any

specified process.-Sec. 34.

4. **Crèches.** In every factory wherein more than thirty women workers are ordinarily employed there shall be provided and maintained a suitable room or rooms for the use of children under the age of six years of such women.-Sec. 48.

5. **Dangerous operations.** The State Government is empowered to make special rules for the purpose of controlling and regulating factories which carry on operations exposing women, young persons and other workers to a serious risk of bodily injury, poisoning or disease.-Sec. 87 (b).

### **CONTRACT LABOUR**

- The contract labour is labour which is not carried on the payroll and is not directly paid. It is usually divided into two categories.
- Those employed on job contracts; and Those employed on labour contracts
- The large establishments offer job contracts for such operations as the loading and unloading of the metals by the mining industry or the construction of roads or buildings by Public Works Department.

#### **The Contract Labour Act, 1970.**

##### **Scope and Coverage**

The Act came into force from 10th February 1971. It extends to the whole of India and applies to every establishment in which twenty or more workmen are or were, employed on any day during the preceding twelve months as contract labour, and to every contractor.

The Act does not apply to establishments where work is of a casual (irregular or occasional or intermittent (interrupted or non-continues) nature. The work performed in an establishment is not considered to be of an intermittent nature:

- If it is performed for more than one hundred and twenty days in the preceding twelve months;
- It is not of seasonal character if it is performed for more than sixty days in a year.

##### **The main provisions of the act**

###### **(1) Setting Up of Advisory Boards**

The Act requires that the Central and State Advisory Boards are to be set up by the Central and

State Governments, respectively to advise them on such matters arising out of the administration of the Act as may be referred to them, and carry out any other functions assigned to them under the Act. Besides, the government nominees, the Boards have members representing industry, contractors, workers, and any other interest government may consider should be represented on the Boards. The number of nominees of the workers is to be equal to that of industry and contractors, both on the State and the Central Boards (section 3,4)

### **(2) Registration of Establishment**

Every principal employer who wishes to employ contract labour has to get the establishment is accepted for registration. the registration officer issues a registration certificate if the establishment is accepted for registration. This certificate can be cancelled if it has been obtained by misrepresentation or suppression of any material fact, or if the registration has become useless or ineffective or requires to be revoked.

The contract labour cannot be employed so long as the registration certificate has not been issued or after it is revoked. The employer has to play a registration fee of twenty rupees to five hundred rupees depending on the number of workers to be employed (Section 6, 7, 8, 9)

### **(3) Prohibition of employment of Contract Labour**

Both the Central and State Governments can prohibit the employment of contract labour in any process, operation or other work in any establishment after consulting their Advisory Boards, and consider the conditions of work and benefits provided for contract labour in the establishment. The employment of contract labour may not be permitted for any process, operation and other work if it is:

- Incidental to or necessary for the industry, trade, business, manufacture or occupation that is carried on in the establishment;
- Perennial or perpetual nature or of a sufficient duration
- Done ordinarily through regular workmen in that establishment or an similar thereto
- Capable of employing considerable number of whole time workmen.

### **(4) Licensing of Contractors**

Every contractor has to obtain a licensing for employing contract labour from the licensing officer appointed by the government for this purpose. In this application for a licensing he has to

mention the location of his establishment, the nature of the operation or the work for which contract labour is to be employed, and such other particulars as may be required by the licensing officer. He is charged a licence fee, which may vary from five rupees to one hundred and twenty five rupees, depending on the number of workers to be employed

**(5) Welfare and Health of Contract Labour**

- A contractors are required to provide and maintain:
- A Sufficient supply of wholesome drinking water at convenient places;
- A sufficient number of latrines and urinals of the prescribed type conveniently situated and accessible.

A first –aid box equipped with prescribed contents at every place where contract labour is employed; One or more canteens if the work is to continue for more than 6 months and 100 or more workers are employed. The number of canteens, the standard of their construction, furniture and equipment, and the type of food to be supplied will be as prescribed under the rules framed by the government

**(6) Responsibility for payment of Wages**

- The contractor is also to be responsible for making regular and timely payment of wages to his workers. The payment is to be made in the presence of the authorized representative of the principal employer. If the contractor does not make payment, the principal employer will do the same and recover the amount so paid from the contractor (Section 16 to 21)
- Get his establishment registered with the registering officer appointed by the government (Section 7);
- Obtain a license from the licensing officer for employing contract labour and comply with the terms and conditions of the grant of the license (Section 12);
- Not to employ contract labour without obtaining a registration certificate and license, or after the registration certificate and license are revoked or suspended (Section 9, 12,1);
- Provide welfare and health facilities as required under the Act and its rules (Section 16, 19);
- Pay wages to workers before the expiry of the wages period (Section 21);

- Co-operate with the inspectors in the inspection of premises, documents and records and examining any person to determine if the provisions of the Act and the rules framed there under are being complied with (Section 28);
- Maintain the registers and records with such particulars of contract labour, as nature of work performed, rates of wages and other information specified in Rules 74 and 78 of the Act (Section 29);
- Exhibit in the premises of the establishment where contract labour is employed a notice showing hours of work, rates of wages, wage periods, dates of payment of wages, nature of duties and other particulars as mentioned in Rule 81 of the Act (Section 29 (2)); and
- Send a half-yearly return to the licensing officer and yearly return to the registration officer, and to supply such information and statistics as may be required by the government from time to time.

**(7) Rights of Contract Labour**

- Claim such working conditions, facilities and other benefits as are provided for under the Act and the rules framed there under (Section 16 to 22); and
- They can be represented by their representatives on the Central and State Advisory Boards (Section 4)

**Organized Labour and Unorganized Labour**

<b>Nature of difference</b>	<b>Organized Labour</b>	<b>Unorganized Labour</b>
Place of work	Constant at Regular place	Inconstant of Irregular Place
Membership	Can join in a union	Can join in any union
Recognition	They are recognized as a	No negotiation to them as a labour
Retirement	Are limit for retirement	No age limit
Age	Complete the age 18 years	No age limit
Benefit as per Act	They can get all benefit	No benefit for them
Security of job	Fully secured	No security

**CONSTRUCTION LABOUR**

Construction industry employs around three million workers and the nature of work is considered hazardous. Large number of unskilled and semiskilled labour both male and female is employed on various form of building operation and road constructions.

### **AGRICULTURE LABOUR**

Agricultural workers constitute by far the largest segment in the unorganized sector and their number according to 1991 Census was 74.6 million. In addition, a significant number, 110.7 million, are listed as cultivators (large, medium and small) of whom approximately 50% belong to the category of small and marginal farmers. Many of these small and marginal farmers on account of utterly deficit, small and uneconomic holdings and low yield work on the land of others. Further, a significant number engaged in livestock, forestry, fishing, orchards and allied activities as well as small and marginal farmers work as agricultural workers in their spare time or in times of difficulty to supplement their major incomes.

In spite of the fact that these agricultural workers have such numerical strength, they are extremely vulnerable to exploitation on account of low levels of literacy, lack of awareness, persistent social backwardness and absence of unionization and other forms of viable organization. The avenues of stable and durable employment for them have been limited leading to inter-district and inter- state migration in search of better avenues of employment and wages but with a lot of dislocation of family life, dislocation of education of children and numerous other handicaps.

Several measures have been taken to protect the interests of the working class and uplift the condition of agricultural workers. The very first legislation, the Minimum Wages Act, 1948 was applied to the agricultural sector also. Subsequently, the Plantation Labour Act, 1951 was enacted to provide certain basic facilities to plantation workers. Many other existing labour laws are applicable or have direct bearing on agricultural labour. The problems of agricultural laborers have been sought to be tackled through Multi-dimensional course of action viz., improvement of infrastructural facilities, diversification to non-farm activities, skill



improvement programmes, financial assistance to promote self-employment, optimizing the use of land resources etc., through a variety of rural development, employment generation and poverty alleviation programmes. All these efforts have not been able to adequately protect the interests of agricultural workers. This is partly on account of lack of bargaining power. Keeping in view this broad perspective, the Ministry of Labour is contemplating to bring a comprehensive legislation to safe guard the interests of agricultural workers.

The proposed legislation would provide for regulation of the service conditions of agricultural workers and provides for certain welfare measures which include financial assistance in case of death and injury, payment of group insurance premium, health, maternity benefits, old age pension, housing assistance and educational assistance to the children of agricultural workers. Special provision/welfare schemes for women workers prohibiting their employment after sunset, rest shelter with employment of 20 and above female agricultural workers for use of children under the age of six, ensuring payment of equal wages to men and women for same and similar nature of work as required under Equal Remuneration Act, maternity benefits etc. are also provided in the proposed legislation. To meet the expenditure for various welfare measures there is provision for constitution of an Agricultural Workers' Welfare Fund at the district level to be financed by employers' contribution and contribution by the workers. The proposal is at the stage of consideration at various levels in the Government. However, Government's endeavour is to finalize the proposal at the earliest.

For the benefit of the Agriculture workers Government has launched Krishi Shramik Samajik Suraksha Yojana from 1.7.2001 to provide social security to the agriculture workers.

schemes and Initiatives

From providing aids and appliances, scholarships, awards and monetary benefits to reservations in government jobs and incentives for private employers to promote employment of such persons, the government's approach has been multifaceted. The endeavour is to ensure overcoming the restrictions imposed by their condition and allowing them to lead a normal, self reliant life. Some schemes for empowerment of Persons with Disabilities and concessions offered by the government are:-

- Assistance to Disabled Persons for Purchase / Fitting of Aids and Appliances (ADIP Scheme)- External website that opens in a new window
- Deendayal Disabled Rehabilitation Scheme to promote Voluntary Action for Persons with Disabilities- External website that opens in a new window
- Scheme of National Awards for Empowerment of Persons with Disabilities- External website that opens in a new window
- Scheme of National Scholarships for Persons with Disabilities- External website that opens in a new window
- Scheme of Integrated Education for the Disabled Children
- Scheme for providing Employment to Persons with Disabilities in the Private Sector - Incentives to the Employers- External website that opens in a new window
- Conveyance Allowance- External website that opens in a new window
- Income Tax Concessions- External website that opens in a new window
- Reservation of Jobs & Other Facilities For Disabled Persons- External website that opens in a new window
- Financial Assistance to Person with Disabilities- External website that opens in a new window
- Equal Insurance Benefits- External website that opens in a new window