

Module 1

INDIAN LABOUR MARKET

Unit Structure :

- 1.0 Objectives
- 1.1 Introduction to Labour Market
- 1.2 Characteristics of Labour Markets
- 1.3 Child Labour
- 1.4 Women Labour
- 1.5 Labour Reforms
- 1.6 Summary
- 1.7 Questions

1.0 OBJECTIVES

- To introduce the concept of labour market
- To study the characteristics of labour markets
- To study the concepts of child labour and women labour
- To study the labour reforms in India

1.1 INTRODUCTION TO LABOUR MARKETS

1.1.1 Introduction:

A labour market is the place where workers and employers interact with each other. In the labour market, employers compete to hire the best, and the workers compete for the best satisfying job. In a labour market, services of human labour are bought and sold like other commodities. But there is a vast difference between labour market and commodity market. Labour market can never be perfect market. Labour market is defined as the market for hiring and supplying labour to perform certain jobs at a wage rate. Labour market can be defined as a process by which supplies of a particular type of labour and demands for that type of labour balance or seek to obtain a balance.

1.1.2 Concept of Labour Markets:

The labourmarket, also known as the job market, refers to the supply of and demands for labour, in which employees provide the supply and employers provide the demand. It is a major component of any economy and is intricately linked to markets for capital, goods, and services.

The labourmarket refers to the supply of and demands for labor, in which employees provide the supply and employers provide the demand. The labour market should be viewed at both the macroeconomic and microeconomic levels.

1.2 CHARACTERISTICS OF LABOUR MARKETS

The basic characteristics or features of labour markets are as follows -

1. Labour market is concerned with labour which is a human resource.
2. The relationship between a buyer and a seller in a labour market is likely to be continued for some time.
3. It is a process in which a balance between supply of a particular kind of labour and demand is maintained.
4. It is a market where wage rates differ for the same kind of work due to lack of perfect mobility.
5. Labour markets are normally local markets.
6. In labour market price does not change very often, but remains constant for a period of time.
7. As labour is not homogeneous, we find different types of workers in labour market.
8. In the labour markets, workers try to increase their strength by forming their trade unions and resort to collective bargaining.
9. There is exploitation of labour in the labour market.
10. Wages, terms and conditions of employment etc. are determined in the labour market through bargaining tussles between workers and employers.
11. Labour cannot move with the same ease and facility with which goods are transported from one place to another. So, there is lack of mobility of labour.
12. Labour market is essentially an imperfect market.

1.3.1 Introduction

Child labour is called to the employment of children in any work. Children being deprived by child labour loses their childhood, their right to go to school, contribute to the economy of a nation. Besides these, child labour affects mentally, physically, socially or morally. The Constitution of India stated that no children, below the age of 14 years, shall not be employed to work in any factory or mine or any other hazardous employment. But in rural India, it is common to see children of poor families are working in fields or elsewhere to contribute to the family income. These children are deprived of educational opportunities and lost in the depth of poverty.

1.3.2 History of Child labour in India

In the historical and sociological documentation of early Indian civilisation, the upbringing of children for labour is found. They were brought on account of caste, kinship, age, gender, etc. Rulers like Chandragupta Vikramaditya, Ashoka tried to control it by propounding moral edicts in which obedience towards parents and respect for elders was praised. However, the point to show loyalty and obedience to one's elders was moral, socially approved and valued behaviour. Later, the Arabs, Turks, Afghans and the Mughals invaded India and forced people to impoverish and degenerate. The foreign invasions have destroyed the wealth and socio-cultural ethics of India. Due to the economic deterioration, the children too faced adverse vicissitudes along with the adults. Families were unable to afford wholesome food and amenities for their families and children. Emphasis on elementary education faded away with time. Elementary education was restricted to the higher castes in society. Girls get an education hardly in comparison to boys. No one took any remedial steps.

1.3.3 Causes of Child Labour:

Children should belong to schools, not to workplaces. Child labour seduces children from their Right to Education and reinforces intergenerational cycles of illiteracy. There are many reasons for child labour and exploitation:

a) **Poverty:** Poverty is the most vital cause of child labour. Poverty leads to growth as unskilled workers and enables a person to earn low wages in adulthood. So, parents force their children to go to work to increase the volume of income. Thus, a child-labour trap is formed. Due to getting involved in a job, these children lose the opportunity for education, which reflects in the literacy rate of India.

b) **Condoning Social Norms:** Many households, factories, mines exploit children as workers with low wages. For decades after decades, this phenomenon has been accepted in society, silently.

c) **Lack of Decent Work Opportunities:** With the equipment of advanced machinery throughout the world, adults are losing their source of income. Then, they force their children to go for income, even at low wages.

d) **Migration and Child Labour:** Many countries in the world have refugees in their areas. These refugees are poor enough to feed themselves. So, children from these families make habits to carry out labour to contribute to their family income.

e) **The Covid-19 pandemic:** The COVID-19 pandemic may potentially reverse the positive trends of the fight against child labour. Fall in living standards, the deteriorating condition of employment, rise in informality, reduction in remittances and migration, contraction of trade, temporary closure of schools, etc. are the effects of the Covid-19 pandemic.

1.3.4 Child Labour Solutions:

Here are some ways to provide solutions for child labour -

- Awareness about child labour must be spread in our society.
- Child labour prevention laws should be stringent.
- Government has to make sure that all children in India are getting their primary education in schools.

There are many Non-Governmental Organizations (NGOs) dedicated to preventing child labour. They help the administration to rescue children from the darkness of child labour in India.

Telephone Helpline – Call 1098: 1098 is a toll-free number and it operates across India. It is operated by Childline India Foundation which works for child rights and child protection. Anyone, including children themselves, can call and give information on this number.

PENCIL Portal: PENCIL is an online platform developed by the Ministry of Labour and Employment with an aim in the effective enforcement of the no child labour policy. The portal was launched in 2017. PENCIL stands for Platform for Effective Enforcement for No Child Labour.

Moreover, it can be said that awareness in every person can eradicate the problems of child labour

1.4 WOMEN LABOUR

1.4.1 Introduction:

Different aspects of female labour, which form a significant part of the total labour force are yet to be analysed although women's studies had long been identified as a major thrust area of research. It is very important to know the dynamics of female labour force in a restructuring agrarian economy, more so in the case of India having sharp regional differences.

We focus the neutrality of technology and gender. Female agricultural labour and female family labour are the two categories on which the impact of technology is explored under different agro-climatic conditions within Andhra Pradesh. The time allocation of women in agriculture, however, shows that the line between the waged and unwaged activities of a woman often becomes blurred.

Most of the unwaged activity is of expenditure saving type, such as collection of wood, fetching water, child care, and dairying and allied activities. Class, caste and gender in concrete situations have been analysed providing a potential for better understanding of the problem.

The study spans almost the whole of Andhra Pradesh and, perhaps this breadth of analysis somewhat hinders the depth of analysis. Yet, the study gives several insights for further investigations. Researchers interested in gender studies will find the book helpful.

The main thrust of work has been to examine the effect of the seed-fertilizer package on various aspects of women's labour, waged or unwaged. We have also examined the level of development of a region, its cropping pattern, labour absorption; labour organisation wage payments and other related aspects because she feels that the levels of development of the three regions of the State of Andhra Pradesh she chose for the study are not the same.

However, while discussing the differential outcomes in different regions, in several cases, the probable source of difference has not been analysed adequately. A mere mention of a series of differential outcomes without an effort at linking them with the socio-economic development of the regions makes the argument analytically poor.

The common variable in the villages studied comprises availability of the green revolution technology. An attempt has been made to compare the villages grouped as irrigated (command area) with un-irrigated areas (non-command area).

A micro-level analysis of work pattern, employment and unemployment levels of female agricultural workers has been attempted. Rural households undertaken for the study have been classified as agricultural labour households and cultivating households. The total sample size was 182.

The village-wise split-up was done depending on the size of the village. Though almost in all the cases caste factors as well as class factors have been referred to with equal importance, the author mentions that the caste-wise collection of data has not been given importance while deciding the sample; only the class factor has been considered. This is alright as long as there is a high correlation between the two variables, class and caste.

However, in some cases her analysis leaves room to question the existence of this correlation. And in these cases at least the caste factor should have been considered at the time of sample selection. We did not consider the

households as the units of analysis because different crucial economic variables affect the members of the households in a different manner. Therefore, we have taken female workers as the unit of analysis.

It is found that close associations exist among caste, literacy and work performed by female agricultural workers. Agricultural workers usually belong to Scheduled Castes, Scheduled Tribes and other backward castes. Looking at the literacy rates, it was again found to be the lowest among the above-mentioned castes. Among the forward castes, as educational status improves, women would not work as agricultural workers.

1.4.2 Problems of Women Labour

The workplace is rife with many concerns and obstacles that must be tackled daily for the working Indian woman. While the scope and severity of these problems varies, the most common ones can be summarized as follows:

a) Gender Pay Gap

There is no country on the planet where women get paid equally to men for doing the same work. Even the Nordic countries, which have extremely high overall gender parity, cannot claim equal pay for equal work. India has the distinction of being the BRIC (Brazil, Russia, India, and China) economy with the lowest gender parity, which includes wage parity. The Global Gender Gap Report from 2010 revealed this. For more than a century, salary inequality between men and women has been a global problem. After the initial successes, however, progress has been modest.

According to the survey, India has a 25.4 percent pay difference between men and women. This means that a woman's median hourly wage is 25.4 percent lower than a man's median hourly wage. Some of the causes for the gender wage gap, according to the survey, could be a preference for male employees over female employees, a preference for male employees being promoted to supervisory roles, and career pauses for women owing to family duties and other socio-cultural issues.

b) Sexual Harassment

Sexual harassment is an abominable reality for Indian women daily. Every day, their greatest challenge is to retain their holiness in their homes, on the road, in their educational institutions, and at work.

Despite the increase in numbers, women are finding that their complaints are not being adequately addressed by their employers. Employers are either uninformed of the law's provisions or have only partially implemented them, and those that do set up internal panels have members who are poorly trained. According to the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act of 2013, every commercial or public organisation with 10 or more employees must have an internal complaints commission (ICC).

Women suffer as a result of a lack of sufficient sanitation facilities in the workplace. According to Indian Census figures from 2011, there are 587 million women in India, accounting for 48 percent of the population. Despite this, only 29% of women over the age of fifteen participate in the labor. At least part of the reason for this could be traced to women's lack of safety, which could be linked to their lack of access to bathrooms.

d) Gender based Discrimination

According to a report by recruiting agency TeamLease Services, five out of ten employees in India Inc have experienced some form of discrimination. In terms of benefits, hours, leave, earnings, opportunities, and promotions, there is gender segregation in the workplace. According to the firm's recent poll, 'Bias@Workplace,' India Inc. (mostly in the top 8 cities) has yet to fully embrace the concept of equal opportunity. The survey revealed a high frequency of biased hiring and workplace practices. Pregnant women and women with young children are also at a disadvantage throughout the recruitment process and when competing for job prospects, according to the TeamLease survey.

1.4.3 Measures of Women Labour**1. PROTECTION OF WOMEN WORKERS INTERNATIONAL SCENARIO**

The United Nations' primary concept is that women's rights should be equal. The International Labor Conference adopted a Declaration in Philadelphia in 1944. "All human beings, regardless of race, creed, or sex, have the right to pursue both their material and spiritual well-being in conditions of freedom and dignity, economic stability, and equal opportunity," it declared. The International Labor Organization's mandate to promote social justice and decent work, which is properly compensated, productive work carried out in conditions of freedom, equity, security, and dignity, includes women's rights as an inherent aspect of the values, principles, and objectives. The International Labor Organization's Resolution on Gender Equality and the International Labor Organization's International Labor Organization's International Labor Organization's International Labor Pay Equity and Maternity Protection, proposed in 2004 and ratified by the International Labor Organization's Governing Body in March 2005. Gender mainstreaming is now required in all ILO technical cooperation programmes. It was reaffirmed in the Resolution of the 2006 International Labor Conference.

The Commission on the Status of Women has made significant contributions to the advancement of women's rights. It has made recommendations on pressing issues in the sphere of women's rights with the goal of putting the principle of equal rights for men and women into practise, as well as developing plans to put such suggestions into action. The Equal Remuneration for Women and Men Convention of 1951, the

Discrimination (Employment and Occupation) Convention of 1958, the Workers with Family Responsibilities Convention of 1981, the Elimination of the Worst Forms of Child Labor Convention of 1999, the Part-time Workers Convention of 1994, and the Home Workers Convention of 1996, the Maternity Protection Convention of 2000, the Termination of Employment Convention of 1982, and the Employment Policy Convention of 1964 are all instruments for protecting women's.

2. LAW RELATED TO WOMEN PROTECTIONS

The Indian Constitution: As a "Fundamental Right," the Constitution guarantees equality.

Article 15 includes provisions for women, children, and individuals who are socially and educationally disadvantaged. These provisions are not discriminatory in any way.

In matters of public employment, Article 16 guarantees equal opportunity. Women are guaranteed one-third seats in Panchayats under the 73rd Amendment Act of the Constitution, and one-third seats in Municipalities under the 74th Amendment Act.

The National Commission for Women Act, 1990

Creates a National Commission for Women to review existing statutory protections for women, prepare periodic reports to the Central Government on matters relating to safeguards for women's rights, investigate complaints of deprivation of these rights, and provide financial assistance in the litigation of issues affecting women.

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is a legislative act in India that seeks to protect women from sexual harassment at their place of work. This statute superseded the Vishakha Guidelines for prevention of sexual harassment introduced by the Supreme Court of India. The Bill lays down the definition of sexual harassment and seeks to provide a mechanism for redressing complaints. It provides for the constitution of an 'Internal Complaints Committee' at the workplace and a 'Local Complaints Committee' at the district and block levels. A District Officer (District Collector or Deputy Collector), shall be responsible for facilitating and monitoring the activities under the Act. prohibits sexual harassment of women at work. The Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013 is an Indian law that aims to protect women at work from sexual harassment. The Supreme Court of India's Vishakha Guidelines for the Prevention of Sexual Harassment were superseded by this Act. The bill establishes a definition of sexual harassment as well as a procedure for dealing with complaints. It establishes a 'Internal Complaints Committee' within the workplace, as well as a 'Local Complaints Committee' at the district and block levels. A

District Officer (District Collector or Deputy Collector) is in charge of facilitating and overseeing the Act's functions.

Indian Labour Market

The Maternity Benefit (Amendment) Bill, 2016

On March 9, 2017, the Indian Parliament passed a law offering women working in the organized sector compensated maternity leave of 26 weeks, up from the current 12 weeks, a decision that will benefit approximately 1.8 million women. The law will apply to all businesses with ten or more employees, and the benefit will be limited to the first two children. The entitlement for the third child will be 12 weeks. As a result, India now has the third-highest maternity leave in the world. Canada and Norway offer 50 weeks and 44 weeks of paid maternity leave, respectively.

1.4.4 RECOMMENDATIONS

The more women employees are informed about their company's policy on sexual harassment and gender discrimination, and the more they are encouraged to report all incidents of discrimination without fear, the more secure and empowered they will feel. This can be accomplished by raising awareness and providing training on security and safety, dos and don'ts when riding in company cabs, emergency contacts, police help lines, company contact points, awareness of the company policy on sexual harassment, gender discrimination or gender biased approach, and the complaint process, providing training to all female employees and educating them about their rights and facilities, sensitization of male employees through training sessions.

1.4.5 CONCLUSION

With the number of reported crimes against women steadily increasing, many more cases go unreported due to fear and societal stigma. Sexual violence is an act of power as much as it is a display of sexual desire, according to criminal law. As a result, all of a woman's rights, including her right to property, health, education, and a dignified existence, must be respected, protected, and fulfilled. Law enforcement must look into these offenses in particular and use an iron fist to put a stop to them. Women are unable to fully participate in public life because of a lack of safety. As a result, ensuring safety or seeking solutions must be done within a legal framework.

Only then will women be able to exercise the full spectrum of rights that come with being a legitimate citizen. We are the same country that celebrated P.V. Sindhu's Olympic victory and admired Kalpana Chawla's space mission. When a woman is given the correct opportunities to develop her gift and explore her potential, she has a world of options open to her. Let us treat women with the respect they deserve, and they will provide us with endless reasons to be proud of them

1.5 LABOUR REFORMS

1.5.1 Meaning of Labour Reforms:

Policy makers face several kinds of choice and, hence, trade-offs. They can emphasise on enforcing higher wages only but at the cost of low employment. Higher growth at the cost of low wages is another option to the policymakers.

Again, job security of existing workers may be the concern for policymakers at the cost of encouraging employers to adopt labour-displacing techniques of employment.

Such trade-offs are bound to emerge when economic restructuring takes place and cause embarrassment to the government and the policymakers. A proper balance between choices is of utmost importance so that neither labour welfare is injured nor industrial peace is disturbed. Thus, labour reforms are of great important as the laws enacted in the labour market aim at regulating the market, protecting employment and ensuring social security of workers.

Labour reforms essentially mean taking steps in increasing production, productivity, and employment opportunities in the economy in such a manner that the interests of the workers are not compromised. “Essentially, it means skill development, retraining, redeployment, updating knowledge base of workers-teachers, promotion of leadership qualities, etc. Labour reforms also include labour law reforms” (INDIA 2006; p 601, GOI Publication Division). Labour laws are concerned with the trade union rights of the workers, industrial relations and job security and policies relating to wages, bonus and other incentive schemes.

1.5.2 Labour Policies before the Reform Era:

Before we move to the labour policy in the pre- reform era of 1990s, we must make one important observation of the Indian labour market. Indian labour market is characterized by a sharp dichotomy. Here one finds a small enclave of organisedlabour. This organised sector is stringently regulated.

On the other hand, a large number of establishments operate in the organised sector where labourers cannot organise themselves to pursue their common interests due to various constraints. Most importantly, this sector is virtually free from any outside control and regulation with little or no job security.

This sector, thus, provides ‘too little to too many’. Further, wages are ‘too high’ in the organised sector and ‘too low’, even below the subsistence level in the unorganised sector. This dualistic set up suggests how far the Indian labour market is segmented.

Social security to organisedlabour force in India is provided through a variety of legislative measures. These are payment of compensation to

workers in cases of industrial accidents and occupational diseases leading to disablement or death, provident fund, pension including family pension, health insurance, payment of gratuity, maternity benefit, employees' deposit-linked insurance scheme, etc.

Several steps were taken in India to provide social security as back as 1923. The trend towards conferring benefits to the workers gained momentum only after independence. But considering the needs of the country, the present social security arrangements are inadequate. More than 90 p.c. of workers in India are outside the purview of the prevailing social security arrangements as workers of small unorganised sector as well as informal sectors remain outside the purview of these arrangements.

Another aspect about labour policies that influence labour market are labour laws relating to forming trade unions, industrial relations, and job security

As far back as 1926, Trade Union Act was passed. In India, any seven employees could form a union. During the freedom struggle, Indian trade union contributed handsomely. Today, the trade union is more widespread and has taken deep roots. It is now better organised and is now on a permanent footing. But at the same time, one finds same major defects in the Indian trade union movement.

It is alleged that trade unions in India are interested in the growth of capital thereby blunting the edge of a trade union which is a product of conflict between labour and capital. Often employers counter the moves of the workers to hit back the aggressiveness of workers' unions.

Since workers are not disciplined, leaders' resort to strike and work stoppage even on flimsy grounds. Above all, inter-union rivalry and political rivalries are considered to be the major impediments to have a sound industrial relation system in India. It is also said that Indian labour laws are highly protective of labour, and labour markets are relatively inflexible. As usual, these laws are applicable in the organised sector only.

Prevention and settlement of disputes and benign industrial relations are the two important objectives of India's industrial relations policy. Industrial disputes are governed by the Industrial Disputes Act, 1947, that aims at promoting good relations between employers and workmen, protecting workers against retrenchment, and settling disputes through conciliation, arbitration or adjudication.

However, industrial relations climate was far from satisfactory when trade unions resorted to militancy in the 1960s and early 1970s. Between 1972 and 1981, the average number of work days lost per year per employee in the manufacturing sector stood at 4.070. This figure went up to 5.736 between 1982 and 1992—a very high figure compared to other countries in the contemporary period.

India's labour laws for the workers in the organised sector give workers permanent employment, of course, after a probation period ranging from 6

months to 2 years. Job security in India is so rigid that workers of large private sector employing over 100 workers cannot be fired without government's permission.

Above all, in the public sector, one author aptly remarked that 'workers here have enjoyed almost complete job security since independence'. Promotions are based on seniority and thus workers get fixed annual wage increments unrelated to work performance.

This really tells on the efficiency of the workers leading to low productivity in the manufacturing industry. Even the owners of sick industries are not permitted to downsize the establishments or to close them down. In view of this, one finds the tendency of Indian firms to employ casual or contract workers who are not protected by the country's labour laws.

Thus, the conclusion in the words of Pradeep Agrawal is; The labour market policies followed in India in the past have led to serious problems due to low labour productivity even in the context of an economy where the firms were shielded from both international competition (by the very high import tariffs) and domestic competition (by the licensing policies).

This, in turn, created an inefficient and internationally uncompetitive industrial sector which eventually led to lower wages (for example, Indian wages in the manufacturing sector are only seventh the Singaporean wages), fewer jobs, and higher unemployment.

P. Agarwal adds further that these labour policies, if pursued in the neo-liberal regime, will create variety of problems in the midst of growing domestic and international competition. It has been also observed that the so-called labour market regulations operating since 1947 have tended to discourage both the growth of employment and productivity.

Further, it has pushed many activities into the unorganised sector. This is evident from the fact that annual growth rate of employment in the unorganised sector was much higher (2.73 p.c.) than the organised sector (1.58 p.c.) during 1981-91.

1.5.3 Labour Policies and the Reform Era:

Since protective labour policies and inflexible labour laws are not in the long-term interests, flexible labour market policies gained legitimacy in the climate of economic liberalism so as to promote efficiency and productivity of labour and protect them against any hazards.

The Indian neo-liberal economic reforms introduced in mid-July 1991 paid rather little attention to employment generation. That is why one finds poor employment growth during the reform period—an adverse consequence of the reform process.

Before we start our discussion on the labour market policies in the reform era, one must say that the existing labour laws are commendable in paper but not in implementation. This is what the second National Commission

on Labour set up in October 1999 observed in its Report presented on June 2002; “It can be said that our labour laws... have been criticised as being ad hoc, complicated, mutually inconsistent, if not contradictory, lacking in uniformity of definitions and riddled with clauses that have become outdated and anachronistic, in view of the changes that have taken place after they were introduced many years ago.”

The Government of India has recognised the following rights of workers as alienable to every worker under any system of labour laws and labour policy. These are:

(i) Right to work of one's choice (ii) Right against discrimination (iii) Prohibition of child labour (iv) Just and humane conditions of work (v) Right to social security (vi) Production of wages including right to guaranteed wages (vii) Right to redress grievances (viii) Right to organize and form trade unions (ix) Right to collective bargaining (x) Right to participation in management.

Along with these rights, workers need many forms of security, like labour market security, employment security, job security, income security, work security, etc. These are of critical importance in the globalised era as these people are exposed to increased risk of insecurity. Really, a pathetic condition prevails in the unorganised sector. That is why a National Commission for Enterprises in the Unorganised Sector headed by Arjun Sengupta was set up to provide some sort of social security to the unorganised workers. It submitted its report in August 2007.

Unfortunately, these many rights of workers are rarely met or enforced. This is one of the most common and most effective criticisms of labour legislation in India.

1.5.4 Criticism:

(i) Labour Market Reforms are Imperative:

India's experience of growth during the liberalised regime is rather stunning, but its overall impacts on employment in the organised sector, per worker productivity are not altogether rosy. As employment, during the period considered, grew slowly compared to the GDP growth rate the period has been described very aptly as 'jobless growth' or 'job loss growth'. Employment decelerated in all sectors in the post-liberalisation period.

Another disturbing aspect of the current employment growth is that both the shares of self-employment and wage labour both casual and regular have increased. One then observes concentration of employment in the unorganised/informal sector. Earlier, this informal sector was considered as the 'employment of the last resort'.

Such informal as well as non-agricultural employment neither results in higher productivity nor better wages to the workers. Work conditions have

been deteriorating gradually as employers of this sector prefer to employ workers on a contract basis.

However, the hiring of casual or contract labour is not peculiar in the unorganised informal sector in India. One can see the growing incidence of casualisations and contractualisation of the labour force even in the organised sector. Thus, protection or security of workers is rather a dream worker are at the discretion of the employers.

It is also observed that employment discrimination against women workers has increased substantially in the reform period though empowerment of women is considered an important avowed objective in India.

In addition to declining employment opportunities in the organised sector, we see that wages are not increasing in commensuration with the workload that the workers carry now. In other words, workers are exploited not only in the unorganised sector but also in the organised sector in spite of the legislation providing social security to these workers. Unfortunately, most of these legislations are dated and not adequate 'fit' in the current globalised-liberalised economy. In fact, labour market in India is now showing a great deal of inefficiency and a high cost structure economy.

Rigid institutional structures in the labour market need to be made flexible and transparent, It is commonly alleged that the employment growth in the organised sector is largely impeded by 'the prevalence of excessively rigid labour laws' (11th Plan Document). It is found that in India there are 45 laws at the national level and close to 4 times that at the State levels (since labour falls in the Concurrent List) that monitor the functioning of the labour markets.

It is, thus, necessary to review the existing laws and regulations so that the (i) corporate sector can be induced to adopt more labour intensive sectors, and (ii) unorganised sectors which are traditionally labour-intensive sectors are encouraged to facilitate the expansion of employment.

(ii) Different Aspects of Labour Market Regulations:

Against the backdrop of current liberalised Indian economy, we can say that as changing labour laws is a sensitive issue it requires consensus among all the parties involved. The three issues involved in the labour market regulations are: (i) the wage setting process, (ii) the labour market conditions, and (iii) the hiring and firing process.

The issue of labour reforms has been a source of debate since the reforms era begun in 1991 when the State withdrew itself from intervening the labour market. Historically, the government had a 'social pact' with labour reflected in the labour laws of the country. Employers argue that the rigid labour laws are fetters to their development in the current competitive environment. Flexibility in the labour market is of urgent necessity.

But in the name of flexibility in labour laws, one must not ignore the interests of labour so that their jobs are not threatened. Thus, labour market reforms must ensure greater flexibility to our firms and employers in such a way that labour is adequately protected against any casualties.

A belated attention was made by the Government on the need for bringing about changes in the labour laws in 1999 when the Second National Labour Commission was constituted. The Commission was asked (i) to suggest nationalisation of existing labour laws applicable in the organised sector, and (ii) to suggest 'umbrella' legislation for insuring a minimum level of protection to workers in the unorganised sector.

The two aspects of labour reforms that have come to the surface in recent times are Chapter V-B of the Industrial Disputes Act and the Contract Labour (Regulation and Abolition) Act. Under Chapter V-B of the ID Act, all establishments employing more than 100 workers must obtain prior approval for closure, retrenchment, and lay-offs from the appropriate Government authority.

It has been recommended by the Second National Commission on Labour that the provisions may be applicable to organisations employing over 300 persons. Some argue that the limit be raised to establishments employing more than 1,000 workers. Employers want the provision relating to 'prior permission' needs to be deleted. Another alternative is to pitch the compensation to be paid to workers in the event of closure, retrenchment or lay-offs be raised at a higher level.

The objective of the Contract Labour (Regulation and Abolition) Act is to abolish contractual employment in activities and processes in core production/service activities. However, contract workers must enjoy prevalent social security provisions and other benefits.

(iii) Unorganised Sector and Umbrella Organisation:

These are all about formal or regular employment. But an umbrella legislation is indeed of great importance so that the unorganised sector—where most workers are engaged—is protected. It is necessary to take steps to improve quality of employment in the unorganised sector.

Any significant improvement in their incomes and the quality of employment is feasible if the 'institutional environment in the labour market makes it feasible for the formal sector to reach out to the workers of the unorganised sectors on a decentralised basis. This is also possible if provident fund, ESI and a variety of welfare funds are extended to the unorganised sectors. All these would give the workers a better deal in terms of wages, and security of all kinds.

Unfortunately, the quality of employment is far from satisfactory and the NSSO 61st Round (2004-05) shows, as usual, that as most of the workers do not have any (written) job contracts they are not eligible for leave and social security benefits, if any. Thus, what is needed is 'the creation of a formal relationship between the worker and the hiring establishment'.

1.6 SUMMARY

Thus, in the current scenario, greater flexibility in labour laws must be ensured so that firms can adjust to changes in demand when necessary. The Government admits that the labour laws—such as Chapter V-B of the ID Act, and Contract Labour (Regulation and Abolition) Act—lack flexibility. Further, those laws focus on job protection and thus inhibit employment. These aspects received attention in the Mid-term Appraisal of the Tenth Plan.

However, the 11th Plan Document says that the V-B provisions of the ID Act, 1947 ‘has not proved to be a major obstacle in downsizing by several manufacturing enterprises during the past few years with the aid of generous packages for voluntary retirement.’ The labour market is required to be made more flexible in the days to come so that labour force shifts gradually from the unorganised sector to the organised ones.

However, trade unionists as well as workers of the organised sector are of the opinion that labour market reform is anti-labour. But as far as labour laws are concerned, workers of the organised sector, especially in PSEs, enjoy virtually ‘complete’ job security. But protective labour policies may cause damages in the long run in the midst of rising number of unemployment.

Further, if employers enjoy more bargaining power, interests of the workers may be at jeopardy. Indeed, this is what we observe in the rising incidence of contract-based employment leading to conflicts with the more general requirement that society must ensure ‘decent work’ for all. With growth rate picking up, a harmonious balance between efficiency and the quality of employment involving the relationship between management and labour and welfare aspects needs to be maintained.

In the ultimate analysis, labour laws, significant as they are, are not the true drivers of growth. Changes in labour laws are only one of the issues that merit attention. However, the Second National Labour Commission Report goes on stating that these labour laws ‘have to be visualised and effected in a broader perspective of infrastructural facilities, social security, and Government policies.’ The Commission adds that it is necessary to provide for both protective and promotional measures, the latter being highly relevant for the workers in the unorganised sector.

1.7 QUESTIONS

1. Explain the meaning and characteristics of labour market.
2. Discuss the problems faced by child labour and measures to correct it.
3. Explain the various problems faced by women labour.
4. Critically examine Labour market reforms.



NATIONAL COMMISSION AND GLOBALISATION

Unit Structure:

- 2.0 Objectives
- 2.1 Exit Policy and Safety Net for Labor
- 2.2 Second National Commission on Labour
- 2.3 Globalization and Its Impact on Labour Market
- 2.4 Summary
- 2.5 Questions

2.0 OBJECTIVES

- To understand the concept of Exit Policy and Safety Net for Labour
- To study the role of Second National Commission on Labour and its approach in drafting Law on Labour Management relations
- To study the concept of Globalization and its impact on Labour market

2.1 EXIT POLICY AND SAFETY NET FOR LABOR

2.1.1 Exit Policy:

Exit policy is a condition for the emergence of a competitive environment that there are no barriers to entry and exit of firms in the market. There should be free entry and free exit from the industry. Particularly, when a firm is making losses, it should have freedom to exit either partially or totally so that resources can be reallocated to their next best alternative use. According to PD Hajela, three broad circumstances could be relevant to an exit policy. A situation of sickness and lack of economic viability could be the first situation. A situation where modernization is the need of the hour could be the second situation. In the third situation, the firm could be in a position to bring about a marked improvement in technology and methods of production. In the second and third situations, the firm might restructure more than exit while in the third, it might exit rather than restructure. In all these situations, the exit of labor is inevitable and the extent of exit would depend upon the type of restructuring. Exit of labor in the context of restructuring would assume different forms under different situations. It could be lay-off in which workers are not retrenched but rendered unemployed for short periods. It could retrenchment due to rationalization or technological up-gradation. It could be exit on account

of closure of the industrial unit. In India, the exit policy is the result of a well-planned program of restructuring and hence there will be substantial exit of labor as a result of the implementation of the exit policy. (Ref. P-38-39, Labor Restructuring in India by PD Hajela, Common Wealth Publishers, (1998) Exit policy as part of labor market reforms is demanded in India to make allowance for 'Hire and Fire' policy. There is overstaffing in public sector enterprises and government departments. In order to improve the profitability and efficiency of these enterprises, there is a need to reduce the staff strength. The proposal for introducing exit policy was made in September, 1991. The World Bank and the International Monetary Fund have been putting pressure on governments to introduce labor market reforms to allow employers shift workers from one unit to another and to reduce excess labor. It is estimated that about 45 lakh workers are employed in sick units both in the public and private sectors. Out of these, 4.1 lakh workers are employed in the sick public sector units. The passage of exit policy will render these workers unemployed. A large number of companies have initiated voluntary retirement schemes. A study by Business Standard Research Bureau shows that 23 manufacturing companies cut their workforce by 40,338 in 2000-01 over 1998-99. From 2, 50,079 in 1998-99, the employee strength in these companies fell to 2, 09,691 in 2000-01. The public sector enterprises reduced jobs by 1, 20,000 in a period of three years (1997-2000). Public sector banks also reduced employees by more than one lakh through voluntary retirement schemes. The government policy has been to make the task of retrenchment of workers easier. For example, in his Budget speech for 2001-02, the Finance Minister announced that the threshold for hiring and firing employees without government permission under the provisions of the Industrial Disputes Act was proposed to be raised from units employing 100 persons to 1000 persons. If this proposal was accepted, it would have had serious consequences for labor because 75 per cent of the organized labor force is employed in units employing less than 1000 workers.

2.1.2 Safety Net for Labor

The New Economic Policy of 1991 had adversely affected labor over the last 17 years. In order to provide a safety net for labor, the Government of India set up the National Renewal Fund in February 1992. The objectives of the National Renewal Fund were as follows:

1. To provide assistance to firms to cover the costs of retraining and redeployment of employees as a result of modernization and technological up-gradation of existing capacities and from industrial restructuring.
2. To provide funds for compensation to employees affected by restructuring or closure of industrial units both in the public and private sectors.

3. To provide funds for employment generation schemes in the organized and unorganized sectors in order to provide a social safety net for labor.

National Commission and
Globalisation

The NRF had three components. They are as follows:

1. The Employment Generation Fund (EGF).
2. The National Renewal Grant Fund (NRGF), and
3. The Insurance Fund for Employees (IFE).

The Employment Guarantee Fund was set up to provide resources for employment generation schemes in both organized and unorganized sectors. The National Renewal Grant Fund was set up to deal with payments under the Voluntary Retirement Scheme (VRS) and compensation to workers affected by closure/rationalization resulting from approved rehabilitation schemes in both the public and private sector enterprises. The Insurance Fund for Employees was set up to cater to the compensation needs of the employees in future. However, a great part of the funds available under the National Renewal Fund was utilized for compensating the retrenched employees. There was very little retraining and redeployment under the fund. The VRS implemented in the public sector enterprises was not to the benefit of the enterprise but went to the benefit of highly employable persons who took the money and joined private sector enterprises.

In the year 1998, the VRS package was made more attractive. The compensation benefit was increased from 15 days wages for every completed year of service to 45 days. For those who have completed 30 years of service, the compensation package consisted of 60 months of wages. Thus the Government was single mindedly pursuing the objective of reducing the staff strength in public sector enterprises without taking care of the other two important objectives of the NRF i.e. retraining and redeployment. Having realized the limitation of the scheme, the Government set up Employees' Resource Centers and Employees' Assistance Centers for the purpose of counseling, retraining and redeployment of retrenched workers in different parts of the country.

In the year 2000, the National Renewal Fund was abolished. Assistance for compensating the retrenched employees in central public sector undertakings is provided by the Administrative

Ministries from April, 2001 and the scheme of retraining and redeployment of employees of public sector undertakings is now handled by the Department of Public Enterprises.

Measures to Improve the Safety Net for Labor

Some of the measures suggested by Prof. P. D. Hajela for expeditious action and to make the safety net for labor more effective are as follows:

1. Firms may be so restructured that increased productivity resulting from modernization and technological up-gradation is allowed to **absorb the work force without commensurate increase in real wages.**
2. **Re-training should be given top priority.** Both employers and the government should contribute generously to the retraining effort.
3. Retrenched employees should be given a **bigger compensation package** so that they can look after themselves during the intervening period between severance and re-employment. The Government may put retrenchment funds in deposits with higher returns to take care of better compensation.
4. Extensive counseling for **self-employment** should be provided.
5. **Area development programs** could be undertaken in places where workers are retrenched so that redeployment takes place without much dislocation and the workers' location preferences are respected.
6. Workers should be trained in **participative management** so that not only their productivity goes up but also they become competent entrepreneurs.
7. **Technological change and adaptation** through greater research effort in public and private sectors is important and should be an integral part of any exist policy in India

2.2 SECOND NATIONAL COMMISSION ON LABOUR

On 15th October 1999, the Government of India decided to set up the National Commission on Labour (NCL) with Mr. Ravindra Varma as the chairperson indicating the following terms of reference:

- (a) to suggest rationalisation of existing laws relating to labour in the organised sector; and
- (b) to suggest an "umbrella" legislation for ensuring a minimum level of protection to the workers in the unorganised sector.

The Resolution of the government setting up the Commission desired that the Commission should take into account the new environment generated as a consequence of globalization of the economy and liberalisation of trade and industry. At the same time, it urged upon the National Labour Commission to take into account the need to ensure a minimum level of protection and welfare to labour, to improve the effectiveness of measures relating to social security, safety at places of work, occupational health hazards; to pay special attention to the problems of women workers, minimum wages, evolving a healthy relation between wages and productivity; and to improve the protection and welfare of labour. The Commission submitted its report to the Government on June 1, 2002.

An idea of the philosophical attitude of the NCL can be had from the following statements of the Commission: "Competitiveness depends not merely on technology, credit, inputs and managerial skills, but also on the contribution that labour makes. The commitment of the workforce to quality and productivity must be high. The commitment and the new work culture that it calls for, can be created only when workers feel that they are receiving fair wages, a fair share of profits and incentives, and the respect or consideration due to partners."

In a subsequent paragraph, the Commission states: "The level of wages depends on an undertaking. "Workers have to be interested in productivity on the economic efficiency of it as the management. "

Approach of the NCL in drafting Law on Labour Management Relations

1. The law will apply uniformly to all such establishments.
2. Since extent of unionisation is low, wherever agreement and understanding is not possible, recourse to assistance by the third party should be obtained through arbitration or adjudication. A settlement entered into with a recognised negotiating must be binding on all workers. (Emphasis added)
3. The Commission is of the view that provisions must be made in the law for determining negotiating agents, particularly on behalf of workers.
4. The Commission is of the view that changes in the labour laws be accompanied by a well-defined social security package that will benefit all workers, be they in the 'organised' or 'unorganised' sector and should also cover those in administrative, managerial and other categories which have been excluded from the purview of the term 'worker'.
5. There is a need to define two terms, 'wages' and 'remuneration', the former to include only basic wages and dearness allowance, and no other for the purpose of contribution to social security and calculation of bonus and gratuity and all other payments including other allowances as well as overtime payment together with wages as defined above will be 'remuneration'.
6. The Commission did not feel the necessity of defining industry, since all establishments employing 20 or more persons irrespective of the nature of activity in which the establishment is engaged, are covered.
7. The Commission did not consider it desirable to change the definition of 'strike' as provided in the Industrial Disputes Act 1947 and it held that "Go slow" and "work to rule" are forms of action which must be regarded as misconduct.
8. Term 'retrenchment' should be defined precisely to cover only termination of employment arising out of reduction of surplus workers

in an establishment, such surplus having arisen out of one or more of several reasons.

9. The Commission recommends that in case of socially essential services like water supply, medical services, sanitation, electricity and transport, when a dispute is not settled through mutual negotiations, there may be a strike ballot as in other enterprises, and if the strike ballot shows that 51 per cent workers are in favour of a strike, it should be taken that strike has taken place, and the dispute must forthwith be referred to compulsory arbitration (by arbitrators from the panel of the Labour Relations Commission (LRC) or arbitrators agreed to by both sides).
10. A special provision may be made in the Trade Union Act to enable workers in the unorganised sector to form trade unions, and get then registered even when an employer-employee relationship does not exist or it is difficult to establish; and the provision stipulating 10 per cent of membership shall not apply in their case.
11. The Commission strongly believes the role that bilateral interaction, dialogue and negotiations can play in promoting harmonious relations. Since our Trade Union movement is fragmented and the constituents are not willing to give up separate identities, one of the ways to strengthen the incentives for consolidation can be in the field of registration and recognition, where the criteria for eligibility can be upgraded or at least proportionately upgraded.
12. Negotiating agent should be selected on the basis of check off system, with 66 per cent entitling the Union to be accepted as the single negotiating agent, and if no union has 66 per cent support, then Unions that have the support of more than 25 per cent should be given proportionate representation on the college.
13. For ascertaining the bargaining agent, check off system has the advantage to determine the relative strength of trade unions based on continuing loyalty reflected by the regular payment of union subscription.
14. Check off system in an establishment employing 300 or more workers must be made compulsory for members of all registered trade unions.
15. The Commission recommends that recognition once granted, should be valid for a period of four years, to be co-terminus with the period of settlement. No claim by any other trade union/federation/centre for recognition should be entertained till at least 4 years have elapsed from the date of earlier recognition.
16. Any worker who, pending completion of domestic enquiry, is placed under suspension, should be entitled to 50 per cent of his wages as subsistence allowance, and at 75 per cent of wages of the period beyond 90 days, for no fault of the worker, so that however the total period of suspension shall not, in any case, exceed one year.

2.3 GLOBALISATION AND ITS IMPACT ON LABOUR MARKET

INTRODUCTION

This unit provides an overview of the consequences of technology change on employment relationship in India. New technologies opened employment opportunities in new and emerging sectors. Skills needed have undergone a change from that of manual dexterity and physical strength to those of troubleshooting and process handling. Group based incentivization and company specific bargaining are becoming more common. Unions no longer resist technology change but are concerned with the implications on the number of jobs, their content, and earnings. It is also argued that subjective norms need to be considered as a variable influencing the behavioral intentions of workers with respect to acceptance of technology change implications for practice and future research directions are also discussed.

TECHNOLOGICAL CHANGE – THREE TRANSFORMATION STAGE

The technological progress over the last century has undergone a slow but definite transformation. This can be categorized into three different stages viz. craftsmanship, mechanization and automation. Each of the stages had an influence on the nature of work and the skill level required to perform a job. The early craftsmanship was characterized by the worker /craftsman having control over the entire production process, from procuring the raw materials to the finished goods. This required end-to-end knowledge, where the worker got involved in activities right from pitching to potential customers to delivering the final produce/service. Each product/service could be characteristically of the employee. This model of operation can still be found in some of the present-day service firms, what are termed as Service Complexes and Service Shops. The second stage of mechanization was brought about by the application of principles of scientific management where tasks were broken down to simpler and specialized ones for large-scale production of standard goods, and methods of estimating errors and hence lack the inherent human flexibility in production. Technology need not be restricted to just technical automation but can also involve a whole package of resources like capital, entrepreneurship and management. Further, technology as such is not quantified but what relating to its manifestations like a particular technique of production, productivity of a particular input, scale economics etc.

Technological Change and Impact on Labour

Technological change and its impact on the work force have become a focus of attention all over the world. The innovations include advanced communication systems, industrial robots, flexible manufacturing systems, computer- assisted design (CAD), and computer-assisted manufacturing (CAM). These modern technologies incorporate powerful and low-cost

micro electronic devices that have the potential to increase productivity in office and factory production tasks. They share widespread appeal and are being diffused throughout the world. There are, however, conflicting views about the implications of changing technology for employment. Some experts say that the pace of technological change is accelerating and that thousands of workers in plants and offices are affected as labour saving or capital-intensive innovations are used more widely. Other group of experts asserts that technological change is beneficial for all groups in our society and the changes are more evolutionary than revolutionary in nature. This means that technology ultimately creates more jobs than it eliminates. The Bureau of Labour Statistics has been studying technological change and its impact on the work force for a longtime. Assessing the impact of technology on labour force is very complex. Technological changes are affected by and are affecting many factors like

- Changes in output,
- Consumption patterns,
- International competition,

This relationship between changing technology and employment is continuously changing and is not very clear. In the mid-1950's, in response to concern about the implications of developments classified under the general term "automation," Bureau of Labour Statistics began an intensive evaluation of the possible effects of the diffusion of electronic computers and other changes. To explore the impact of these emerging technologies on productivity, employment, job skills, and labour-management relations, the Bureau conducted a series of plant-level case studies in industries such as petroleum refining and electronics. More recently, about 35 industry reports, covering a cross section of the economy, are available describing the cases about the impact of technology on labour. The reports include industries such as motor vehicle manufacturing and telephone communications where the pace of change is rapid, as well as industries such as bakery products where change is slow. The speed of introduction of new technology has been increasing in many industries as these industries modernise to reduce costs and compete more effectively in domestic and foreign markets. The research confirms that advanced electronic computers, robots, flexible manufacturing systems, CAD/CAM, and technologies to increase productivity in office tasks are being introduced more extensively in industries, such as steel, motor vehicle manufacturing, metal working, and banking, to name a few. However, the pace of change varies by industry. It also varies among plants within an industry not all have the funds or the volume of business that would support the adoption of the latest technologies, which often are very costly. Technological changes are introduced in the tasks like materials handling mechanization, larger capacity equipment, and machines with faster speeds.

In general, it is concluded from the study that relatively few employees have been displaced because of technological change. The introduction of new technology has also created many kinds of jobs particularly when the country has been stronger economically. Moreover, investment in new

technology generally takes place during periods of economic expansion when there is also growth in employment. Introduction of the computers has extended the scope of activities for many industries, creating employment opportunities. In addition, the computer led to job opportunities in new occupations such as systems analyst, programmer, key punch operator, console operator, and tape librarian. New industries to manufacture the computer and its related equipment and furniture were formed, resulting in employment for many workers in all types of occupations. Today, thousands of workers also are employed in manufacturing robots, microelectronic devices, advanced communication equipment, and other technologies that are gaining prominence. Measures have been undertaken to facilitate the orderly introduction of new technology. These include:

- Provide advance notice to workers affected by the new technology
- Coordinate labour adjustment with technical planning
- Provide employees with new skills associated with modern technology and
- Retrain those displaced for other work.

LIBERALISATION AND LABOUR MARKET

With the liberalization of Indian economy in 1991 several private players started carving a major role in the economic output and simultaneously governments both at the centre and state levels started assuming a smaller role in running businesses. Increased domestic and foreign competition resulting from the economic reforms induced domestic Manufacturers to improve efficiency and bring into use advanced technologies on a larger scale. This is supported by the fact that during the period 1991-98 there were about 3250 technical approvals in India with the top five technical collaborators. The subsequent break down of trade barriers, globalization, advancements in Information and Communications Technology (ICT) and well accepted management ideas such as TQM on quality, JIT, Computer Integrated Manufacturing (CIM) & Lean Production (LP) have served to magnify the impact of technology on employment relationship globally and India in particular.

Technological Change and Employment

Labour employment is affected by many factors, two major directly relevant factors are per unit labour requirement for a product (man hours per unit) and the total demand for the product. It is likely that technological improvement leads to reduction in per unit labour requirement but at the same time because of the increased demand made possible by the lesser cost of the technologically advanced product, it can lead to rise in overall demand for labour. This expected rise in demand for labour has however not been equally true for all sectors / industries. In a study of employment in organized manufacturing sector in India, it was found that even though real gross value added has grown at 7.4 percent per year during 1981-2002, employment of workers increased only by 4.3 and most of this growth happened in the early part of the 90s while the latter

half of 90s and early part of the current decade have shown a reducing trend in organized manufacturing sector employment. At the same time, employment in Organized Services sector has been picking up in the latter half of last decade and early part of this decade. Organized manufacturing sector seems to have shown a sharp decline in employment post 1996 while services have gained during this period. As a consequence of technological modernization of banks, it was found that though there was an overall increase in employment, this growth has been made possible by an emerging volume of employment in previously new areas such as systems analysts, console operators etc. In a case of technology transfer to an Indian engineering MNC from its foreign parent company during the period 1974-1984, even though the fixed capital increased by about 400 percent. Further even within the same industry, there seems to be a shift in the occupational and work profile of the employees decreased by 8 percent whereas the total employment increased by 3 to 5 percent, indicating a shifting of workforce from workers to supervisory and executive squads and a corresponding shift in the skill requirements. In an aggregate study of the organized manufacturing sector for the period 1982-2002, it was found that the increase in gross value added is accompanied by greater employment of employees in the supervisory unit as against the worker cadre. Further there has been a change in demand for the type of employees within the same occupational group, from operatives and labourers to professional and technical workers in many of the industries such as Banking, Software Services and Textiles.

Impact on Skill Profile

As the manufacturing and service technologies continuously develop like in the case of just-in-time inventory, manufacturing cells, robotics, and service quality concepts etc, there is an increasing pressure on the organizations to the largest contributor after agriculture to the employment providing jobs to about 21 million people. When new types of technologically advanced looms were introduced in textile firms, the skill requirements changed to those of monitoring and troubleshooting of the production process instead of directly getting involved in the production. This is because with the introduction of new automated machinery, the technologies are no more separate from each other and detection of faults requires a thorough understanding of the production process and familiarity with different equipment's used. Hence the skill required for the job, which previously emphasized manual dexterity, physical strength in manual and repetitive tasks has been taken over by the need for machine trouble shooting and process handling skills. The roles and responsibilities of the senior workers were more flexible in the modernized mill and they were expected to handle a higher number of departments compared to rigid and specific allocations along different categories of work within department in the non-modernized mills.

The impact of new technology on skill requirement in the textile industry has been widely reported. Textile industry in India has a special place with 4 percent contribution to the GDP and 12 percent of the world's textile production (GOI 2009). The cotton mill workers account for 20 percent of

the total employment in the manufacturing sector and the textile industry introduction of new production processes but may be related to even initiation of new management ideas. For instance, at the beginning of the nineties, when Motorola started measuring workers performance against quality & outputs instead of measuring against a time clock, it became necessary for its workers to know their equipment and production process, and be able to initiate any trouble shooting process themselves which were previously not in their ambit. This required the worker to unlearn deeply held attitudes and values when they were just responsible for working on individual machines to those of understanding the production process as a whole. However, the effect of increased investment in technology on wages has not always been positive. Study of the Indian subsidiary of a MNC found that the wages as a proportion to value added remained at about twelve percent and has not changed significantly with the introduction of new technology over the years. Further, in a study of sixty select MNCs, found that the aggregate rise in wages and salaries was much lower than the aggregate increase in operational expenses, suggesting that the growth rate of wage bills has not kept pace with investment in operations.

Impact On Wages

The impact of technological change on wages has been mixed. Budhwar (2003) in his study of 137 Indian firms in six manufacturing sectors in India found that collective bargaining and provisions of labour laws have a significant influence in determining the basic wages and bonuses of blue-collared employees, hence indicating that the wages are still determined by factors not directly related to individual / firm performance and technological change. However, this is also sector specific. In a study by Singh & Nandini (1999) in the software industry, it was found that technological change does have a significant effect on salaries paid to employees. Chakravarty (2002) in her study of spinning mill workers found that the modernized mills required 'unusual skills' from workers compared to the traditional ones. The impact on wages because of technology change is also influenced by the political process. Betcherman (1991) argues that there is a positive correlation between wage levels and introduction of advanced technology but how the pie is distributed will depend on the balance of power between the negotiating parties. In the Canadian context, he found that skilled blue-collared workers, both unionized and non-unionised, could bargain a higher pay compared to those doing manual work. Further, the union's bargaining power was lower for technology innovators than among non-innovators. In a similar vein, in the case of modernized textile mills in India there is an emergence of distinct and firm specific skills which require higher cost and time investments (Chakravarty 2002). Hence companies are willing to pay higher wages in these mills as contrasted to non-modernised mills. This necessitated decentralized bargaining in the case of modernized firms while the non-modernised ones went in for industry wide bargaining. In the latter case since the skills are not specific to an organization but rather are generic to the industry they required support of the wider political base. Nagaraj (2004) in his study of employment in organized

manufacturing sector notes that while real wages of workers have roughly stagnated during 1981-2002, the real emoluments of supervisors have gone up by 77 percent during the same period indicating that the increase in wages due to technology change has not been favourable to the workers in general.

Impact On Workers

The reasons for introducing new technology vary from one organisation to another. New production system in a plant is brought in by the management typically in response to the change in market conditions, which require more 'efficient' technologies to be adopted. Studies indicate that after a time lag major technological changes have always induced significant changes in the organisation processes. The unions and the employees into confidence before introduction of automation. This was done through a free flow of information, education, and training of employees in terms of what computerization means and what changes it can bring in. The transformation of Bank of Baroda from a large public sector bank with a legacy culture to a highly customer centric, technology driven bank through a variety of initiatives including implementation of Core Banking solutions is credited to clear and transparent communication with the employees (Khandelwal 2007). Studies in the Indian context have shown that attitudes in terms of job satisfaction and freedom and autonomy at the work place were found to be significantly positively related to technology acceptance (Gurtoo & Tripathy 2000, Venkatachalam & Velayudhan 1999). Venkatachalam & Velayudhan (1999) in their study of a steel plant found significant and positive correlation between meaningful, interesting job and technology, indicating that new technology introduction does have an influence on how the employees feel at work. Unlike in the West Indian employees rarely differentiate the work and develop a feeling of "we-ness" if policies and practices instil among employees the feeling of 'acceptance and belonging' (Dayal 1999 :220) .

Globalisation's impact on labour market flexibility via its interaction with economic uncertainty, serving as potential determinants of labour market flexibility. We consider new globalisation and economic uncertainty indices within a panel dataset of 136 countries from 2000 to 2017. We find that globalisation promotes labour market flexibility, while economic uncertainty decreases labour market flexibility. The interaction of globalisation with economic uncertainty also positively affects labour market flexibility. Our findings are robust to various sensitivity analyses, that is, different estimation procedures, different globalisation indicators (including various controls) and excluding outliers.

2.4 SUMMARY

1. Exit policy is a condition for the emergence of a competitive environment that there are no barriers to entry and exit of firms in the market. There should be free entry and free exit from the industry. Particularly, when a firm is making losses, it should have freedom to exit

either partially or totally so that resources can be reallocated to their next best alternative use.

2. The New Economic Policy of 1991 had adversely affected labor over the last 17 years. In order to provide a safety net for labor, the Government of India set up the National Renewal Fund in February 1992.

3. On 15th October 1999, the Government of India decided to set up the National Commission on Labour (NCL) with Mr. Ravindra Varma as the chairperson. The Commission submitted its report to the Government on June 1, 2002.

4. Technological change and its impact on the work force have become a focus of attention all over the world. There are conflicting views about the implications of changing technology for employment. Some experts say that the pace of technological change is accelerating and that thousands of workers in plants and offices are affected as labour saving or capital-intensive innovations are used more widely. Other group of experts asserts that technological change is beneficial for all groups in our society and the changes are more evolutionary than revolutionary in nature.

2.5 QUESTIONS

1. Discuss the concept of Exit Policy and Safety Net for Labour and suggest measures to improve it.
2. Explain the recommendations of the Second Commission on Labour in drafting Law on Labour Management Relations.
3. Elaborate the impact of Globalization on labour market.



Module 2

TRADE UNIONISM - I

Unit Structure:

- 3.1 Objectives
- 3.2 Introduction
- 3.3 Definition of Trade Union
- 3.4 The features of Trade Unions
- 3.5 Functions of Trade Unions
- 3.6 Historical Evolution of Trade Unions in India
- 3.7 The Present Status Trade Union in India
- 3.8 Problems faced by Trade Union in India
- 3.9 Measures to Strengthen Trade Union in India
- 3.10 Summary
- 3.11 Questions
- 3.12 Further Readings

3.1 OBJECTIVES

- 1. To understand the meaning and Functions of Trade Unions
- 2. To understand the historical development of Trade Unions in India
- 3. To explain present scenario of Trade Unions in India
- 4. To understand the Problems of Trade Unions in India

3.2 INTRODUCTION

The process of modern industrialization paved the path for emergence of trade unions and gradually the trade unions have become an integral and powerful force in the contemporary system of production and distribution of goods and services. As a result of which universally their role has been widely debated. So far India is concerned; the role and policies of the trade unions have special significance since their inception. Hence, it is pertinent to look into the process of the evolution of trade unions to understand the factors which have contributed for their origin and growth to attain the current position. Trade unions imply to some extent a community of outlook. Based on the sense of common status and need of mutual help it could be understood as an organization rather than many

forms of organization. It aims at developing a spirit of class consciousness and solidarity for self-respect, rights, and duties. It creates an organization to safeguard their common interest, self-protection and strengthening their social and economic position. It is the trade unions which serve as the base for the trade union movement. Hence, without the trade unions a trade union does not exist. The trade unions also serve as the principal institutions where workers learn the lessons of solidarity and self-reliance

In many of the developed nations the trade union movement resulted with the process of industrialization. Similarly, development of trade union movement in India can also be linked with the emergence and expansion of the large-scale industries. With the development of large-scale industries many changes occurred in the working and living environment of workers and created a number of new and complex problems. Many of the factors like Introduction of machinery, new lines of production, concentration of industries in certain big cities gave birth to a new class of wage earners and divided the industrial society into capitalist and labourers or haves and have-nots.

3.3 DEFINITION OF TRADE UNION

A trade union is a complex institution which has economic, sociological, political and legal aspects. The nature and functions of trade unions is subject to time and space. Hence, there are a number of definitions each giving a different aspect of the trade union. However, none of them are complete in themselves.

- According to the Sidney and Beatrice Webb, “A trade union is a continuous association of wage earners for the purpose of maintaining or improving the conditions of their working lives”.
- According to the Mr. J Cunnison “A monopolistic association of wage earner and the general purpose of association is to strengthen their power to bargain with the employers.”
- According to the Dale Yoder, “A trade union is a continuous long-term association of employees, formed and maintained for the specific purpose of advancing and protecting the interests of members in their working relationship.”
- According to the Danker, “A trade union is a continuing organization of employees established for the purpose of protecting or improving through collective action, the economic and social status of its members.”
- **Indian Trade Union Act 1926** specifies the term as, “A trade union is any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employer, or between workmen and workmen, between employers and employers, or for imposing restrictive conditions on the conduct of any trade or business, and includes may federation of two or more trade unions.”

3.4 THE FEATURES OF TRADE UNIONS

The features of the trade unions can be derived from the above-mentioned definitions.

- i. It is a voluntary organization or association of either employees or employers or even independent workers.
- ii. It is generally permanent in nature; it cannot be temporary for specific cause or casual in nature.
- iii. It is formed by the collective efforts of their members to make it strengthen through maximum members for strong bargaining power.
- iv. There are various objectives of the union. Main objectives can be illustrated such as to promote and protect economic, social and vocational interest of the union members or even for the employees employed in the organization.
- v. There is various socio- economic and political ideologies which influenced the origin and growth of the union.
- vi. They are adaptive towards the changing social, economic, legal, political and environmental factors.
- vii. It is formulated with a specific objective to eliminate the exploitations of the workers through worker's participation management.

3.5 FUNCTIONS OF TRADE UNIONS

The functions of trade unions can be discussed under four categories namely, basic, economic, social, political and international.

A) Basic Functions:

The important basic functions of trade unions listed by the National Commission on Labour union are:

1. To secure for workers fair wages.
2. To safeguard security of tenure and improve conditions of service.
3. To enlarge opportunities for promotion and training.
4. To improve working and living conditions.
5. To provide for educational, cultural, and recreational facilities.
6. To co-operate in and facilitate technological advance by broadening the understanding of workers on its underlying issues.
7. To promote identity of interest of workers with their industry.
8. To offer responsive co-operation in improving levels of production and productivity, discipline, and high standard of quality.
9. To promote individual and collective welfare.

B) Militant Functions (Economic functions).

The primary function of a trade union is to protect the basic interests and needs of themembers by striving to better the terms and conditions of employment, secure forworkers' better wages and to improve their working and living conditions.

The underlying idea of forming a trade union is to acquire collective strength for:

1. Protecting and advancing terms and conditions of employment of its members.
2. Negotiating and setting terms and conditions of employment and remuneration.
3. Improving the status and working and living conditions of the workers.
4. Reduced hours of work and better treatment from employers.
3. A share in the profit of the industry and participation in its administration.
4. Provisions for apprenticeship, incentive payments, promotions, bonus, gratuity and economic benefit plans.

In order to successfully perform these functions, a trade union has to fight for the rights of the workers and may have to adopt methods such as collective bargaining, negotiations, strikes and boycotts. Hence these functions are known as militant or fighting functions. They are also known as economic functions.

C) Social Functions:

The social functions carried out by the trade unions are as follows:

1. Organizing welfare and recreational activities such as mutual insurance, providing monetary and other help during periods of strike and economic distress.
2. Running cooperatives.
3. Initiating and developing workers' education schemes.
4. Providing housing facilities.
5. Participating in community development and community protection activities.
6. Engaging in cultural activities and
7. Cooperating with governmental agencies in social welfare programme.

D) Political Functions:

1. Carrying on political education of the workers.
2. Obtaining political power and influence through developing political parties of their own, and extending help to candidates of other political parties who are sympathetic to the cause of labour.

3. Carrying on lobbying activities for influencing the course of labour and other legislation.
4. Participating in, and representing the workers on, advisory institutions and bodies.
5. Developing militancy and revolutionary urge amongst workers, and
6. Protesting against governmental decision and measures detrimental to the interest of workers.

E) **International Functions:**

1. Participating in the organization and activities of the International Labour Organization (ILO).
2. Associating with the International Federations of Trade Unions such as the World Federation of Trade Unions (WFTU), the International Confederation of Free Trade Unions (ICFTU) and the International Trade Union Secretariats for the purpose of building working class unity and solidarity, and
3. Sending monetary and other help to workers of other countries during periods of need.

3.6 HISTORICAL EVOLUTION OF TRADE UNIONS IN INDIA:

In comparison to Great Britain and USA trade union movement is relatively recent in its origin. It started hardly around hundred years back. By 1850s when trade unions were emerging in Great Britain, industrialization was just beginning in India. However, the industrial growth was slow and so also the trade union movement. Irrespective of the number of modern industrial organizations in existence, one thing that was common was the existence of deplorable and pathetic working and living conditions for the workers during the last quarter of the nineteenth century.

The history of trade unionism in India is interspersed with economic and political events which moulded its growth pattern and contributed to its present strengths and weaknesses. While the union movement has now emerged as a formidable politico-economic force in the industrial sector, its looseness of structure could well be inferred from the secular decline of average union membership. It may therefore be necessary to recall major events-formation of unions, political developments, economic situations-to understand the growth pattern of unionism.

There were some sporadic protests by the industrial workers mostly in the textile mills against the inhuman working and living conditions even in the absence of any formal workers organization. There were some associations which emerged during the period of 1890 to 1910. But these were mostly philanthropic or humanitarian organizations working for welfare work for the industrial workers. However, with the growth of the number of industries and so also the number of workers, gradually the awareness among the workers started growing against the exploitation of the workers. This was further strengthened by the spirit of nationalism. Thus, by the time of the First World War, the stage in India was ready for

the emergence of the trade union movement. Subsequently the prevailing conditions during the war period, formation of the International Labour Organisation (ILO) etc. paved the path for the formation of the trade unions.

The Development of Trade Unions in India can be studied under the following stages:

- A. Period up to First World War (from 1875 to 1918)
 - B. Between the Two Great Wars (1918-1938)
 - C. During and After the Second World War (1939-1947)
 - D. Post-Independence Period (1947 to date)
- A) Period up to First World War (from 1875 to 1918):

Trade Union Movement in India started quite late. Bombay Mill hands association found in 1890 by Shri N.M. Lokhanday, a factory worker, is said to be the first trade union in India. The first concerted action was taken in 1875 under the leadership of Sorabji Shaparji who along with some social workers started an agitation to draw the attention of the Government to the deplorable conditions of woman and child labour in Indian industries. Though there were no trade unions, one can find instances of strikes even in the last quarter of the 19th century. For example in 1877, workers of The Empress Mills at Nagpur observed a strike over wage rates. Organising the Labour Conference in 1884 in Bombay under the leadership of N.M. Lokhande was an important incident during 1880s. A Memorandum was prepared and submitted to the Second Factory Commission highlighting the poor conditions of the workers. However, there was no improvement on the prevailing condition of labour. As a result, a mass meeting was organised in Bombay in April, 1890 which was estimated to have been attended by about 10,000 workers. A resolution was passed in the meeting raising the following demands. Weekly off, half an hour rest at noon, reducing working hours, Payment of wages not later than 15th day of each month and Compensation to injuries sustained by a worker on duty.

The owners of the Textile Mills agreed to grant weekly holiday to the workers. Being encouraged this achievement the Bombay Mill Hands Association was formed in 1890 by N.M. Lokhande. This was in no sense a trade union, but this can be considered to be the starting point of the Indian labour movement. During the period from 1882 to 1890, two provinces namely, Bombay and Madras had witnessed 24 strikes. Following the formation of the Bombay Mill Hands Association, a number of unions were formed in different parts of the country as the following;

The Amalgamated Society of Railway Servants of India and Burma (for European and Anglo-Indian railway employees); The Printers' Union of Calcutta, 1905; The Bombay Postal Union at Calcutta and Madras, 1907;

B) Between the Two Great Wars (1918-1938):

After the First World War trade union movement got intensified. Trade unions in the form of associations by the workers started emerging also witnessing a change in leadership passing from the hands of social workers into the hands of the national leaders some of whom were active in the freedom movement. This was also the period which witnessed wide scale labour unrest all over the country. The factors responsible for this situation were as follows:

- The Swaraj Movement, widening gulf between employers and employees and mass awakening among the workers demanding racial equality with their British employers further intensified the movement.
- Establishment of the International Labour Organisation (ILO) in 1919 giving dignity to the workers all over the world.
- The non-cooperation movement led by Mahatma Gandhi during 1920-21 and his support to the demands of working class also greatly influenced the labour movement.

A Number of trade unions were formed around in 1920. Notable of them was Madras Textile Labour Union formed under the leadership of B.P. Wadia in 1918. This was followed by formation another 14 unions in different parts of the country during 1918-19. Further, the active association of Mahatma Gandhi with the Ahmadabad Textile Labour Association gave a new turn to the labour movement by applying the principle of non-violence. After the formation of the ILO, the government nominated delegates including the workers representatives to the first Conference of ILO held in Washington in 1919. The workers' nominations, however, were made by the government unilaterally without consulting the then existing unions in the country. As a result, all the 64 the then existent employee's association with a membership of 1,40,854 met in Bombay and established the All India Trade Union Congress (AITUC) on 30th October, 1920 as a central organisation of trade unions. Such a move got the support from a number of leaders like, Sri Jawaharlal Nehru, Motilal Nehru, Guljari Lai Nanda, Sardar Vallabh Bhai Patel, C.R. Das etc. of the All India Congress. The primary aim of forming the association was 83 Development and Functions of Trade Unions was to facilitate the selection of workers' delegates to the ILO and coordinating the functions of individual trade unions.

In 1921 the ILO adopted a resolution which urged that the labour should be given full freedom to form a union. As per the records of the AITUC published in 1925 there were 167 unions with a membership of around 2.23 lakhs in 1924. The enactment of the Trade Union Act in 1926 paved the path for regulated trade unionism. Till 1929 AITUC was the only central Trade Union functioning in India. However, because of some ideological differences in its Nagpur session held in 1929 there was a split in the AITUC which resulted in the formation of All India Trade Union

Federation (AITUF) under the leadership of N.M. Joshi. With the formation of AITUF, the strength of AITUC in terms of number of trade unions came down to 21 and total membership around 94,000. Subsequently, in 1933 it was renamed as Nation Trade Union Federation (NTUF). In the Calcutta session of the AITUC held in 1931, there was another rift whereby the communist and the left-wing unionists got themselves separated from the main body to form separate union named as Red Trade Union Congress (RTUC) was formed under the leadership of B.T. Ranadive and S.V. Deshpande.

Thus, by the early 1930s there were three central labour organisations i.e. AITUC, AITUF and RTUC. There were some other independent organisations like the All India Railwaymen's Federation (AIRF) and the Ahmedabad Textile Labour Association (ATLA). In 1938, there was another unity move through the efforts of V.V. Giri, in the AITUC in its special session held at Nagpur. The NTUF was affiliated as a separate unit to the AITUC. However, in 1940 the NTUF was dissolved and finally merged with AITUC. Thus, Nagpur the venue where the first split in AITUC took place got itself sanctified in 1940 by bringing back unity in the trade union movement.

84 Trade Unionism In 1937, there were general elections and the Indian National Congress pledged in its manifesto that if it was voted to power, it would improve the conditions of workers.

C) During and After the Second World War (1939-1947):

The Second World War which broke out in September 1939 made an impact on the status in the Indian trade union movement. The leaders of the in the AITUC belonging to various factions again got divided on the question of whether the AITUC should support the Government on war. The nationalist and the communists mostly remained neutral with their approach towards the war. But the radical democrats under the leadership of M.N. Roy were in full support of the war. Because of conflicting views on this issue another rift took place in 1941 and the radicals left the AITUC and formed a new central labour federation known as the Indian Federation of Labour (IFL). In 1947, the Indian National Trade Union Congress (INTUC) was formed as a labour wing of the Indian National Congress.

D) Post-Independence Period (1947 to till date):

Independence and the partition of the country shattered the hope of the workers for securing high wages and better working conditions from the national Government. In order to retain the amenities already earned by the workers, a series of strikes swept the country in 1947 with involvement of 18.41 lakh workers resulting a loss 165.63 lakh man-days. In post-independence period, various political parties were formed and kept control over various trade unions. The trade union leaders working in the INTUC who were supporters of the newly formed political party, seceded from it and formed a new central trade union organization called the Hindustan Mazdoor Panchayat (HMP). The HMP and the Indian

Federation of Labour merged and formed Hind Mazdoor Sabha (HMS) in 1948. In 1949, the radicals and leftist groups, which did not agree with the principles of both AITUC and HMS left the AITUC and formed another organization in the name of United Trade Union Congress (UTUC) on 30th April 1949.

In 1959, a few unions led by the members of the Socialist party seceded from the HMS and formed Hind Mazdoor Panchayat, as an organisation of Samyukta Socialist Party. Further, in 1962, a new organisation called Confederation of Free Trade Unions (CFTU) was formed with the support of Swatantra Party. There was again a rift in the AITUC in 1970 when the Communists divided into CPI and CPM. The CPI held the AITUC and the CPM formed a new central organization namely, the Centre of Indian Trade Union (CITU).

In 1972, the Indian National Congress split in two groups, resulting in the division of INTUC in two groups. The ruling Congress retained its control over the INTUC and other group under the leadership of Morarji Desai, Nijalingappa and Kamraj formed a new union namely, National Labour Organisation (NLO). Another interesting development took place in May 1972, when a limited accord was reached between the AITUC, the INTUC and the HMS regarding the procedure to be followed for the recognition of trade unions. As a result, a National Council of Central Trade Unions (NCCTU) was formed with representative of the AITUC, INTUC and HMS. The basic idea behind it was to isolate the CITU. Consequently, the CITU set up a United Council of Trade Unions (UCTU) in September 1972 as a rival body of NCCTU. After the declaration of Emergency in 1975 again, the INTUC, the AITUC and the HMS combined and joined with the employers' representatives on what was called the National Apex Body. This body ceased to exist as soon as the state of Emergency was lifted in 1977.

3.7 THE PRESENT STATUS TRADE UNION IN INDIA

The Indian Trade unions have now got a legal status and these are no more ad-hoc bodies or strike committees. They have now become a permanent feature of the industrial society. They have succeeded in organising Central Union Federations which help in the determination of principles, philosophy, ideology and purposes of the unions and give some sense of direction to the otherwise scattered and isolated unions. Local, firm-level or industry-level trade unions are often affiliated to larger Federations. The large Federations in the country representing labour at the National level and are known as Central Trade Unions or Central Trade Union Organisations (CTU or CTUO).

The present status can be approximated based as per the report titled, "Trade Unions in India" published in 2010 by the Labour Bureau, Ministry of Labour and Employment which cited. The total no. of registered Trade Unions was 18602 in the year 2010. The number of Unions submitting returns was 2937 i.e. 15.8 percent of the total registered unions. The average membership for workers union was 1735 only. Out of

total of 18602 registered unions as many as 18546 unions. Out of 18546 Workers Unions, 92.16 per cent were State Unions and remaining 7.84 per cent were Central Unions.

3.8 PROBLEMS FACED BY TRADE UNION IN INDIA

The Indian Trade Union movement is more than 80 years old and during this period, it has made considerable progress. However, the movement has not grown on sound lines. Indian trade unions suffer from a number of difficulties.

1) Lack of Balanced Growth:

Trade Unions provide protection against adversity imposed by Big Industrial Houses but those working in agriculture sector, small scale and cottage Industries are still without any backing, hence decreases union's potential strength.

2) Small Size of Union Membership:

Employees fear management actions in case of strike support in terms of pay cut and punishment leading to hesitation in joining a trade union, although they desire the benefits. Hence trade unions suffer from low membership, with exception of a few.

3) Poor financial Position:

Trade Unions depend upon the contributions from philanthropists, low subscription amount deposited by members and in absence of sources of finance only weaken their positions.

4) Outside Leadership:

Unions in India have depended for their leaders mainly on social workers, lawyers and other professional people. Politicians seem to have taken a liking for trade union leadership. As a result, uncommitted and inefficient leadership has been a serious weakness of Indian trade unions

5) Political Control

Affiliation with political parties leads to publicity of grievances of working class for sole focus of gaining political gains, however, solutions cannot be derived from the partially explained situations.

6) Lack of Able Leaders:

Leaders that call strikes on small issues which are easily resolvable through communications with management or the one that have secret pacts with employers are not healthy for any trade union since their corruption is detrimental to interests of the workers when unilateral decisions are taken without discussion with members in general body.

7) Poverty and Low Level of Wages of the Workforce:

On account of general poverty and poor wages, workers are not able to regularly subscribe to the fund of the union. The unions in India thus suffer from weak financial position. Unions therefore have to depend upon extraneous sources which ultimately dilute the strength of the union.

8) Indifferent Attitude of the Members

Delayed subscription fees after numerous reminders by union treasurer, absence from participation in union meetings and activities such as demonstration, hunger strike, slogan shouting shows the prevalent indifferent attitude of member employees towards union operations as they expect office bearers to achieve their demands on their own.

3.9 MEASURES TO STRENGTHEN TRADE UNION IN INDIA:

Trade unions play a vital role in maintaining and expanding the Industrial efficiency rate through various actions. Trade unions realize workers about their duties and responsibilities. The objective of a responsible trade union is to make necessary arrangements for uninterrupted production activities and promote harmonious relations between employees and employers. It becomes helpful to improve the wage policy and maintain the uniformity in it. The presence of effective and responsible trade union safeguards the interest of employer as well as employee. The measures should be taken for strengthening trade unions as follows:

1) Improve financial position:

Funding is essential to unions for print pamphlets, booklets, banners and travelling expenses of office-bearers in course of activities relating to employee causes and demands. Hence, it is recommended that financial position of unions be improved through charging subscription fees in tune with cost of union operation, timely payment of subscription fee and philanthropist contributions.

2) Workers Education:

Workers Education is a very important aspect to make the trade union activities positive. Proper training and technical sessions should be conducted for making the employees, workers aware about their own duties for the organization. He should be trained for making him aware about the Indian laws, rules and regulations in details.

3) Increase Membership

Employees need to recognize the importance of continuity-based cooperation and collective bargaining, and the initiative for such awareness may lie with union office bearers, since strength in increased membership places them in a better position. The philosophy of the hour is United We Stand and Divided We Fall.

4) Effective Leadership:

Union leaders should be one of the workers only. Worker can realize the problems faced by the co-workers easily. The education, dedication towards the union, and regular time investment for union activities makes the union leadership effective. The workers leaders of unions should be dedicated, cool in nature, patience and capable to organize effective action plans. The outside social activists / lawyer / political leaders cannot be an effective leader.

5) Internal Unity:

Unity at the end of all trade unions is the need of the hour. The rivalry relation among the different union makes the labour movement in effective. The laws regarding single policy, single movement, single approach is required in Indian scenario to make the labour movement strong.

6) Free from political pressure:

The influence of political leaders should be kept away from the trade unions. As discussed in the problems face by the trade unions, the political leadership mislead the leaders of the union.

3.10 SUMMARY

Trade union is the forum of people with similar interest who can raise voice against the exploitations done by the other parties. It provides the strength to sit at the equal level for collective bargaining. Trade Unions are voluntary organization of Workers as well as Employers formed to protect and promote the interest of their members. They are the most suitable organizations for balancing and improving the relations between the employer and the employees. A trade union is a continuous association of wage-earners for the purpose of maintaining and improving the conditions of their working lives. The trade union movement in India was influenced by both economic and political conditions. The movement accelerated its pace along with spread of industrialization. The initial push was provided by economic factors (like low wages and soaring cost of living) and in later years political factors added a new dimension to the movement.

3.11 QUESTIONS

- 1) What is a trade union? Discuss the objectives and functions of trade unions.
- 2) briefly explain the Problems of trade unions in India.
- 3) Briefly describe the evolution and development of trade unions in India prior to independence.
- 4) What measures should be taken to strengthen Trade Unions in India?

3.12 FURTHER READINGS

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TRADE UNIONISM - II

Unit Structure:

- 4.1 Objectives
- 4.2 Introduction
 - 4.2.1 Concept of Outside Leaders
 - 4.2.2 Role of Outside Leadership in Trade Union
- 4.3 International Labour Organization (ILO)
 - 4.3.1 Objectives of ILO
 - 4.3.2 Functions of ILO
 - 4.3.3 Constitution of the ILO
 - 4.3.4 India and ILO
- 4.4 Summary
- 4.5 Questions
- 4.6 Further Readings

4.1 OBJECTIVES

1. To understand the Role of Outside Leadership in Trade Union.
 2. To understand the objective and functions of the International Labour Organization.
 3. To understand the impact of ILO on Labour Legislations in India.
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4.2 INTRODUCTION

Leadership is a pervasive expression and phenomenon with diverse meanings. Leadership in this perspective entails considerate utilization of power and focus on salient issues that positively affect the lives of others. Trade union leadership personifies the trade union as an institution that focuses on the dignity of labour, craves harmonious workplaces and desires good quality of (worker) work-life. Their utility comes from the impacts in the lives of both working and non-working-class people and their families. Effective trade union leadership holds cardinal prospects to solve problems emanating from socio-economic and political globalization on workers' collectives.

4.2.1 Concept of Outside Leaders:

Trade union leadership can be viewed as evolving out of dynamic reciprocity between leaders and followers i.e. workers in the context of industrialization process. In trade unions we find two types of leaderships 'outside leadership' and 'Insider leadership'. 'Outside leader' is the term usually applied to the persons holding leadership positions in trade unions who are not actual 'labourers' or 'employees'.

As **S.D.Punekar and S. Madhuri**, point out, the definition of leadership given by Bogardus best describes leadership in a trade union. (The definition is quoted above in section 2.1) Trade union leadership can be viewed as evolving out of dynamic reciprocity between leaders and followers i.e. workers in the context of industrialization process.

N.K.Sengupta in his paper entitled 'Leadership in Trade Unions' describes 'who are the outsiders?' He observes - "The outsider is either a professional trade unionist belonging to one of the national trade unions or a politician and at times a freelancer.

Outside leaders such as politicians, professionals and inside leaders emerging from employees themselves appear in the leadership scene of trade unions in India. Though some outsiders may develop vested interests and give priority to self-interests over workers' interests, there are some outsiders who work for the protection of workers' interests and are loyal to the employees. It can be said that unless and until inside leadership becomes sufficiently self-relict and self-dependent, outside leadership will play an important role in trade unions in India.

Outsiders in Unions One of the crucial problems facing the Indian trade unions today is the question of trade union leadership. The control of the Indian trade unions by political parties has naturally resulted in the latter providing and controlling the top leaders not only of the national federations but also, in many cases, of individual unions whether operating at the plant or the industrial level. It is through these leaders that the Indian political parties control the policies and the day-to-day working of the trade unions. Such leaders have come to be known as "outsiders". Besides the politicians, social workers, lawyers and doctors have also been providing leadership to the Indian trade unions. The trade union law provides for the presence of outsiders as office bearers (the Trade Unions Act, 1926 stipulating that the outsiders may hold one half of the positions in a union; and the Trade Unions (Amendment) Act, 2001 limiting the proportion of outsiders to 1/3rd of the total number of office-bearers or 5, whichever is less generally, and 50 per cent in the unorganized sector). But this is not the main reason for their presence. Workers felt the need for them a hundred years ago, and they still do, although for different reasons.

In the early years' outsiders were needed because the illiterate and ignorant workers, drawn largely from socially deprived groups, were too fearful of their employers. That can hardly be said to be the reason today, at least not in medium and large enterprises in the organized / formal sector. The social background of the workers has changed

dramatically and organizing a trade union is no longer the seditious activity it was once thought to be. And yet the institution of outside leadership is alive and kicking.

4.2.2 Role of Outside Leadership in Trade Union:

Leadership to the trade union movement in India came from outside the industry right from the beginnings of the movement. The initial momentum was given by the leaders of the freedom struggle. Before independence, it was Mahatma Gandhi who spearheaded the trade union movement. Under the charismatic leadership of Gandhi, the philosophy of the trade union movement was articulated and practiced. His ideas on the trade union movement later on became a philosophy to be studied, followed and practiced. All major political parties have their trade union affiliates. Although, the relationship between political parties and the trade unions is not openly admitted but the nexus between them is widely accepted.

Two important features of trade unionism in India have been outside leadership and political affiliation. Since, the very inception of trade unions in our country these have been inseparable mixed with the political awakening. Instead of it being developed through the evolutionary process, entire union growth has been engineered by outsiders, mostly politicians who have maintained a close and continuous association with the trade union movement. Today each bigger political party has its own labour wing. Such association of outsiders with trade unionism has not been an unmixed evil for workers and even for the trade union movement.

The leadership of most of the Trade Unions in India has been outside leadership mainly drawn from political parties. As the labour movement in India is deeply involved in the policies and politician, most of the political leaders are also drawn from Trade Unions. For example, Lok Nayak Jayprakash Narain, former President of India, V.V. Giri, Former Governor of A.P., Khandubhai Desai, Former Union Minister, A.P. Sharma, George Fernandes, all worked as Trade Union Leaders. Infact, political parties invented Trade Unions in India.

Under the Trade Unions Act, 1926, any person not actually engaged or employed in the industry concerned is deemed to be an outsider, Section 22 of the Act requires that ordinarily not less than half the officers of a registered union shall be actively engaged or employed in an industry to which the union relates. "Officers" include the members of the executive. The controversy about outsiders in a union in India is as old as the enactment of the Trade Unions Act or perhaps older. Upto 1920, the Government, while permitting unions or associations of their own employees, did not allow outsiders to be connected with them.

The Royal Commission on Labour emphasized the need for training insiders for accepting greater responsibilities in managing union affairs. The evil effects of outside leadership as analyzed by the National Commission are:

- i) It has undermined the purposes of the unions and has weakened their authority as more weight is usually attached to political considerations rather than to economic and social objectives, and often even personal benefits and prejudices may be more important than the cause of labour itself. "Participation by those not belonging to the working class opens the door not only for the genuine sympathizer and for the political organizer, but also for the exploiter who has no purpose to serve but his own advantage.
- ii) It has been responsible for the slow growth of inside or internal leadership and has thus prevented the trade union movement in the country from being self-reliant and truly democratic.
- iii) As most of the leaders of trade unions are not from the rank and file and lack of industrial background and technical knowledge, they have failed to put forth the labour view-point effectively and protect its interests properly.
- iv) It is contended that an 'outsider' is more prone to cause disturbance of industrial peace or harmony. The argument of the union organizers is that anyone who has devoted his life to union work and has been a full-time union worker, whether he had ever worked as an employee in an industry or not, should not be treated as an 'outsider'. Experience reveals that in many cases unions with Inside leadership have not shown only special concern for industrial harmony. For an employer, in many cases, the objection to an 'outsider' is in essence an objection to practical individuals, e.g., dismissed employees or politicians.
- v) It is contended that an 'outsider' is more prone to cause disturbance of industrial peace or harmony. The argument of the union organizers is that anyone who has devoted his life to union work and has been a full-time union worker, whether he had ever worked as an employee in an industry or not, should not be treated as an 'outsider'. Experience reveals that in many cases unions with Inside leadership have not shown only special concern for industrial harmony. For an employer, in many cases, the objection to an 'outsider' is in essence an objection to practical individuals, e.g., dismissed employees or politicians.

While a dismissed employee working as a union leader is alleged to create difficulties in the relations between the union and the employer. the presence of for a proper understanding of the role of outsiders in trade unions, it is important to recognize the other side of the picture a?

- a) The present state of unionism, consciousness amongst workers and much improvement in their conditions are largely due to outside leadership
- b) The outsiders being beyond the jurisdiction of employers, add, to the strength and bargaining power of trade unions. They act as free agents of labour and are not afraid of any action being used against them for their union activities.

- c) Quite often the so-called outsiders have proved to be immensely helpful in consolidating and unifying the unconscious and ignorant mass of labour either by the weight of their personality or by providing it true guidance and useful services.
- d) The political affiliation of outsiders has often served as a platform to ventilate workers' grievances and sometimes mobilize public opinion towards labour's cause.
- e) Indian workers being the complicated nature of industry makes the unions require the services of educated or technical personnel, not necessarily connected with the plant as helpers or well-wishers. Industrial negotiations have become more complex owing to the legal framework and procedures under which they are to be conducted. Unions must have whole time office-bearers and their own expertise. More affluent unions can afford to pay for them, but others have to depend upon outsiders.
- f) Trade Union legislation in India deals with outsiders in a somewhat different manner than in many other countries, legislation in many countries contains no provision concerning grounds for disqualification from holding office in a trade union or employer's organization.

The evil effects of the outside leadership analyzed by National Commission on Labour are as follows - Outside leadership undermined the purpose of Trade Union and weakened their authority. Personal benefits and prejudice sometimes weigh more than unions. - Outside leadership has been responsible for the slow growth of Trade Unions. - Internal leadership has not been developed fully. - Most of the leaders cannot understand the workers problems as they do not live the life of a worker.

4.3 INTERNATIONAL LABOUR ORGANIZATION (ILO)

The ILO was established as an agency for the League of Nations following World War I. It was established by the **Treaty of Versailles** in **1919**. Its founders had made great strides in social thought and action before the establishment of the organization itself. In 1946, the ILO became a specialized agency of the United Nations. Its unique tripartite structure gives an equal voice to workers, employers and governments providing a unique platform for promoting decent work for all women and men. The ILO has played a significant role in promoting labour and human rights. It had held a significant position during the Great Depression (1930s) for ensuring labour rights. It played a key role in the decolonization process and in the victory over apartheid in South Africa. The organization got the Nobel Peace Prize in 1969, for its efforts to improve peace amongst the classes, and for promoting justice and fair work for the workers.

4.3.1 Objectives of ILO:

The four strategic objectives at the heart of the Decent Work agenda are:

1. To develop and effectuate standards, fundamental principles, and fundamental rights at work.
2. To ensure that men and women have equal access to decent work while enhancing opportunities for the same.
3. To magnify the coverage and effectiveness of social protection for everyone.
4. To strengthen Tripartism and social dialogue.

In support of its goals, the ILO offers expertise and knowledge about the world of work, acquired over more than 90 years of responding to the needs of people everywhere for decent work, livelihoods and dignity. It serves its tripartite constituents and society as a whole in a variety of ways, including:

1. Formulation of international policies and programmes to promote basic human rights, improve working and living conditions, and enhance employment opportunities.
2. Creation of international labour standards backed by a unique system to supervise their application.
3. An extensive programme of international technical cooperation formulated and implemented in an active partnership with constituents, to help countries put these policies into practice in effective manner.
4. Training, education, and research activities to help advance all of these efforts

4.3.2 Functions of ILO

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

1. It adopts international labour standards. They are adopted in the form of conventions. It also controls the implementation of its conventions.
2. It aids the member states in resolving their social and labour problems.
3. It advocates and works for the protection of Human rights.
4. It is responsible for the research and publication of information regarding social and labour issues.
5. The Trade Unions play a pivotal role in developing policies at the ILO, thus the Bureau for Workers' Activities at the secretariat is dedicated

to strengthening independent and democratic trade unions so they can better defend workers' rights and interests.

6. The ILO also assumes a supervisory role: it monitors the implementation of ILO conventions ratified by member states. The implementation is done through the Committee of Experts, the International Labour Conference's Tripartite Committee and the member-states. Member states are obligated to send reports on the development of the implementation of the conventions they have approved.

The Declaration of Philadelphia, which is also a part of the constitution of I.L.O., was adopted at the 26th session of the International Labour Conferences held in Philadelphia in May 1944. The Declaration reaffirms the fundamental principles upon which the Organisation is based and, in particular, that:

- (a) Labour is not a commodity;
- (b) Freedom of expression and of association are essential to sustained progress;
- (c) Poverty anywhere constitutes a danger to prosperity everywhere and
- (d) The war against want requires to be carried on with unrelenting vigour within each nation, and by continuous and concerted international efforts in which the representatives of workers and employers, enjoying equal status with those of Governments, join with them in free discussion and democratic decision with a view to the promotion of the common welfare."

4.3.3 Constitution of the ILO:

The functions of the International Labour Organization are carried on through its three principal organs, namely (A) The International Labour Office which is its permanent secretariat; (B) the Governing Body, which is its executive; and (C) the International Labour Conference. The composition of these organs is given below:

A) International Labour Office:

The International Labour Office with its headquarters at Geneva, acts as a secretariat, a world information centre and a publishing house. It is staffed by experts drawn from different countries. It remains engaged in researches and studies on problems connected with labour and serves as a clearing house of information on social and industrial questions. The International Labour Office has branches and correspondents in many countries.

B) Governing Body:

It is the executive council of the I.L.O., which exercises general supervision over the work of the offices, frames its budgets and is

responsible for setting up expert committees and coordinating their works etc. It normally meets thrice a year. The Governing Body of the International Labour Office consists of 48 members, 24 representing Governments, and 12 representing employers and 12 representing workers. Ten out of twenty-four Government seats are held by ten countries of chief industrial importance of which India is one. I

C) International Labour Conference:

The General Conference, which is usually convened once a year is composed of four representatives of each of the Member States of whom two shall be Government delegates and the other two delegates representing respectively the employers and labour of each of the members. Each delegate may be accompanied by advisers not exceeding two in number for each item on the agenda of the Conference.

4.3.4 India and ILO:

India, a Founding Member of the ILO, has been a permanent member of the ILO Governing Body since 1922. The first ILO Office in India started in 1928. The decades of productive partnership between the ILO and its constituents has mutual trust and respect as underlying principles and is grounded in building sustained institutional capacities and strengthening capacities of partners. It has a two-directional focus for socio-economic development: overall strategies and ground-level approaches. The ILO's overarching goal is Decent Work, i.e., promoting opportunities for all women and men to obtain decent and productive work in conditions of freedom, equity, security and dignity. DW is at the heart of ILO's strategies for economic and social progress, central to efforts to reduce poverty and a means to achieve equitable, inclusive and sustainable development India's 11th Plan's vision of faster and inclusive growth through a process which yields broad-based benefits and ensures equality of opportunity for all – with a strong emphasis on decent working and living conditions for all. A number of India's 11th Plan targets are in consonance with the DW agenda. The Decent Work Technical Support Team (DWT) for South Asia stationed in New Delhi, through its team of Specialists, provides technical support at policy and operational levels to member States.

• **Technical Assistance Activities:**

The I.L.O.'s Asian Field Office in Bangalore continued to render assistance in the field of technical assistance. The services of three I.L.O. experts on social security were secured in 1953 with a view to advising the Government of India on the organization of the Employees' State Insurance Scheme and the methods of its administration as well as the development of the penal system of medical benefits. One of the experts organized practical training course for instructors with the object of training a nuclear staff for operating the training schemes of the Employees' State Insurance Corporation. Expert assistance was also rendered in the setting up of the Penal system. A number of important

matters relating to the organisation and administration of the Scheme were referred to the experts for advice.

- **Impact of ILO On Labor Legislations in India:**

Major impact of ILO on Labor legislations in India With the evolution and expansion of small plants, factories and industries in the Indian subcontinent starting in the mid of the nineteenth century, new possibilities for employment were generated, resulting in a ongoing migration of the labor from poor rural areas to factories and mills located basically in urban areas. During time, in the lack of any control on organization's labor by the state, the employers were very less concerned for the needs of their workers; wages were very low, very long working hours, and unsatisfactory the employees' employment conditions. The situation led to the depiction of a large number of labor legislations beginning since the year of 1881. These labor legislations include, The Factories Act 1881, Workmen's Compensation Act -1923, Mines Act 1923, Trade Unions Act-1926, Trade Disputes Act -1929, Payment of Wages Act -1936, Employment of children act- 1938 and Maternity Benefit Act in 1939.

- The Factories Act 1881: This act is the basis of all industrial and labor laws in India. It contained requirements for working hours of women and workers with the minimum age of children for employment. When International Labor Organization was established in 1919, this Act was amended and subsequently retracted, resulting in the declaration of the Factories Act 1934. It makes provision for health, safety, and hygienic condition of the workers, special provision for women and young workers. It also forbids child labor. It provides limits of work for a child in factories, including seasonal factories.
- Mines Act 1923: This Act make provisions for labors working in Indian mines. The working hours for labor employed on surface were limited fifty per week and ten per day. According to Mines Act periods of work shall not be more than 12 hours in any day, this also include rest period. For workers who are employed underground, the daily limit for them is nine hours per day. The Act does not cover provisions related to overtime work. No worker can work more than six days in a week. The Act does not make any provision for wages during the day of rest.
- Trade Union Act and Payment of Wages Act. The Indian government under British set up an enquiry committee in 1926 to determine the shortcomings for anomaly of payment of wages to industrial labors. As the result Trade union act of 1926 come up.
- The Royal Commission on Labor was appointed in 1929, the commission considered the reports and suggestions of the enquiry committee and recommended for implementing prevention of disorders relating to payment of wages.

- The Payment of Wages Act 1936 was passed to regulate the payment of wages to definite classes of people employed in industry. The object of the Act obviously was to offer a low-priced and quick therapy for employees to whom the Act applied and to recover wages due to these employees.
- The Weekly Holidays Act of 1942: This act recommends one paid holiday in a week for people working in any restaurant, shop, or theatre excluding position of management, and confidential positions. The government is authorized to award additional paid half-day holiday in a week.
- The Industrial Disputes Act, 1947: This act came into being on the 1st day of April 1947. The Act provided for establishment of industrial tribunals by the appropriate government in British India. It established a full-fledged industrial tribunal for adjudication of industrial disputes for the first time.
- The Industrial Employment (Standing Orders) Act, 1946: This act came into force for the first time to employers in industrial establishments which are employing hundred or more workers. This act provides the way to define the terms and conditions of employment of worker in the form of standing orders.
- The Merchant Shipping Act, 1923 provided for an agreement between the master of the ship and seaman concerning their terms of service.

4.4. SUMMARY

The ILO has done a lot in influencing the labour movement in India. Without the I.L.O., the pace of labour legislation in India would have been quite slow and the labour movement perhaps would not have achieved so much success during such a short period. Only tripartite U.N. agency, the ILO brings together governments, employers and workers representatives of 187 member States to set labour standards, develop policies and devise programmes promoting decent work for all women and men. Today, the ILO's Decent Work agenda helps advance the economic and working conditions that give all workers, employers and governments a stake in lasting peace, prosperity and progress.

4.5 QUESTIONS

1. Write a note on the role of outside leadership in trade unions.
2. Describe the objectives and functions of the International Labour Organisation.
3. Examine the impact of I. LO on Labour Legislations in India.

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Module 3

INDUSTRIAL RELATIONS -I

Unit Structure:

- 5.1 Objectives
- 5.2 Introduction
 - 5.2.1 Concept of Industrial Disputes
 - 5.2.2 Historical Background of Industrial Disputes
 - 5.2.3 Causes of Industrial Disputes
 - 5.2.4 Causes of Industrial Disputes in India
 - 5.2.5 Settlement Mechanism for Industrial Disputes in India
- 5.3 Concept of Collective Bargaining
 - 5.3.1 Features of Collective Bargaining
 - 5.3.2 Importance of Collective Bargaining
 - 5.3.4 Growth of Collective Bargaining in India
 - 5.3.5 Pre-Requisites for Successful Collective Bargaining
- 5.4 Summary
- 5.5 Questions

5.1. OBJECTIVES

1. To understand the concept of industrial dispute.
2. To study the various causes of industrial disputes
3. To understand the industrial dispute resolution mechanism in India.
4. To understand the concept of collective bargaining.
5. To study the importance of collective bargaining.
6. To understand the pre-requisites for successful collective bargaining.
7. To know the development of collective bargaining in India.

Industrial Dispute was disturbing the economic, social and political life of a country. A strike in a public utility service like water supply, power gas, posts & telegraphs or telephone service, railways or roadways or any hospital, sanitation and defense will disorganizes public life. The workers lose the wages for the strike period. It results in a huge wastage of man days and dislocation in the production work. Industrial Disputes crease issues between employer and employee. Thus, the government was implementing many welfare measures to the working employee that help to maintain good relationship between employer and employee. Economic production is one of the basic activities of human aggregate. It plays a determining role in shaping the social structure and social relations of that human aggregate. Therefore, in a rural mode of production, there is no conflict between worker and employer. But with the advent of industrialism and division of labour, the relationship between employer and employee became more impersonal. Consequently, different labour problems have been emerged. Industrial disputes are also the inevitable consequences of modern industrial life. Owing to differences between employers and workers, there are strikes, lockouts, go-slow tactics and absenteeism resulting a considerable loss of manpower and output.

5.2.1 Concept of Industrial Disputes:

Industrial Dispute means any dispute or difference between employers and employers or between employers and workmen or between workmen and workmen.

According to Section 2 (t) of the Industrial Disputes Act, "Industrial dispute means any dispute or difference between employers and employers, or between employers and workmen, or between workmen and workmen which is connected with the employment or non-employment or the terms of employment or with the conditions of labour of any person.

5.2.2 Historical Background of Industrial Disputes

a) Before 1918-19:

Before 1918-19, strikes were not very common in India. It was the public was because neither labour was organized nor opinion enlightened. But strikes began to occur after the organization of labour and development of modern industrialization. The first strike occurred in a textile factory in Bombay in 1882. This was followed by other strikes. During 1882 to 1890, twenty-five trikes were recorded in the Bombay and Madras Presidencies. But these strikes were unsuccessful. In 1905, there were a number introduction of electricity and thus, before World War I strikes in Bombay due to the expansion of working hours. Thus, before World War - I strikes were quite infrequent because the workers lacked leadership and organization. Further, they had an entirely passive outlook life and regarded a return to their homes in villages as the solace.

b) After World War I:

After the termination of the First World War, a sharp increase in industrial disputes took place. The Russian Revolution had created a revolutionary tide all over world. Therefore, Indian workers were also affected by it. During this period, strikes were very successful. Besides, the establishment of ILO also attached a great dignity to lab organizations which encouraged the growth of trade unionism India. Apart from this, rise in prices, rise of labour leaders the movement for national independence, are also some of the important factors which are responsible to the substantial increase in the frequency of strikes. But during the period of 1923-1927 there was a substantial fall in the number of strikes. By this period, wages increased and prices fell considerably. Beside working hours were reduced and conditions of work also improve to a large extent.

c) Disputes After 1929:

The depression, which set in, affected the industries adversely. Therefore, the employers tried to counteract the depression by retrenchment, wage-cuts and better methods of production. Consequently, there started a second round of industrial unrest. In 1928, the workers in Bombay organized a big strike against the introduction of rationalizations. The workers who participated in the strike were victimized and therefore, another big strike occurred in 1929 which covered all the workers in the Bombay Cotton Mills. This strike was very significant due to two reasons. Firstly, as a result of this strike Communist influence spread amongst the Indian worker. Secondly, this strike paved the way for the enactment of the Trade Disputes Act of 1929.

During 1930-1937 there were short-lived strikes. The election held under the Provincial Autonomy raised great hopes in the minds of Indian workers. But after election, workers did not find any immediate improvement in their conditions. Therefore, discontentment was again raised among workers and general strike occurred in Kanpur, Bombay and Bengal.

d) Disputes After 1939:

With the outbreak of the World War II in 1939, discrepancy increased between the worker's earning and cost of living. Besides, there was inflationary rise in the prices of all essential commodities. Therefore, the number industrial disputes increased to a large extent. In 1940, textile workers in Bombay went on strike. Similarly, textile workers of Kanpur, jute workers of Bihar and Bengal, coal miners of Dhanbad Jharia and steel workers of Jamshedpur also went on strike. In order to check this unrest, the Government declared it illegal in all essential industries. These restrictions were added according to the Defence of India Rules. The result was that during the period from 1942 to 1946 there were no large-scale strikes and lock-outs. But as soon the war came to a close restrictions were removed, strikes again burst forth all over country. In July 1946, there occurred a widespread strike of and Telegraph workers.

e) Industrial Disputes After Independence:

After Independence on 15th August 1947, various social and political changes took place the country. At that time, nation's economy was adversely affected due to the scarcity of goods and inflationary conditions. Besides, the partition also created various difficulties. Consequently, the Government could not pay considerable attention towards the labour problems. Moreover, the militant propaganda so gave an impetus to strikes. Therefore, industrial unrest prevailed in all labour organizations and a number of strikes took place in Bombay, Madras and Uttar Pradesh. In Bombay, there was a big strike in 1947 in which about one lakh of workers were involved. Another big strike occurred in Buckingham and Carnatic, Madras. In addition to these strikes, there were number of demonstrations all over the country.

Therefore, in 1947, the Government came forward with the Truce Resolution, which stressed the need for co-operation between workers and employers. In 1948, strikes again occurred in Coimbatore, Nagpur, Kanpur, Bengal and Bombay. In 1949-50, lockouts occurred in the textile Mills in M. P. and Kanpur. The textile workers in Bombay went on strike over the question of bonus payment. This was one of the biggest strikes in which about two lakhs of textile workers were involved. In 1952, the Defence workers in Government Ordnance Factory, Poona, textile workers at Ahmedabad, Jaipur and Bombay and transport operators in Bombay went on strike. In 1953, strikes occurred in the iron and steel workers at Burnpur and in tea plantation in Assam. In 1955, strike also occurred in textile mills at Kanpur in which workers opposed to the introduction of rationalization.

In 1956, general strikes also occurred in Bombay, Ahmedabad and Calcutta against the issue of States Reorganization. Besides during this year, strikes also occurred at Kharagpur, Nagpur and in a number of collieries and quarries in West Bengal and Bihar.

5. 2.3 Causes of Industrial Disputes:

Industrial disputes are a common feature of all industrialized economies, whether it is a capitalist economy or socialist economy or mixed economy. Industry and industrial dispute always go hand in hand in fact they are the two sides of the same coin. The employees who give their services and time to the industry are interested in higher wages, good working conditions and want to have a voice in management. The employers on the other hand are more interested in profits, productivity, quality and control of cost. With both these forces acting in opposite direction there is a maximum possibility of disputes and so industrial disputes have become a major feature of industrialization. Industrial disputes may arise out of economic, political, social or from socio – economic background. At the same time the attitude of the employers and employees is also responsible to a great extent. The factors leading to industrial disputes may be industry related, management related, government related or union related. The following are some of the important causes of industrial disputes.

The causes of industrial disputes can be broadly classified into two categories: economic and non-economic causes. The economic causes will include issues relating to compensation like wages, bonus, allowances, and conditions for work, working hours, leave and holidays without pay, unjust layoffs and retrenchments. The non-economic factors will include victimization of workers, ill treatment by staff members, sympathetic strikes, political factors, indiscipline etc.

The most common causes of industrial disputes can be listed as;

- A) Economic causes:
 - i. Wages and other benefits
 - ii. Inadequate wages
 - iii. Undesired deductions from wages.
 - iv. Poor fringe benefits
 - v. No bonus or other incentives, etc.
- B) Terms and conditions of Employment:
 - i. More hours of work.
 - ii. Working in night shifts.
 - iii. Promotion, lay off, retrenchment, dismissal, etc
- C) Working conditions:
 - i. Environmental conditions such as too hot, too cold, noisy, dirty, messy, etc
 - ii. Improper plant and workstation layout
 - iii. Old and trouble giving machines.
 - iv. Frequent changes in products, etc.
- D) Denial of legal and other rights of workers
 - i. Not proceeding as per labour laws and regulations, standing orders etc.
 - ii. Violation of already made mutual agreements (Le. between employer and workers).
- E) Institutional causes
 - i. Non recognition of the labour union by the management
 - ii. Matters of collective bargaining.
 - iii. Unfair conditions and practices.
 - iv. Pressing workers, not to become members of union, etc
- F) Psychological causes
 - i. Difficulty in adjusting with each other (i.e. employer and worker).
 - ii. Clash of personalities.
 - iii. Authoritarian Leadership (administration).
 - iv. Demand for self-respect and recognition by workers.
 - v. Strict discipline.
- G) Political Causes
- H) Indiscipline and Violence

5.2.4 Causes of Industrial Disputes in India:

Industrial disputes are natural in the industrial sector since the interests of the employers and the workers are diametrically opposite. While the former aim at maximization of profits, the latter aim at maximization of wages and salaries. Disputes on the issues of wages and allowances, bonus, hours of work, leave, privileges, victimization of employees, etc., are quite common in all countries. The two most important causes of industrial disputes in India have been the issue of 'Wage and Allowance' and 'Personnel and Retrenchment'.

Causes of industrial disputes in India are varied. The following are some of the important causes of industrial disputes in India:

The Ministry of Labor, Government of India has classified the causes of industrial disputes in 1991 in the following categories:

- Wages and allowances.
- Personnel.
- Retrenchment.
- Layoff.
- Leave, hours of work, shift working.
- Bonus.
- Indiscipline.
- Violence.
- Gherao.
- Inter and Intra-union rivalry.
- Non-implementation of law, awards, agreements.
- Charter of demands.
- Workload or work norms.
- Labor surplus or shortage.
- Demands for better amenities.
- Change in or suspension of manufacturing process

Discussed below are the major causes of industrial disputes in India.

1) **Demand for Wages and Allowances:**

The most striking cause of industrial disputes in India is the demand for higher wages and allowances by the workers. While the price level has been increasing constantly at a higher rate but the increase in the rate of

wages could not keep pace with it. This led to a situation where workers resort to strike for raising their rate of wages. In India most of the industrial disputes have resulted from demand for the higher wages. If steps could have been taken for ensuring a system of automatic adjustment process in the wages and prices then the number of disputes would have been reduced to minimum. Since the cost of living index is increasing, workers generally bargain for higher wages to meet the rising cost of living index and to increase their standards of living. In 2002, 21.4% of disputes were caused by demand of higher wages and allowances. This percentage was 20.4% during 2003 and during 2004 increased up to 26.2%. In 2005, wages and allowances accounted for 21.8% of disputes.

2) Personnel and Retrenchment:

Another important cause of industrial dispute in India is the retrenchment and personnel which accounted nearly 29 per cent of the total disputes during 1961-76. During 1981-84, these causes resulted in about 21 to 22 per cent of the total industrial disputes occurred in the country.

3) Leave and working hours:

Leaves and working hours have not been so important causes of industrial disputes. During 2002, 0.5% of the disputes were because of leave and hours of work while this percentage increased to 1% in 2003. During 2004, only 0.4% of the disputes were because of leaves and working hours.

4) Demand for Bonus:

Bonus has always been an important factor in industrial disputes. Another important cause of industrial disputes in India is the demand for bonus by the workers. This has resulted from workers' increasing demand to share profits of the industrial units and employers' non-acceptance of this provision. 6.7% of the disputes were because of bonus in 2002 and 2003 as compared to 3.5% and 3.6% in 2004 and 2005 respectively.

5) Demand for Improved Working Conditions:

Industrial disputes in India has also resulted from demand for improved working conditions such as leave, lesser hours of work, better working conditions like better safe measures, canteen facilities etc. About 2 to 3 per cent of the total disputes is resulted from such demand.

6) Lock-Outs:

Lock-out declared by the employers to counter the militant workers is also another important cause of industrial disputes in the country. Lock out is the result of prolonged strikes and irresponsible trade unionism.

7) Indiscipline:

Indiscipline on the part of workers has contributed to a substantially large number of industrial disputes. From 15 per cent in 1994 to 21 per cent in

1992, indiscipline as a factor fluctuated in the 15 to 21 per cent range. Indiscipline of serious nature leads to commission of inquiry and investigation where the concerned worker is given an opportunity to make submission before the committee. The defaulting person is also allowed to use the services of a union representative who becomes a part of the inquiry committee. However, disputes generally arise when the management takes unilateral decisions on the defaulting person without giving due opportunity to the worker or the union to represent their case. The dismissal of two workers in the Toyota factory at Bangalore when the case of dismissal was subjudice sparked an indefinite strike by the workers union in the year 2005.

8) Charter of Demands.

The Charter of Demands as a cause of industrial disputes ranged from a high of seven per cent in 1991 to a low of five per cent in 1997. The importance of Charter of Demands as a cause of industrial dispute has reduced over time because industries also raise a Charter of Demands and on the negotiating table, demands by workers union are countered by demands by the management or the owners in a spirit of give and take. Wage revisions are linked to revisions in productivity and production.

9) Other Causes:

There are varieties of other causes which are also very much responsible for higher incidence of industrial disputes in the country. These causes include introduction of rationalization measures in the factory, employers' apathy to recognize trade unions, conflict between rival unions, insult of union leaders by the employer, fear of retrenchment arising through computerization, strikes of political nature etc. All these other causes are responsible for about 30 per cent of the disputes during 1961 and 1976 and around 40 per cent during 1981-86.

5.2.5 Settlement Mechanism for Industrial Disputes in India

or

Settlements of Industrial Disputes: Policy of the Government:

Growing industrial disputes is not a healthy sign of industrial development in the country. Thus, from the very beginning the Government has been taking various steps and policies for the settlements of industrial disputes in the country.

The main objectives of industrial relation policy of India are:

- i) Prevention and peaceful settlement of industrial disputes and
- ii) Promotion of better industrial relations.

The Industrial Disputes Act 1947 and its Amendments in 1956: In order to prevent and settle the industrial disputes, the Government of India passed the Industrial Disputes Act in 1947 which was later on amended in 1956.

Following are some of the provisions of the Act to settle industrial disputes in the country:

When preventive measures become either inadequate or ineffective and a strike or a lockout is apprehended or declared, then different methods for the settlement of Industrial disputes are applied. These methods according to an ascending scale of participation by outsiders to the dispute, are known as negotiation, conciliation, mediation and arbitration. Negotiation involves the disputing parties while conciliation involves a third party also. The role of a mediator is positive. By his suggestions, he attempts to bring about a compromise between the parties of dispute. In arbitration, the arbitrator submits a final settlement to the disputants, acceptance of which is either voluntary or compulsory. Apart from this, there is a method of investigation by a party. All methods are very significant in the settlement of industrial disputes.

The problem of industrial relations is very significant. During British period, these relations were treated from the viewpoints of law and order. But after the First World War, when industrial unrest mounted in the country and a working-class movement emerged, the Government realized the shortcomings of her prevailing policy. Besides, the Russian Revolution and the establishment of I.L.O. also encouraged workers for improving their working and living conditions. Therefore, the Industrial Disputes Act of 1929 was passed. In order to resolve labour disputes, this Act made a provision for the establishment of a machinery. By 1938, a provision for compulsory conciliation was made by the Bombay Government. During the Second World War, when there was demand for increased production, compulsory conciliation and adjudication were introduced.

Industrial Disputes Act, 1947:

Industrial Disputes and their settlement have been provided in Industrial Disputes Act, 1947. The Act defines the relevant terms and defines the Industrial Dispute, Industry and the mechanism of the settlement of dispute.

After 1947, when industrial disputes were increased account of economic and political conditions, the Government passed the Industrial Disputes Act of 1947. Accordingly, Works Councils were to be set up in every industrial establishment employing more than one hundred workers. Conciliation was made compulsory in public utility services. strikes were banned. But after 1951, the experiences of the Second Five-Year Plans indicated that strong trade unions are essential for a planned economic development of the country. Hence, the collective contention began to occupy the place of adjudication. But the process of its advancement is very slow. The machinery for industrial peace has been set up under Industrial Disputes Act, 1956, and the Industrial Disputes (Central Rules, 1957).

1. Works Committee;
2. Conciliation Officers;
3. Boards of Conciliation;
4. Courts of Enquiry;
5. Labour Courts;
6. Industrial Tribunals; and
7. National Tribunals.

1) Works Committee:

A Works Committee is to be set up in every industrial establishment employing more than one hundred workers on any day in preceding twelve months. Such a Works Committee is to consist of an equal number of representatives of the employers and workers. It shall be the duty of the Works Committee to promote measures for securing and preserving amity and good relations between the employer and workmen and, to that end, comment upon matters of their common interest or concern and endeavor to compose any material difference of opinion in respect of such matters. It functions at the plant level.

2) Conciliation Officers:

Conciliation officers are appointed by the appropriate Government either for a specified area or for specified industry in a specified area or for one or more specified industries. They are appointed either on a temporary or permanent basis. They act as mediator in industrial disputes. In case of public utility services, they have to commence proceedings immediately on receipt of the notice of a dispute. Their work is purely executive and they are not empowered to give a final decision. Their work is purely executive and they are not empowered to give a final decision. At present the conciliation machinery in the Central sphere rests with the Chief Labour Commissioner. To assist the Chief Labour Commissioner, there is a field organization consisting of Regional Labour Commissioners, Assistant Labour Commissioners and Labour Enforcement Officers. Similarly, the State Governments have their own conciliation machineries, headed by the Labour Commissioners.

3) Board of Conciliation:

A Board of Conciliation is to be set up by the appropriate Government. It consists of a Chairman and two or four other members. The Chairman has to be an independent person. The other members are appointed in equal numbers to represent the parties to dispute and any member appointed to represent a party is recommended by that party. If any party fails to make a recommendation within the prescribed time, the appropriate Government appoints such persons as it thinks fit to represent that party. The Board is obliged to commence its proceedings after having the prescribed quorum even though the Chairman might be absent. The duty of the Board is to endeavor bring about a settlement of dispute. If the settlement of dispute is arrived at during the course of the conciliation proceedings, the Board

sends a report thereof to the appropriate Government together with a memorandum of the settlement signed by parties to the dispute. On the contrary, if no settlement is arrived at, the Board after the close of the investigation submits a report to the appropriate Government regarding the proceedings, circumstances relating to the dispute and its findings.

4) Court of Enquiry:

According to Section 6 (1) of the Industrial Disputes Act, the appropriate Government may, by notification in the Official Gazette, constitute a Court of Enquiry for enquiring into any matter appearing to be connected with or relevant to an industrial dispute. The Court may consist of one independent person or of such number of independent persons as the appropriate Government may think fit and where a Court consists of two or more members, one of them shall be appointed as the Chairman. The proceedings of the Court commence after having the prescribed quorum even if the Chairman might be absent. The duty of the Court is to enquire into the matters referred to it and report thereupon to the Government.

5) Labour Courts:

The Government by Notification in the Official Gazette, can constitute one or more labour Courts for adjudication of industrial disputes. The Court consists of one person only. A person to be appointed has to be a person who has held any judicial office in India for not less than seven years or has been a presiding officer of a Labour Court for not less five years. The Labour Courts adjudicate on the following matters:

- a. the legality of an order passed by an employer Standing Orders;
- b. interpretation of Standing Orders;
- c. discharge or dismissal of workmen;
- d. withdrawal of concession or privilege; and
- e. illegality of a strike or lockout.

6) Industrial Tribunal:

Industrial Tribunal is another authority of adjudication. The appropriate Government may, Notification in Official Gazette, constitute one or more Industrial Tribunals for the adjudication of industrial disputes relating to any matter. A Tribunal consists of one person only who must either a District Judge or a High Court Judge. Two persons to be nominated as assessors to advise the Tribunal in the processing's before it. The functions of the Tribunal are purely judicial but like Civil Court, the Tribunal cannot execute awards made by it. Besides, after announcement of the award, the Tribunal has no power to alter or modify the award.

7. National Tribunal:

The National Tribunal consists of one person only, to be appointed by the Central Government. The Tribunal is assisted by assessors. Both employers and Employees are prohibited from declaring a lockout or going on a strike unless a six weeks' notice before the contemplated

lockout or strike is not given. Strikes are also prohibited during conciliation and seven days after their conclusion. The Central Government may, by Notification in Official Gazette, constitute one or more National Industrial Tribunals for the adjudication of industrial disputes which in the opinion of the Central Government, involve question of national importance or of such nature that industrial establishments situated in more than one State are likely to be interested in, or affected by, such disputes.

8) Arbitration and Adjudication Procedure:

Thus, the above machinery for the settlement of disputes is exclusively based on a third party's intervention. But there has been much controversy over the issue of arbitration, adjudication, and collective argumentation. The working of adjudication and arbitration has been detrimental to the growth of trade unionism. Some labour leaders suggest that voluntary conciliation and arbitration should be treated a part of collective bargaining. Thus, peace is indispensable for the development of an undertaking or industry.

Tripartite Machinery:

The machinery at the Centre mainly consists of Indian Labour Conference, the Standing Labour Committee, the Industrial Committees, and the Committee on Conventions. There is also the Labour Ministers' Conference which is closely associated with the machinery.

National Arbitration Promotion Board:

The Government set up a Notional Arbitration Promotion Board in 1967 to popularize the acceptance of voluntary arbitration as a means of settling labour disputes.

Joint Management Councils:

The scheme of Joint Management Councils sponsored by the Government in 1957 ensures closer association of workers in management on a formally defined basis. Joint Management Councils are, at present functioning in 89 establishments. In order to extend the scheme to as many establishments as possible, Central and State Governments have set up special agencies. Efforts are being made to introduce the scheme in the public sector undertakings.

Since the 1950s various measures have been taken by the Government of India to solve industrial disputes. These measures can be classified into the following four groups:

i) Commission of Inquiry Conciliation, ii) Arbitration /Adjudication by Tribunals and iii) Joint Consultation. Out of these, commissions of inquiry were used in early 20th century to deal with issues concerning an entire industry or a large part of it. For instance, inquiry commissions were appointed to investigate labor demands for bonus and food price rise compensation during the IInd World War. After 1929, Tribunals took over

the functions performed by these commissions. Collective bargaining evolved in the natural course of the trade union movement. Joint consultation in the initial years was mainly through the tripartite machinery. In later years, the government sought to introduce bipartite consultation through various participative schemes. The most important measures taken by the government to solve industrial disputes were therefore conciliation and arbitration/adjudication. Therefore, "obviously this can best be achieved by the parties themselves. Labour legislation and the enforcement machinery set up for its implementation can only provide a suitable framework in which employers and workers can function. The best solution to common problems, however, can be found by mutual agreement."

5.3 CONCEPT OF COLLECTIVE BARGAINING

Collective bargaining is a two-party procedure between employers and trade unions for arriving at commonly agreed solution on matters such as wages and working conditions. It is an institutionalized representative process. The term 'collective' indicates that the representatives are trying to negotiate an agreement for a group of persons. 'Bargaining' is the process of meeting, presenting demands, discussion, presenting counter-offers, giggling and haggling, threatening and a number of other activities that go into the negotiation of an agreement. The essence of collective bargaining lies in the mutual trust and confidence which the parties have in each other and the co-operation they are ready to extend to one another as well as the sincerity of purpose to solve their differences and to arrive at an agreement.

Definition

- 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 organization and the representatives of business organization meet and attempt to negotiate a contract or agreement, which specifies the nature of employee-employer-union relationship."

5.3.1 Features of Collective Bargaining:

1. It is a collective process. The representatives of both workers and management participate in bargaining.
2. 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.
3. It is a flexible and dynamic process. The parties have to adopt a flexible attitude through the process of bargaining.
4. It is a method of partnership of workers in management

5.3.2 Importance of Collective Bargaining:

Collective bargaining has a significant place in modern industrial society. It has benefited all the stake holders of the industry in particular and society in general. The significance of collective bargaining can be brought out through the role it has played in the industry and the society over the years.

A) Importance to employees :

1. Collective bargaining develops a sense of self-respect and responsibility among the employees.
2. It increases the strength of the workforce, thereby, increasing their bargaining capacity as a group.
3. Collective bargaining increases the morale and productivity of employees.
4. It restricts management's freedom for arbitrary action against the employees. Moreover, unilateral actions by the employer are also discouraged.
5. Effective collective bargaining machinery strengthens the trade unions movement
6. The workers feel motivated as they can approach the management on various matters and bargain for higher benefits
7. It helps in securing a prompt and fair settlement of grievances. It provides a flexible means for the adjustment of wages and employment conditions to economic and technological changes in the industry, as a result of which the chances for conflicts are reduced.

B) Importance to employers:

1. It becomes easier for the management to resolve issues at the bargaining level rather than taking up complaints of individual workers
2. Collective bargaining tends to promote a sense of job security among employees and thereby tends to reduce the cost of labor turnover to management
3. Collective bargaining opens the channel of communication between the workers and the management and increases worker participation in decision making.
4. Collective bargaining plays a vital role in settling and preventing industrial disputes

C) Importance to society :

1. Collective bargaining leads to industrial peace in the country
2. It results in establishment of a harmonious industrial climate which supports which helps the pace of a nation's efforts towards economic and social development since the obstacles to such a development can be reduced considerably
3. The discrimination and exploitation of workers is constantly being checked.
4. It provides a method or the regulation of the conditions of employment of those who are directly concerned about them.

5.3.4 Growth of Collective Bargaining in India:

The textile industry in Ahmedabad has the longest history of settlements of disputes by mutual negotiation and voluntary arbitration. In 1918, Mahatma Gandhi was the leader of the textile workers of Ahmedabad. Gandhiji advocated conflict resolution by negotiation and mutual discussion between labor and management through their trade unions. Negotiation, conciliation, and arbitration were to be resorted to in their order of succession in resolving conflicts. The 1918 wage dispute between the Ahmedabad Textile Labor Association and the Ahmedabad Mill Owners' Association was finally settled through an arbitration board representing both employers and workers.

In 1920, a central federation of trade unions known as AITUC was formed. In 1925, a trade union check-off system was started in TISCO. Since then, negotiations between the management and the trade unions have taken place in an informal manner in TISCO. Joint negotiations in cotton textile mills in Madras and Bombay had also taken place. The Trade Union Act was passed in the year 1926 which provided registration to trade unions. The Trade Dispute Act of 1929 empowered the government to appoint Boards of Conciliation for settling trade disputes and made strikes in public utility services as a punishable offence. The Bombay Trade Disputes Conciliation Act of 1934 provided for the appointment of Labor Officers and Special Conciliators and empowered the government to appoint Commissioner of Labor as the Chief Conciliator

In 1938, the Bombay Industrial Disputes Act was passed which provided for elaborate machinery for promotion of peaceful and amicable settlement of industrial disputes. In 1946, the Bombay Industrial Relations Act was passed to replace the Bombay Industrial Disputes Act 1938. This Act provided for constitution of Joint Committees, conciliators, Labor Courts, Wage Boards, and Industrial Court. The employers of industrial establishments are required to constitute joint committees consisting of representatives of labor and management. Conciliators are required to settle industrial disputes. Labor Courts, Wage Boards, and Industrial Courts are adjudication authorities. The Act also classifies trade unions as

representative unions, qualified unions, primary unions, and approved unions. A representative union is the sole bargaining agency. An agreement reached with such a union is effective and binding on both the parties.

The Industrial Disputes Act, 1947 provides for the constitution of Works Committees in industrial undertakings and appointment of conciliation authorities in the form of Conciliation Officers and Board of Conciliation and adjudication authorities in the form of Labor Court, Tribunal, and national Tribunal. The Act contains a detailed list of unfair labor practices on the part of employers and recognized trade unions. Refusal by the employer or the trade union to bargain collectively is considered an unfair labor practice and is therefore a punishable offence. In 1947, the Indian National Trade Union Congress (INTUC) was set up as a central federation of trade unions.

In the post-independence period, many new central federations of trade unions were set up such as Hind Mazdoor Sabha (1948), United Trade Union Congress (1948), Bhartiya Mazdoor Sangh (1955), and Center of Indian Trade Unions (1970). These federations were responsible for accelerating the setting up of trade unions at the plant, region, and industry levels. Simultaneously, the employers' organizations were also set up in various industries which resulted in bargaining at various levels.

Tripartite industrial committees were formed to deliberate on the problems of particular industries. In 1948, industrial committees were formed for plantations, coal mining, cotton textiles, cement and tanneries and leather industries. Later, industrial committees were also formed for jute, chemicals, engineering, electricity, road transport, building and construction, iron and steel and mines. These committees discussed on a number of issues such as wages, working conditions, welfare amenities, retrenchment and closure, lay-off, bonus, standing orders, social security, contract labor and labor legislation.

In 1957, tripartite Central Wage Boards were set up in a number of organized industries such as cotton textile, sugar, cement, jute, tea, coffee and rubber plantations, iron and steel, coal mining, iron ore mining, limestone and dolomite mining, engineering, ports and docks, heavy chemicals and fertilizers, leather and leather goods, electricity undertakings and road transport industry. All the wage boards were required to work out wage structure for the industry as a whole and some were asked to deal with bonus, gratuity and hours of work.

In the post reform period beginning from 1991, the Government of India appointed the second National Commission on Labor in 1999 to suggest rationalization of existing laws relating to labor in the organized sector so as to make them more relevant and appropriate in the context of globalization and opening up of the Indian economy. The commission submitted its report in June 2002.

5.3.5 Pre-Requisites for Successful Collective Bargaining:

Collective bargaining could be an effective instrument in the settlement of disputes and advancement of the cause of labor if certain basic conditions are fulfilled. These basic conditions are as follows:

1. Existence of a truly representative, enlightened and strong union functioning strictly on constitutional trade union lines.
2. Existence of a progressive and strong management conscious of its responsibilities to the owner of business, the employees, consumers, and the nation.
3. Agreement on the basic objectives and recognition of mutual rights and obligations.
4. Delegation of authority to local management when there are several units of a company.
5. Acceptance of a fact-finding approach and willingness to use new techniques and tools for the solutions of industrial problems.

5.4 SUMMERY

Now a days, Government of India, taking some effective measures to reduce the causes of industrial disputes. The Government has to focus the disputes and reduce the industrial conflict in forthcoming days to offer most valuable and useful welfare measures to the employees those who work in the private and public organization and tried to increasing the national economy. Collective bargaining is a continuous process because of the dynamics of the industry. New situation requires negotiation, interpretations, and consensus. Local, industry-wide, nation-wide labor relations and developments affect the agreements once reached. Collective bargaining is regarded as an instrument for maximization of production and a means for equitable distribution of wealth produced by labor and management in the industry.

5.5. QUESTIONS

1. What is industrial dispute? Briefly explain the causes of industrial disputes in India.
2. Explain the measures taken to solve industrial disputes in India.
3. Discuss the Settlement Mechanism for Industrial Disputes in India
4. What is collective bargaining? Explain the importance of collective bargaining.
5. What is collective bargaining? Describe the pre-requisites for successful collective bargaining.
6. Write a note on collective bargaining.

5.6 FURTHER READINGS

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INDUSTRIAL RELATION -II

Unit Structure:

- 6.1 Objectives
- 6.2 Introduction
 - 6.2.1 Meaning and Definitions of Workers' Participation in Management
 - 6.2.2 Features of Workers' Participation in Management
 - 6.2.3 Objectives of Workers Participation
 - 6.2.4 Importance of Worker's Participation in Management
 - 6.2.5 Evolution of Participative Management in India
 - 6.2.6 Forms of Workers' Participation in Management in India
- 6.3 Working Conditions & Life Style of Industrial Labour
 - 6.3.1 Various aspects of working conditions / Scope of Working Condition
 - 6.3.3 Provisions Regarding Working Conditions under the Factories Act of 1948
 - 6.3.6 Working Conditions in Different Industries
- 6.4 Summary
- 6.5 Self-Assessment Questions
- 6.6 Further Reading

6.1 OBJECTIVES

1. To understand the of Workers' Participation in Management
2. To understand the various forms of Workers' Participation in Management in India.
3. To study the present state of Workers' Participation in Management in India.
4. To understand the working conditions and lifestyle of Indian workers.

6.2 INTRODUCTION

The idea of workers' participation arose in Europe, where collective bargaining has usually been at the branch or industry level; this often left a gap of employee representation at the enterprise or plant level, which became filled by bodies such as works councils, works committees, enterprise committees. Workers' Participation in Management is an essential ingredient of Industrial democracy. The International Labour Organization has been encouraging member nations to promote the scheme of Workers' Participation in Management. Workers' participation in management implies mental and emotional involvement of workers in the management of Enterprise. Worker's participation management (WPM) in India was introduced by Mahatma Gandhi in 1920 who emphasized that equal importance and status should be provided to each worker, with dignity of work and mutual exchange of interest between labour and management.

6.2.1 Meaning and Definitions of Workers' Participation in Management:

Worker's participation means involving workers in the decision-making power in the organization. It gives a feeling of belongings to the workers in the organization. It is coming together – beginning, keeping together-progress, working together- success.

Workers' Participation in Management is a very broad concept which has attained several different meanings over the period. 'Traditionally the concept of Workers' Participation in Management (WPM) refers to participation of non-managerial employees in the decision-making process of the organization. Workers' participation is also known as 'labour participation' or employee participation' in management.

Definitions:

- According to International Labour Organization(ILO), "Workers' participation, may broadly be taken to cover all terms of association of workers and their representatives with the decision-making process, ranging from exchange of information, consultations, decisions and negotiations, to more institutionalized forms such as the presence of workers' member on management or supervisory boards or even management by workers themselves."
- According to Keith Davis, "Participation refers to the mental and emotional involvement of a person in a group situation which encourages him to contribute to group goals and share the responsibility of achievement."
- According to Walpole, "Participation in Management gives the worker a sense of importance, pride and accomplishment; it gives him the freedom of opportunity for self-expression; a feeling of belongingness with the place of work and a sense of workmanship and creativity."

6.2.2 Features of Workers' Participation in Management:

- 1) Workers participate in management not as individuals but collectively as a group through their representatives, and participation means mental and emotional involvement rather than mere physical presence.
- 2) Workers' participation in management may be formal or informal. In both the cases it is a system of communication and consultation whereby employees express their opinions and contribute to managerial decisions.
- 3) Workers' Participation in Management (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

6.2.3 Objectives of Workers Participation:

1. To achieve industrial peace and harmony.
2. Purpose of participation is to ensure human dignity and to get the workers' a respectable status in the society.
3. To build the most dynamic Human Resources by develop internal motivation in the workers.
4. To boost the morale of employees and satisfy the workers' social and esteem needs.
5. To raise the levels of the employee production, productivity, and product quality.
6. To satisfy workers by making them feel, that they have their voice in the management.
7. To give workers a better understanding of their role in the working of industry.
8. To develop better mutual understanding so that the workers do not resist a change for the betterment of the concern (e.g., introduction of work study, etc.)
9. To minimize the number of grievances and therefore, industrial disputes.

6.2.4 Importance of Worker's Participation in Management:

1. Increase Industrial Productivity:

The increased productivity is possible only when there exists fullest co-operation between labour and management. It has been found that poor labour management relations do not encourage the workers to contribute anything more than the minimum desirable to retain their jobs. Thus, participation of workers in management is essential to increase industrial productivity.

2. Increases the level of commitment:

An important prerequisite for forging greater individual commitment is the individual's involvement and opportunity to express himself. Participation

allows individuals to express themselves at the work place rather than being absorbed into a complex system of rules, procedures, and systems.

3. Reduced Industrial conflict:

Industrial conflict is a struggle between two organized groups, which are motivated by the belief that their respective interests are endangered by the self-interested behaviour of the other. Participation cuts at the very root of industrial conflict. It tries to remove or at least minimize the diverse and conflicting interests between the parties, by substituting it with cooperation, homogeneity, and common interests.

4. Quality of decisions is improved:

I am sure that you will agree that communication is never a one-way process, also note that it is seldom, if ever, possible for managers to have knowledge of all alternatives and all consequences related to the decisions which they must make. Because of the existence of barriers to the upward flow of information in most enterprises, much valuable information possessed by subordinates never reaches their managers. Participation tends to break down the barriers, and makes the information available to managers. To the extent such information alters the decisions, the quality of decisions is improved.

5. Human Resource Development:

Participation provides education to workers in the management of industry. It fosters initiative and creativity among them. It develops a sense of responsibility. Informal leaders get an opportunity to reinforce their position and status by playing an active role in decision-making and by inducing the members of the group to abide by them.

6. Participation in Management helps workers realize their self-worth and enables them to express themselves, this in turn compensates any loss of feeling found in material benefits.

6.2.5 Evolution of Participative Management in India:

Gandhiji recommended such a radical step, when, in 1946, he advised certain employers, who were faced with a strike of the workers, to withdraw, leaving the factory and management altogether in the hands of the workers themselves. In between these two limits, workers' participation may take the form of joint committees for such functions as safety measures, social and cultural activities, production and productivity personnel counselling, and control of working conditions, auditing, profit sharing, recruitment and dismissals, and management of the enterprise. Earlier in 1937, Gandhiji had pleaded for a milder form of workers' participation, when he said, "It is vital to the well-being of the industry that the workmen should be regarded as equals with shareholders and that they have, therefore, every right to possess an accurate knowledge of the transactions of the mills. If labourers are co-equal owners, their

organizations should have the same access to the transactions of the mills as the shareholders."

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 joint management councils were established in 1950 which increased the labour participation in management. Since July 1975 the two-tier participation called shop councils at shop level and Joint councils were introduced. Workers' participation in Management Bill was introduced in Parliament in 1990. 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. A study team was appointed in 1962 to report on the working of joint councils and committees. 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 program.¹

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. Then, the 42nd Amendment to the Constitution was made. Now, 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. The bill also provides for penalties on individuals who contravene any provision of the bill.

6.2.6 Forms of Workers' Participation in Management in India:

Since Independence various schemes have been formulated by the Government of India to encourage workers' participation in management. The scheme of workers participation in management in India was sponsored by the Government of India. The demand for participation in management never came from the trade unions. Section 3 of the Industrial Disputes Act, 1947 empowered the central and state governments to order employers of industrial establishments employing 100 or more workmen to constitute Works Committees. In 1947, according to the Industrial

¹Refer for detail: Page 246 of Industrial Relations, Trade Unions and Labour Legislation

by P.R.N.Sinha, Indubala Sinha, and Seema Priyadarshini Shekhar.

Truce Resolution adopted at the Industries Conference, Unit Production Committees were recommended to be set up in industrial establishments for promoting the efficiency of workers and improving production. Under the industrial policy resolution of 1948, the Government of India accepted the need for establishing bipartite production committees. In 1958, the scheme for Joint Management Councils was introduced. In 1977, WPM was established in commercial and service organizations in the public sector. In 1976, Article 43A was inserted in the Indian Constitution under the Directive Principles of State Policy. Article 43A of the DPSP states 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 organizations engaged in any industry.” In 1983, a new scheme of Employees’ Participation in Management for public sector undertakings was introduced. In 1990, a comprehensive bill in respect of WPM was introduced in the parliament. The bill is yet to be passed.

The following are the main schemes of WPM implemented in India:

- Works Committee, 1947.
- Joint Management Councils, 1958.
- Board Level Participation, 1970.
- Shop Councils and Joint Councils under old 20-point program, 1975
- Unit Councils and Joint Councils in Commercial and Service organizations in the public sector, 1977.
- Institutions of Employees’ Participation in Management for Public Sector Undertakings, 1983.
- Joint Councils in Government services, 1956 and
- Institutions in some private sector enterprises.

The structure for workers participation in management created in India is as follows:

1. Work Committees:

The Industrial Disputes Act 1947 provides for the setting up of works committee consisting of representatives of management and workers in equal proportion in undertakings employing 100 or more workers. These committees are advisory in nature and their decisions are in the form of recommendations. Such a committee consists of equal number of representatives of employer and workers. The main purpose of works committees is to provide measures for securing and preserving amity and good relations between the employer and employees.

2. Joint Management Councils:

The JMC is a more developed form of workers participation in management which was tried out in the 1950s and 1960s on a voluntary basis. In 1958, Joint Management Councils were introduced. JMCs were to be entrusted with administrative responsibility for various matters relating to welfare, safety vocational training, preparation of holiday schedules etc. But the JMCs did not receive much support from unions or management. These are joint bodies consisting of the representatives of management and employees. The functions of JMCs may range from decision-making on some issues to simply advising the management as consultative bodies. The decisions of these councils are advisory in nature through employers often implement the unanimous decisions of them. Working conditions, accident, prevention, indiscipline, absenteeism, training are the important matters before joint management councils.

3. Board Representation:

Under this scheme, one or two representatives of workers are nominated or elected on the Board of Directors. The basic idea behind incorporating workers' representation on the Board of Directors is to safeguard the workers' interest, usher industrial harmony and good relations between the workers and management. This is the highest form of workers' participation in management. The Government itself, as an employer, introduced this scheme in several public sector enterprises such as Hindustan Antibiotics Ltd., Hindustan Organic Chemicals Ltd., National Coal Mines Development Corporation, Bharat Heavy Engineering Ltd., National Textile Mills, etc. This scheme required the verification of trade union membership, identification of the representative union and selection of a worker director who is selected out of a panel of three persons furnished to the government by the representative union within a prescribed period. Subsequent to the nationalization of banks in 1970, the Government, under the Nationalized Banks (Management and Miscellaneous Provisions) Scheme 1970, introduced the nomination of workers' representatives as directors to the Boards — one representing employee and the other representing officers for a tenure of 3 years. According to a study of the scheme introduced in the nationalized banks conducted by the National Labour Institute, the scheme has failed in its objectives because of the contentions raised about the scheme by both employees (trade unions) and employers.

4. Co-Ownership:

Under this scheme of workers' participation in management, commonly known as Employee Stock Ownership Plan (ESOP) the workers are offered shares in the company. There are different plans made available to employees depending on their position. Employee Share Ownership provides a financial incentive to the workers which makes them motivated and committed. Moreover, as the employees now are part owners of the organization, they begin associating the organization's success to their

own. This renewed work commitment shown from the employees increases the level of productivity which in turn increases profitability.

5. Constitutional Amendment and 1975 Scheme:

In the year 1975 the constitution was awarded and section 43 A was inserted in the Directive

Principles of the Constitution. In accordance with this amendment the state shall take steps by suitable legislation to secure participation of workers' in the management of undertakings, establishments engaged in any industry. The scheme provided for the formation of joint councils at shop level and plant level and covered only those manufacturing and mining units, which employed 500 or more workers. Shop and plant level councils were assigned specific functions relating to production and productivity, reduction of absenteeism, safety etc.

6. Scheme of Workers' Participation in Management:

After two years, commercial and service organizations with 100 or more employees were brought within the preview of a participative scheme, similar to that 1975 scheme. This scheme is applicable to institutions like hospitals, the PST, Railway and State Electricity Boards. In practice, this scheme suffered with number of problems and finally resulted in ineffective functioning of many forums and their subsequent closure.

a) New Scheme for Employee Participation 1983:

In December 1983 a new scheme of participation was prepared and noticed. This scheme is applicable to all central public sector enterprises. It is implemented at the board level. The mode of representation of worker representatives is to be determined by consultation with the concerned unions and parity in representation between management and unions continued to be equal. The scheme brought within ambit of the councils a wider spread of work-related issue. At the plant level, the council could discuss issues relating to personnel, welfare environment, plant operations and functioning etc.

b) Workers' Participation in Management Bill 1990:

For the first time in 1990 the Government introduced a bill to make three tier representative forums of participation. Following are the salient features of this Bill:

- i. In this Bill the term 'worker' has been defined to include all types of employees-managerial as well as non-managerial. Workers doing managerial jobs are termed as 'other workers'.
- ii. The Bill provides for the setting up of shop floor councils and establishment councils in accordance with the provisions of the scheme to be framed and notified by Central Government.
- iii. The Bill provides that in the Board of Management of every body of corporate owning an industrial establishment representation will be given both to 'workmen' and 'other workers'.

- iv. Appropriate Government (Central/State) may appoint inspectors for purpose of this act and every inspector shall be deemed to be a public servant within the meaning of Indian Penal Code.

6.3 WORKING CONDITIONS & LIFE STYLE OF INDUSTRIAL LABOUR

Man is always affected by his environments. His work, efficiency, psychology, and health move and develop according to environment setting. Hence with reference to industrial Labour, the role of working conditions is of great importance. It is a well-recognized fact that healthy and inspiring atmosphere leads the worker for more work, while slum and unhealthy atmosphere decreases his working capacity. Therefore, it has to be realized that there must be good working conditions for workers in industries. It is because more provision of financial incentives cannot contribute towards higher efficiency of labour. In fact, the roots of bad factory morale "are not always economic, although wages and security are obviously dominant motives to but even then, physical factors have an important any worker. influence in shaping the mental background of work. A badly lighted workshop not only hampers production because the light is insufficient, but also because in short time workers are forced to spend more and more effort in maintaining the standard of work, and finally grow slack and cease to care.

6.3.1 Various aspects of working conditions/ Scope of Working Condition:

Under working conditions, we include the following aspects of industrial organization.

- **Sanitation:**

By sanitation, we mean the cleanliness inside the factory. There should not be accumulation of dirt and dust. The floor should be cleaned and walls should be painted or varnished.

- **Ventilation:**

Adequate ventilation is another aspect of working conditions. It is affected by windows and ventilators etc. In every factory, there should be proper arrangement for adequate ventilation by the circulation of fresh air.

- **Temperature:**

Temperature and humidification are also important aspects of working conditions. The climatic conditions, especially in summer, make physical work unpleasant due to high temperature.

- **Drinking water:**

In every factory, there should be effective arrangements for a sufficient supply of wholesome drinking water.

- **Lighting:**

Lighting is yet another important aspect of working conditions: Natural lighting may be derived from the side windows, window pans and the roof. In every part of a factory where labourers work or pass, there should be sufficient and suitable lighting.

- **Latrines and urinals:**

Latrines and urinals are also important aspects of working conditions. Therefore, in every factory arrangement for sufficient latrine and urinal accommodator should be made for employees.

- **Rest shelters:**

Adequate and suitable shelters, rest some and lunch rooms are very important. They also affect the work and efficiency of the workers.

- **Working hours:**

Working hours efficiency of labour. Therefore, the working hours should be fixed in such a manner as may not be injurious to the health of workers

- **Overcrowding:**

Overcrowding is also injurious to the health and efficiency of the workers. Therefore, there should not be overcrowding to an extent injurious to the workers.

- **Fencing of machinery and safety provisions:**

Fencing of machinery and adequate safety provisions are also important for the prevention of accidents. Hence, there are another important aspect of working conditions.

6.3.3 Provisions Regarding Working Conditions under the Factories Act of 1948:

In 1947 the Government of India introduced a Bill in the Parliament for the radical overhaul of the existing law. The Bill was passed into an Act on 23rd September, 1948. The new Act is called the Factories Act and was put into force on 1st April, 1949. It extends to the whole of India, except the State of Jammu and Kashmir. The Act has made the following provisions for regulating the working conditions of labour in different factories.

A) Health

i. Cleanliness:

Section 11 of the Act contains elaborate provisions regarding 'Cleanliness'. It is required that every factory shall be kept clean and free from effluvia arising from any drain, privy or Accumulation of dirt and refuse shall be removed other nuisance daily by sweeping or by any other

effective method, from the floors and benches of workrooms and from staircases and passages, and disposed of in a suitable manner. If, in view of the nature of the operations carried on in a factory, it is not possible for the occupier to comply with all or any of the provisions, the State Government may by order exempt such factory or class or description of factories from any of the provisions and specify alternative methods for keeping the factory in a clean state. by washing, using effective method.

ii. Disposal of wastes and effluents.:

As regards disposal of wastes and effluents, Section 12 of the Act lays down that every factory is required to make effective arrangements for the disposal of wastes and effluents due to the manufacturing process carried on therein. The Act empowers the State Government to make rules prescribing the arrangements to be made for this purpose.

iii. Ventilation and temperature:

As regards ventilation and temperature Section 13 of the Act provides that effective and suitable provision is to be made in every factory for securing and maintaining adequate ventilation by the circulation of fresh air, and such a temperature as will secure to workers therein reasonable conditions of comfort and prevent injury to health. The State Government is empowered to prescribe a standard of adequate ventilation and reasonable temperature for any factory or class or description of factories or parts thereof, and direct that a thermometer shall be provided and maintained in such place and position as may be specified.

iv. Dust and fume:

Section 14 of the Act provides that in every factory in which, by reason of the manufacturing process carried on, there is given off any dust or fume or other impurity such a nature and to such an extent as is likely to be injurious or offensive to the workers employed therein, effective measures all be taken to prevent its inhalation and accumulation in any workroom, and if any exhaust appliance is necessary for this purpose, it shall be applied as near as possible to the point of origin of the dust, fume or other impurity.

v. Artificial humidification:

Section 15 of the Act provides that in respect of all factories in which the humidity of the air is artificially increased, the State Government is empowered to make rules regarding standards of humidification, methods used for artificially increasing the humidity of the air, tests for determining the humidity of the air to be correctly carried out and recorded, and methods to be adopted for securing adequate ventilation and cooling of the air in the workrooms

vi. Overcrowding:

Section 16 of the Act lays down that no room in any factory is to be overcrowded to an extent injurious to the health of the workers employed therein.

vii. Lighting:

According to provisions contained in Sect 17 of the Act, in every part of a factory where workers are working or passing there shall be provided and maintained sufficient and suitable lighting natural or artificial or both. In every factory all glazed windows and skylights used for the lighting the workrooms shall be kept clean on both the inner and outer surfaces. The State Government may prescribe standards of sufficient and suitable lighting factories or for any class or description of factories or for any manufacturing process.

viii. Drinking Water:

Section 18 of the Act contains provisions regarding drinking water. In every factory, effective arrangements shall be made to provide and maintain at suitable points conveniently situated for all workers employed therein sufficient supply for wholesome drinking water.

ix. Latrines and Urinals:

According to Section 19 of the Act, in every factory, sufficient latrine and urinal accommodation of prescribed types shall be provided conveniently situated and accessible to workers at all times while they are at the factory. Separate enclosed accommodation shall be provided for male and female workers. All such accommodation shall be maintained in a clean and sanitary condition at all times. Sweepers shall be employed whose primary duty would be to keep clean latrines, urinals and washing places

x. Spittoons:

It has been laid down in Section 20 of the act that in every factory there shall be provided a sufficient number of spittoons in convenient places and they shall be maintained in a clean and hygienic condition. The State Government may make rules prescribing the type and the number of Spittoons to be provided and their location in any factory and provide for such further matters relating to their maintenance a clean and hygienic condition.

B) Safety

Measures have also been provided for the safety of workers and prevention of accidents. Section 21 of the Act has provided that adequate fencing of machinery shall be secured in case of dangerous machinery. Besides every part of an electric generator, a motor, or rotary convertor, transmission machinery or every dangerous part of any other machinery, shall be securely fenced by safeguards of substantial construction which shall be kept in position while the parts of machinery they are fencing are in motion or in use. The State Government is empowered to prescribe such

further precautions as it may consider necessary in respect of any particular machinery or part thereof, or exempt, any particular machinery or part thereof from the provisions wearing tight-fitting clothing (Section 22). Section 28 of the Act provides that in every factory every hoist and lift shall be of good mechanical construction, sound material and adequate strength properly maintained, and shall be thoroughly examined by a competent person at least once in every period of six months. As regards lifting machines, chains, ropes and lifting tackles Section 29 of the Act has provided that all parts of every lifting machine and every chain, rope or lifting tackle shall be of good construction, sound material and adequate strength, free from defects properly maintained and thoroughly examined by a competent person at least once in every period of twelve months. As regards floors, stairs and means of access, Section 32 of the Act has provided that all floors, steps, stairs, passages, and gangways shall be of sound construction and properly maintained, and where it is necessary to ensure safety, steps, stairs, passages and gangways shall be provided with substantial handrails. Section 34 of the Act has further provided that no person shall be employed in any factory to lift, carry, or move any load so heavy as to be likely to cause him injury on, or in the immediate vicinity of the process.

C) Welfare

i. Washing Facilities:

According to Section 42 of the Act, in every factory adequate and suitable facilities of washing shall be provided and maintained for the use of the workers therein. Separate and adequately screened facilities shall be conveniently accessible and shall be kept clean.

ii. Facilities for sitting:

Section 44 of the Act provides that in every factory suitable arrangement for sitting shall be provided and maintained for all workers obliged to work in a standing position, in order that they may take advantage of any opportunities for rest which may occur in the course of their work.

iii. First-aid appliances:

Section 45 provides that there shall in every factory be provided and maintained so as to be readily accessible during all working hours first-aid boxes or cupboards, equipped with the prescribed contents and the number of such boxes or cupboards to be provided and maintained shall not be less than one for every one hundred and fifty workers ordinarily employed at any time in the factory.

iv. Canteens:

According to Section 46 of the Act, the State Government is empowered to make rules requiring that in any specified factory wherein more than two hundred and fifty workers are ordinarily employed, canteens shall be provided and maintained by the occupier for the use of the workers.

v. Shelters, rest-rooms and lunch-rooms:

In every factory when more than one hundred and fifty workers are ordinarily employed, adequate and suitable shelters or rest-rooms and a suitable lunch-room, with provision for drinking-water, where workers can eat meals brought by them, shall be provided and maintained for the use of the workers (Section 47).

vi. Creches:

According to Section 48 of the Act, every factory wherein more than fifty 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.

6.3.6 Working Conditions in Different Industries:

As regards the general working conditions in various industries, it has been recognized that the situation is not yet satisfactory. The Labour Investigation Committee conducted an extensive survey of the working conditions in different industries. The Committee has observed that "working conditions in bigger units are on the whole, satisfactory but smaller and unregulated units specially those housed in old buildings, present unsatisfactory conditions as to light ventilation etc., and leave much room for substantial improvements." Most of the employers rarely do what they are compelled to do by law. They are generally indifferent towards the improvement of working conditions and content themselves by complying the provisions made under law. As a result of this attitude, provisions made in regard to protection and machinery, etc., are sometimes disregarded. However, in case of certain progressive employer we find that extra care for safety and welfare have been taken.

a) Textile mills:

In the textile mills the general conditions of working on the whole are satisfactory. The buildings are well-lighted and well-ventilated. The general lay-out of the machinery is quite proper and sufficient space is available to workers for their movement. A few cotton mills in Ahmedabad, Bombay, Sholapur, Delhi, Modinagar and Madura, have provided air-conditioning. In other places, conditions are quite intolerable. Electric fans have been provided in most of the mills. The working conditions in woolen and silk mills are satisfactory to a great extent.

b) Engineering industry:

In engineering industry, arrangement of lighting and ventilation is adequate and satisfactory. But working conditions in printing presses is highly unsatisfactory. Serious overcrowding and congestion is generally noticed there. In Potteries, provisions for ventilation and lighting are not much satisfactory. Safety measures have also not been provided except at Bangalore.

c) Sugar industry:

In sugar industry, on the whole, working conditions in Madras and Bombay are better than those in Uttar Pradesh and Bihar. There is an acute problem of sanitation inside and outside the factories. As regards cotton ginning and bailing factories, ventilation and lighting provisions are very poor. Safety precautions have also not been taken. Machinery and fast-moving pulleys and belts are not properly guarded in some units.

d) Mica factories:

In mica factories, working conditions are satisfactory in bigger concerns but in small concerns ventilation and sanitary arrangements are very deplorable. In bidi industries in Madhya Pradesh, the workers per the working conditions are even worse. form their duties in dark and dingy places and there is hardly sufficient place for the free movement of workers.

e) Mining industries:

In most in mining industries, working conditions are also unsatisfactory. Arrangements for light and ventilation are not sufficient. of the mines there is no provisions for rest, shelters and creches.

f) Plantation:

Similarly, in plantations, the conditions are no better. Generally, tea gardens are situated in malarial regions where workers become easy victim to diseases. Besides, facilities for creches and canteens have not been properly provided.

Thus, the working conditions of industrial workers in India are still unsatisfactory. Employers have adopted indifferent attitude towards working conditions and the provisions not been strictly enforced. However, the Government have attempted to cover all workers within the purview of legal protection. Hence after Independence various Acts with regard to working conditions have been passed. The Factories Act of 1948 makes elaborate provisions for health and safety, but separate measures have also been adopted for regulating working conditions in mines, plantations and transport. In mines, the working conditions are being regulated under the Mines Acts, 1952. Similarly, in plantations, the working conditions are controlled under the Plantation Labour Act, 1951. Besides, the Indians Railways Act, 1890 (amended in 1930), the Indian Merchant Shipping Act, 1923 (amended in 1951), the Dock Workers (Regulation of Employment) Act, 1948, have also provided adequate measures for the regulation of working conditions. In addition to the above Central Acts, there are some State Acts relating to workers in shops and commercial establishments.

Under the above laws, a comprehensive code has been developed to ensure satisfactory working conditions, safety of persons and the provision of a variety of facilities to promote the welfare of workers. In the present

context of industrial development, improvement in the working conditions is of paramount importance. It can result greater productive efficiency on the part of workers. During the Third Five-Year Plan, efforts were made to keep abreast of the modern developments in these and various other aspects relating to the human factor in industry. In view of the rapid expansion of the output of machines and the increase in depths and mechanization to which it leads, it has become imperative that there should be greater vigilance and stricter enforcement of rules and regulations regarding working conditions of labour.

6.4 SUMMARY

The rationale for Workers' Participation in Management (WPM) lies in the fact that it gives workers a sense of belongingness to the organization and also a sense of commitment to various decisions taken. WPM means associating workers at every level in decision making. The main objective of WPM in India is to achieve organizational effectiveness and the satisfaction of the employees. There are at least five levels of participation that can be developed at the enterprise level: informative, consultative, associative, administrative, and decisive participation. The Government of India has introduced a number of schemes of participative management. Participation of Workers in Management Bill, 1990 is the most recent one when the Government, for the first time, introduced a bill to make three-tier representative forums of participation. Workers' Participation in Management paves way for increased production and productivity through the means of more effective and efficient management, alongside better industrial relations. The conditions under which a labourer performs his duty have got a profound influence on his health, working capacity, psychological adjustment and quality of work. Besides, working conditions also affect the earnings of workers and industrial relations. Better working exhausted nor they feel them depressed. conditions inspire efficiency and productivity conditions have adverse effects on workers. industry and for each class of workers, a minimum standard of working conditions has been fixed. while bad working Therefore, for each industry and for each class of workers, a minimum standard of working condition has been fixed.

6.5 QUESTIONS

1. Define Workers' Participation in Management and explain its objectives?
2. What are the different forms of Workers' participation in Management available in Indian Industrial Organizations?
3. What is 'Workers Participation in Management'? Explain the objectives and forms of WPM in India
4. What is meant by the term 'working conditions'? examine the working conditions in some Indian industries.

6.6 FURTHER READING

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Module 4

LABOUR WELFARE AND SOCIAL SECURITY

Unit Structure:

- 7.0 Objectives
- 7.1 Introduction
- 7.2 Concept of Labour welfare
- 7.3 Theory of Labour Welfare
- 7.4 Principles of Labour Welfare
- 7.5 Labour Welfare Agencies
- 7.6 Labour Welfare Officer
- 7.7 Summary
- 7.8 Questions
- 7.9 References

7.0 OBJECTIVES

After studying this unit, you will understand the following.

- To Explain the concept of labor welfare.
- To Understand the theory of labor welfare.
- To Understand the principles of labor welfare.
- To Understand Labor Welfare Agencies.
- To Explainthe concept of Labor Welfare Officer.

7.1 INTRODUCTION

Labour welfare is a flexible and elastic concept. Now days, welfare has been generally accepted by employers as a social right. But the degree of importance given by them varies. Therefore, the Government also intervenes and introduces legislation from time to time to bring about uniformity in providing such amenities. The intervention of the state, however, is only to widen the area of its applicability.

7.2 CONCEPT OF LABOUR WELFARE

The term "welfare" refers to workers living in relation to the physical, social, and psychological environment of an individual or a group. There has been a major change in the concept of labor welfare. The social and economic development of a country should be directed towards the implementation of labor welfare and labor protective laws. In the industrialized world its Survival requires adaptation of the individual to his environment.

Workmen are paid for the types of his services but the payment depends on the nature of the work, his efficiency, the ability of the industry to pay and the importance of his work in that particular industry. A worker has to maintain balance in the workplace. He has to adapt to the physical conditions of work as well as the type of supervision, colleagues.

The acceptance, respect, goodwill, attention, and recognition that the worker receives from his work group, community, family, and neighborhood form an integral part of the modern concept of worker welfare. The physical concept of labor welfare is the ability of a worker to meet his physical needs such as food, clothing, and shelter from his salary pocket. But economic status governs his social status in modern society; His social status is determined by the food he can afford, the type and quality of clothes he and his family members wear, and the type of home with amenities. Welfare is thus a material concept as well as a social concept. Every society has its own moral rules and ethics. A worker has to follow his moral values. Do's and don'ts in society. For example, prohibition may be a state law but it may be customary to serve drinks to guests on certain social occasions such as wedding ceremonies, death ceremonies, etc.

All these physical, social, and moral concepts of labor welfare are interrelated. The purchasing power of money-wages determines the social status of the worker and the morals of the society that govern his daily behavior. So, welfare is a whole concept. On the other hand, the concept of labor welfare as a comprehensive concept varies from society to society, country to country and changes with changing times. Therefore, it is difficult to determine the minimum and maximum condition of labor welfare. What are minimum requirements for Western workers may be maximum for workers in developing countries. Similarly, what is minimum for officers may be maximum for junior cadre workers. Younger workers have different needs than older workers. The welfare needs of the same worker are different at different stages of their life. It is related to time, age and culture, social and moral values etc.

Labor welfare is a broad concept. In a country like India, which has adopted the principles of democracy, state system and socialist society, it becomes important to create the social system required for industrial development. The industrial development of the country cannot speed up unless a certain type of society is created in the country. If various schemes for the welfare of the workers are properly planned and reasoned

for them, a society can be formed in the country which will be united and sufficient for rapid industrial development, therefore the consideration of the welfare of the workers is important.

The term welfare of workers generally includes things such as leisure, entertainment, health and medical facilities, canteens, accommodation, and transport facilities etc. Labor welfare programs include programs aimed at improving the personality of workers by eliminating anxiety, depression, and illness. At the same time, all the efforts made in order to increase the productivity of the workers can be included in the concept of worker welfare. Labor welfare can be described in three dimensions namely holistic welfare activities, social and relative welfare programmes.

Labour welfare is a flexible and elastic concept. Its meaning and implications differ widely with times, regions, industries, countries, social values and customs, the general economic development of the people and the political ideologies prevailing at particular moments. As such, a precise definition is rather difficult.

DEFINITIONS:

1. In the words of Prof. H.S. Kirkaldy. "The whole field of welfare is one in which much can be done to combat the sense of frustration of the industrial workers, to relieve them of the personal and family worries, to improve their health, to offer them some sphere in which they can excel others and to help them to a wider conception of life."
2. In the second Asian Regional Conference of ILO, it was stated that workers' welfare may be understood to mean "such services, facilities and amenities which may be established in or in the vicinity of undertakings to enable the persons employed in them to perform their work in healthy and peaceful surroundings and to avail of facilities which improve their health and high morale."
3. According to Balfour committee, "Labour welfare refers to the efforts made by the employers to improve the working and living conditions over and above the wages paid to them. In its widest sense it comprises all matters affecting the health, safety, comfort, and general welfare of the workmen, and includes provision for education, recreation, thrift schemes, convalescent homes". It covers almost fields of activities of workers e.g., social, economic, industrial, and educational.
4. According to Labour Investigation Committee. "Anything done for the intellectual, physical, moral and economic betterment of the workers, whether by the employers, by the government or by other agencies over and above what is laid down by law or what is normally expected on the part of the contractual benefits for which worker may have bargained."
5. According to N.M. Joshi, "welfare work covers all the efforts which employers take for the benefit of their employees over and above the minimum standards of working conditions fixed by the Factories Act

and over and above the provisions of the social legislation providing against accident, old age, unemployment and sickness”.

According to Industrial Labour Organisation (ILO), “Labour welfare may be understood and including such services facilities and amenities which may be established in vicinity of undertaking to perform their work in healthy and congenial environment and to avail of facilities which improve their health and bring high morale.”

In the Encyclopedia of Social Sciences, welfare is defined as – “the voluntary efforts of the employers to establish, within the existing industrial system working and sometimes living and a cultural condition of the employees beyond what is required by law, the customs of the industry and the conditions of the market.”

According to Arthur James Todd, “Labour welfare means anything done for the comfort and improvement, intellectual and social, of the employees over and above the wages paid which is not a necessity of the Industry.”

S.T. Edwards (1953)- “One can buy a man’s time, his physical presence at a particular space, even a few muscular movements, but enthusiasm, initiative, loyalty, and devotion to duty cannot be bought. They will have to be created through right employer-employee relations, provision of constructive opportunities for satisfying the major motivating desires of human action.”

7. 3 THEORIES OF LABOUR WELFARE

1. The Policing Theory of Labour Welfare:

The policing theory is based on assumption that Human Being is so much selfish and always tries for own benefits whether on the cost of others welfare. Any of the employers will not work for the welfare of employees until he is forced to do so. This theory is based on the contention that a minimum standard of welfare is necessary for workers.

The assumption on which the theory is based is the without compulsion, supervision and fear of punishment, no employer will provide even the barest minimum of welfare facilities for workers this theory is based on the assumption that man is selfish and self-centered, and always tries to achieve his own ends, even at the cost of the welfare of others. This is based on the contention that a minimum standard of welfare is necessary for labourers. Here the assumption is that without policing, that is, without compulsion, employers do not provide even the minimum facilities for workers.

According to this theory, owners and managers of industrial undertakings get many opportunities for exploitation of labour. Hence, the state has to intervene to provide minimum standard of welfare to the working class.

2. The Religious Theory of Labour Welfare:

This is based on the concept that man is essentially “a religious animal.” Even today, many acts of man are related to religious sentiments and beliefs. These religious feelings sometimes prompt an employer to take up welfare activities in the expectation of future emancipation either in this life or after it. The theory views were an essentially religious. Religious feelings are what sometimes prompt employers to take up welfare activities in the belief of benefits either in his life or in support after life.

Any good work is considered an investment, because both the benefactor and the beneficiary are benefited by the good work done by the benefactor. This theory does not take into consideration that the workers are not beneficiaries but rightful claimants to a part of the gains derived by their labour.

3. The Philanthropic Theory of Labour Welfare:

Philanthropy is the inclination to do or practice of doing well to one's fellow men. Man is basically self-centered and acts of these kinds stem from personal motivation, when some employers take compassion on their fellowmen, they may undertake labor welfare measures for their workers.

This theory is based on man's love for mankind. Philanthropy means “Loving mankind.” Man is believed to have an instinctive urge by which he strives to remove the suffering of others and promote their well-being. In fact, the labour welfare movement began in the early years of the industrial revolution with the support of philanthropists.

4. The Paternalistic or Trusteeship Theory of Labour Welfare:

In this theory it is held that the industrialists or employers hold the total industrial estate, properties and profits accruing from them in trust for the workmen, for him, and for society. It assumes that the workmen are like minors and are not able to look after their own interests that they are ignorant because of lack of education. Employers therefore have the moral responsibility to look after the interests of their wards, who are the workers.

In other words, the employer should hold the industrial assets for himself, for the benefit of his workers, and also for society. The main emphasis of this theory is that employers should provide funds on an ongoing basis for the well-being of their employees.

5. The Placating Theory of Labour Welfare:

As labour groups are becoming better organized and are becoming demanding and militant, being more conscious of their rights and privileges that even before, their demand for higher wages and better standards increases. The placing theory advocates timely and periodical acts of labour welfare to appease the workers.

This theory is based on the fact that the labour groups are becoming demanding and militant and are more conscious of their rights and privileges than ever before. Their demand for higher wages and better standards of living cannot be ignored. According to this theory, timely and periodical acts of labour welfare can appease the workers. They are some kind of pacifiers which come with a friendly gesture

6. The Public Relations Theory of Labour Welfare:

This theory provides the basis for an atmosphere of goodwill between labour and management, and also between management and the public, labour welfare programmes under this theory, work as a sort of an advertisement and help an organization to project its good image and build up and promote good and healthy public relations.

The labour welfare movements may be utilized to improve relations between management and labour. An advertisement or an exhibition of a labour welfare programme may help the management projects a good image of the company.

7. The Functional Theory of Labour Welfare:

The concept behind this theory is that a happy and healthy person is a better, more productive worker. Here, welfare is used as a means to secure, preserve and develop the efficiency and productivity of labour. The approach to any solutions, especially as that as between the workers and the management should be dialogue and an understanding of one another's viewpoint. Once agreement has been reached, compliance by both parties can be assured to a very great extent. This also called the efficiency theory.

This theory is a reflection of contemporary support for labour welfare. It can work well if both the parties have an identical aim in view; that is, higher production through better welfare. This will encourage labour's participation in welfare programmes.

7.4 PRINCIPLES OF LABOUR WELFARE

(a) Principle of Integration or Coordination – Welfare programmes cannot be segregated. They cannot be taken up part-by-part. It is a whole programme. For example, health and welfare should cover up all the aspects of health and hygiene, physical, social, and moral hygiene.

(b) Principle of Association – Any welfare programme meant for the development of workers' community should associate workers with the planning and execution of the programme. Workers should be associated for conducting activities.

(c) Principle of Responsibility – Workers should be incorporated and they should be hold responsible for the activities aiming at workers' welfare. For example, workers participate in safety committees, sports committees, canteen committees, etc.

(d) Principle of Accountability – Every programme, every person and every activity should be answerable. Welfare programme are socially audited and evaluated. Successful programme are retained. Weaker programme are straightened.

(e) Principle of Timeliness – Timely help is a valuable help. A stick in time saves nine. When a worker needs economic assistance for trading a sick child or for building a house, there should be reasonable lapse of time but beyond a limit he cannot wait. Appropriate action begins taken for welfare might serve the purpose. In certain circumstances of emergency, delay in assistance means denial of human value and justice.

7.5 LABOUR WELFARE AGENCIES

The miserable conditions of labour are responsible for their low efficiency. The Indian workers are proverbially inefficient compared to their counterparts in the industrially developed countries. The lack of proper efficiency of labour in India is mainly due to the absence of welfare measures as are obtainable in the advanced countries.

The conditions of Indian workers were utterly deplorable. Since independence, an awakening about the welfare of workers is being noticed. The reasons are not far to seek. Ours is a developing country; rapid industrialization of the country is of paramount importance.

It has been recognised on all fronts to give due consideration to labour as a factor of production to increase industrial productivity. Workers themselves are now more united. So, an atmosphere and environment is now prevalent in India which is conducive to providing various facilities to workers.

It is now an admitted fact that unless workers are given due attention and provided with all amenities, the country is sure to pay a high price for it – the pace of industrialization has to suffer a set-back. So, the need for labour welfare is now accepted and measures are adopted by different agencies such as Governments, employers, trade unions to better off the lot of the workers through various physical amenities and legislative measures.

1. Central Government:

Ours is a welfare state wedded to the policy of doing welfare to the people of the country. For the economic rejuvenation of the country, the toiling masses must be taken care of, their lots must be improved. In this regard, the Government has an active role to play.

The Government has to come forward to bring about intellectual, physical, moral and economic betterment of the workers, so that their whole-hearted and willing co-operation may be readily available for the economic upliftment of the country. In our plan objectives, workers have been accepted as an essential part of the apparatus of industrial and economic administration of the country.

The Central Government has paid its attention to improve the conditions of workers. Various enactments have been promulgated to safeguard the interests of workers, to extend to them economic benefits and social security. The Factories Act, for example, is a bold attempt to extend various facilities to factory workers – their housing facilities, economic benefits, social securities and physical safety etc.

The Mines Act is another piece of legislation that aims at providing welfare to mine workers. So far as mines are concerned, Coal Mines Labour Welfare Fund has been instituted to boost the morale of coal mine workers under the Coal Mines Labour Welfare Fund Act. Similarly, Mica Mines Labour Welfare Fund and Iron Ore Mines Labour Welfare Fund have been created by specific Acts of the Central Government. Again, we find Plantation Labour Act for the welfare of plantation workers.

Besides the various Acts passed for the welfare of labour in mines, plantations and factories, the Central Government has kept its Labour Ministry alive to the conditions of workers. Measures have now been adopted to provide medical aid, legal and financial aid to workers under various schemes.

To ensure industrial safety, various precautionary measures have also been enforced. Prevention of the possibility of accidents has been one of the objectives of the Government's welfare measures and actually the incidence of accident has come down. The Government of India has introduced an industrial housing scheme for the accommodation of industrial workers. Social Security legislations such as The Workmen's Compensation Act, Maternity Benefit Act and The Employees' State Insurance Act have been in force.

2. State Governments:

The State Governments in India were more or less indifferent to labour welfare prior to independence. But now various State Governments are very alive to the conditions of labour and are up and doing for the upliftment of the lots of the workers. There are popular governments in some states where workers are adequately taken care of.

Labour fronts of different political parties are now sufficiently strong to press the demands of workers to the Government and the link between the State Governments and the labour wings of political parties is so close that various facilities are now being made available to the workers through the State Government's machinery.

3. Employers:

Employers in India today have started realising that they should identify their interest with those of the employees. No prudent management can now ignore the interests of their workers and expect to reap the benefits of higher labour productivity. So, for their own interest, employers are being compelled to adopt welfare measures for the workers.

There are only a few employers in India who have been sympathetic to labour welfare but others are extending various benefits to workers only under compulsion. Several industries such as cotton, jute, textile, engineering, sugar, cement, glass, chemical etc., have been brought under legislative measures to give facilities to the workers.

Without specifying the facilities provided by different industries either under legal compulsion or under union pressure, we can say that employers in India with their professional training background are becoming more and more conscious about the workers whom they now consider the most essential tool to gear up their organisational activities.

Employers who are still maintaining a negative attitude or an indifferent attitude towards workers are surely to pay for their foolishness. Days have changed. All over the world is the slogan for workers to unite. Moreover, employers who fail to understand the potentialities of the labour force, the fullest utilisation of which can bring miraculous results for the organisation, are sure to suffer.

4. Trade Unions:

Last but not the least important agent for the welfare of workers is the 'Workers' union. Conflicts between labour and capital existed since industrialisation, they still exist and will continue to exist. The complete harmony and amity between the two opposite-interest groups cannot be achieved.

Not only in India but nowhere in the world has industrial peace been ensured? Here is the role for the Trade Union to play in the matter of bargaining. Various facilities of different nature – economic, social, and cultural – are made available to workers by Trade Unions.

The Indian Trade Unions have not yet been able to do much to ameliorate the lot of their members. Their participation in this sphere has been mainly through their association with the Labour Welfare Advisory Committees constituted by the Governments. It is worthwhile to mention that trade unions in the textile industry (Textile Labour Association) and the Mazdoor Sabha have made provisions for various welfare facilities to the workers.

Educational and cultural upliftments through trade unions have been made possible. With the change in the attitude of the employers (many of whom are governments themselves), the nature of trade unions in India – from militancy to conciliatory – is now noticeable. Various welfare services are now made available to the workers through Trade Unions after the trade union leaders' direct discussions and deliberations with the employers across the table.

However, trade unions should take some measures for the welfare of workers. They should come forward to assist the employers and the Government in formulation and administration of welfare schemes. To

find out the needs of the workers and to bring them to the notice of the employers should also come under the purview of trade union activities.

A modern Trade Union has to educate its members, organise for them various inexpensive programmes and to act as a watch-dog of workers' interests. Trade Unions have, as a matter of fact, a great role to play for the welfare of the workers.

e) Social Service Institutions:

Like the western countries, in India too, some social service organizations have started taking interest in the field of labor welfare. Which social service organizations are working in the field of labor welfare in various industrial centers in India? Organizations like Bombay Social Service League, SevasadanSanstha, Young Men's Christian Association, Rotary Club, Lions Club are doing important work in the field of labor welfare, conducting night classes in labor slums, conducting primary schools. The work of this organization is to arrange libraries and libraries.

Along with social service organizations in the country, various social service organizations in the country can create the necessary environment in the country through their work so that the various responsibilities that are imposed on the service providers in terms of labor welfare by various laws should be fulfilled by the service providers.

7.6 LABOUR WELFARE OFFICER

The Factories Act, 1948 requires the appointment of a Labor Welfare Officer in factories employing 500 or more workers. To implement the schemes of labor welfare, to make efforts to maximize the benefits of these schemes to the workers,

To understand the problems of the workers and try to solve them, because this type of work is done through this officer, the working class remains happy and industrial strife does not arise.

A) QUALIFICATION OF WELFARE OFFICER:

A welfare officer to be appointed should possess- (i) a university degree; (ii) degree or diploma in social sciences, social work or social welfare from any recognised institution; and (iii) adequate knowledge of the language spoken by the majority of the workers in the area where the factories, mines and plantations are situated.

The National Commission on Labour has stated that, "laws were made to ensure that the managements appointed a person exclusively to look after the welfare of their workers and help them in discharging their statutory obligations in respect of welfare measures. Welfare Officers should form part of the administration in order to discharge their responsibilities effectively. Therefore, the eligibility of a Welfare Officer must be ensured before his appointment. The Welfare Officer should not be called upon to handle labour dispute on behalf of the management."

The Committee on Labour Welfare, after going through the views expressed by the State Governments, public sector undertakings, private employers' organisations, workers' organisations and eminent persons in the field of relations and on the role and status of welfare officer, recommended that-

“The management should designate one of the existing officers to their personnel department as welfare officer to fulfill the purpose of the law. The management should ensure that only such officers of the personnel department are designated to look after the welfare activities as are properly qualified to hold these posts and have aptitude for welfare work.”

B) FUNCTIONS OF LABOUR WELFARE OFFICERS:

(a) Supervision of:

- (i) Safety, health, and welfare programmes; housing, recreation, and sanitation services;
- (ii) Looking after the working of the joint committee;
- (iii) Grant of leave with wages; and
- (iv) Redressal of workers' grievances.

(b) Counselling Workers on:

- (i) Personal and family problems;
- (ii) Adjusting to work environment; and
- (iii) Understanding rights and privileges.

(c) Advising the Management on Matters of:

- (i) Formulating welfare policies;
- (ii) Apprenticeship training programmes;
- (iii) Meeting statutory obligations to workers;
- (iv) Developing fringe benefits; and
- (v) Workers' education and use of communication media.

(d) Establishing Liaison with Workers to:

- (i) Understand the various limitations under which they work;
- (ii) Appreciate the need of harmonious industrial relations in the plant;
- (iii) Interpret company policies to workers; and
- (iv) Persuade workers to come to a settlement in the event of a dispute.

(e) Establishing Liaison with the Management to:

- (i) Appreciate the workers' viewpoint on various matters;
- (ii) Intervene on behalf of the workers in matters under the consideration of the management;
- (iii) Help different department heads to meet their obligations;
- (iv) Maintain harmonious industrial relations in the plant; and
- (v) Suggest measures for the promotion of the general well-being of workers.

(f) Working with the Management and Workers to:

- (i) Maintain harmonious industrial relations in the plant;
- (ii) Arrange a prompt redressal of grievances and speedy settlement; and
- (iii) Improve the productivity and productive efficiency of the enterprise.

(g) Working with the Public to:

- (i) Secure a proper enforcement of the various provisions of the Acts as applicable to the plant by establishing contact with factory inspectors, medical officers and other inspectors;
- (ii) To help workers to make use of community services.

It is obvious that the duties and functions entrusted to a Welfare Officer range from assisting the management in policy formulation and implementation to supervising welfare programme, establishing contacts with workers and the public, solving workers' problems and grievances.

The National Commission on Labour has stated, "the care of workers in all matters affecting their well-being, both at the place of work and outside, puts a special responsibility on the welfare officer. He should be a 'maintenance engineer on human side.' In many cases, he also handles grievances and complaints of workers relating to terms and conditions of service and domestic and other matters which lie in the domain of personnel management. There is, thus, virtually, no demarcation between personnel management functions and welfare functions."

The Commission recommended that "in order to reduce the hierarchical hiatus in the status of these two officers, there should be an interchange to encourage professional functional mobility and to eliminate the functional monopoly as well the hierarchical status problems."

A Welfare Officer in India is a "multi-purpose personnel officer." He is a mainly concerned with welfare of the staff with a role of staff adviser or specialist. He is expected to act as an adviser counsellor, mediator and a liaison-man between the management and labour, i.e., to act as a "maintenance engineer on the human side."

The Central Model Rules, 1957, define the duties of welfare officers so widely (Rule 7) as to comprise:

Labour Welfare and Social
Security

- (1) Helping maintain harmonious relation between factory management and workers.
- (2) Redressal of workers' grievances.
- (3) Providing feedback to management regarding labours' point of view "to shape and formulate labour policies and to interpret these policies to the workers."
- (4) To watch industrial relations and settle disputes by "persuasive efforts."
- (5) To advise management on the implementation of health and safety programmes.
- (6) To promote productive efficiency.
- (7) Amelioration of the working conditions and helping workers to adjust and adapt themselves to the working environment, and
- (8) Personnel counselling — advising workers on individual personal problems, etc.

It will, thus, be observed that practically the whole gamut of personnel management, except disciplinary action, recruitment, and promotion seem to be comprised in this formulation. Based on these Central Model Rules we give below the duties authority and responsibilities of Labour Welfare Officer in India. In the United Kingdom, these duties are performed by personnel officers. It may, therefore, be said that the government has unconsciously attempted to develop the institution of personnel management through the appointment of welfare officers in industries. However, in the USA and the UK, the personnel manager is an integral part of the top level management and is on a par with the manufacturing and marketing managers. He is clearly defined "staff" and not "line" function. He is in touch with all personnel, enjoys the trust, confidence and respect of all ranks, a position which enables him to advise both management and labour.

In that sense the personnel manager is the most powerful bridge connecting the management with labour. He is the central figure in any productivity programme. Contrary to this, the personnel function in India has not made rapid advances. This may be attributed to the impediments in its way.

7.7 SUMMARY

Labour and their welfare are very legitimate concerns for any Government of any country whether developed, undeveloped, underdeveloped or developing. No economic development of a country or the maintenance of

the status quo of the economic development of any country can be conceived of without thinking about the workers of the country.

In India, the colonial economy had prevailed for about two centuries. With the attainment of Independence, the planned economy has been started, one of the objectives of which is the rapid industrialisation of the country. The National Government could not remain a passive onlooker of what had been happening in the industrial world.

The human resource in industrial organisations received attention of the Government. The National Commission on Labour (1969) was formed and its recommendations were based on the findings of the committee on labour welfare. The Committee felt that the statutory welfare activities had not been properly and adequately provided, except in units managed by progressive employers.

The compliance with statutory welfare provisions had also been half-hearted and inadequate. The Committee made a large number of recommendations which included, amongst others, the provision for crèches, canteens, periodical medical examination, creation of the General Mines' Welfare Fund, extension of the coverage of Plantations Labour Act, extension of welfare benefits to contract labour, opening of more fair price shops for workers, setting up of consumers' cooperative societies, statutory and tripartite welfare boards etc.

The provisions in the various legislations for the welfare of the workers should be translated into action with all sincerity. The provisions in the Factories Act, for instance, must be scrupulously implemented. A National Museum of Industrial Health, Safety and Welfare is of great significance. A larger number of labour welfare centres should be set up.

The Welfare Officers should have direct link with workers. Arrangements should be made to collect information on occupational diseases and steps should be taken to keep the workers free from these diseases or cure the diseases without delay. More Welfare Funds should also be set up and, finally, trade unions should play a role truly in the interest of the workers. By depriving labour of their legitimate rights and their rights to live like human beings, no state can aspire to be a Welfare State.

7.8 QUESTIONS

1. Explain the concept of labor welfare.
2. Briefly explain the theory of labor welfare.
3. Explain the principles of labor welfare.
4. Briefly explain the agencies of labor welfare.
5. Write a note to Labor Welfare Officer.

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SOCIAL SECURITY

Unit Structure:

- 8.0 Objectives
- 8.1 Introduction
- 8.2 Concept of Social Security
 - 8.2.1 Social Security Definition
- 8.3 Social Assistance and Social Insurance
- 8.4 Social Security in India
- 8.5 Indian Labor Act
- 8.6 Summary
- 8.7 Questions

8.0 OBJECTIVES

- To explain the concept of social security.
- To Understand Social Assistance and Social Insurance.
- To Understand Social Security in India.
- To Understand Indian Labor Law.

8.1 INTRODUCTION

Social security is mentioned in ancient literature. Social security is more important concept of labour economics. Concept of social security and its evolution, difference between social assistance and social insurance, government policy regarding social security can be understood.

The concept of social security is based on ideas of human dignity and social justice. The underlying idea behind social security measures is that a citizen who has contributed or is likely to contribute to his/her country's welfare should be given protection against certain hazards. Uncertain ties on account of unemployment, illness, disability, death and old age are experienced by all the people across the world. These inevitable facets of life are said to be threats to one's economic security. In a society, the livelihood of an individual is made up of very diverse elements which taken together constitute the physical, social, cultural, and political universe where he lives. Whenever an individual who lives in a society and faces the uncertainties threatening the bare necessity to sustain a

minimum livelihood, he needs some help from the society, may it be the family, or any government or private institutions. The term “social security” refers to any programme that aims to help individuals faced with such situations. Such people include the poor, the elderly, anybody who is physically disabled, and the mentally challenged.

8.2 CONCEPT OF SOCIAL SECURITY

Social security is a key feature of modern industrial society. Industrial development and urbanization have created a very large class of laborers. This class is considered as an important element in the production system. As the organizer of production and the laborer are human beings, it is important to look after their interests. When examining the historical background and context of social security in India, it is found that some provisions have been made in Kautilya's Arthashastra, Shukrasmriti, etc., and the references are also provided to foreigners. From this the ancient Indian social system was created in such a way that the social security of the laborers and the common man was easily achieved.

The term social security has been defined differently by authorities and, thus, there is no commonly accepted definition of the term. There are mainly two streams of thought on this issue, one represented by the ILO that limits the scope of social security to maintenance of one's income against loss or diminution. Another view perceives social security in a broader sense; in this sense, it is a set of policies and institutions designed to enable a person to attain and maintain a decent standard of life. This is described as a preventive or promotional form of social security.

8.2.1 DEFINITIONS

Social security is defined as the security that the society furnishes through appropriate organizations against certain risks to which its members are exposed.

In the historical perspective, the term social security was coined for the first time when the United States Social Security Act, 1935, came into existence. Subsequently, the term became popular in other western nations of the world.

The ILO has defined social security as ‘the surety that society furnishes, through appropriate organization, against certain risks to which the members are exposed. These risks are essentially contingencies against which the individuals of small means and meagre resources cannot effectively provide by their own ability or pre-sight or even in private combination with their fellow workers—these risks being sickness, maternity, invalidity, old age, and death. It is the characteristics of these contingencies that they imperil the ability of the working class to support itself and it is dependent in health and decency’.

According to Lexicon Universal Encyclopedia, the term social security has been defined as “consisting of public programmes intended to protect workers and their families from income losses associated with the old age,

illness, unemployment, or death. The term sometimes is also used to include a broad system of support for all those who, for whatever reasons, are unable to maintain themselves”.

According to Lord Beveridge, “social security, is an attack on five giants’ viz., want, disease, ignorance, squalor and idleness.” This concept is related to social justice and equality. ILO defines social security as, “the security that society furnishes, through appropriate organisation against certain risks to which its members are exposed. Social security is designed to prevent and cure disease, to support when people are unable to earn and restore to gainful employment.”

The International Labour Organisation (ILO) defines Social Security as “the security that society provides through appropriate organisation against certain risks to which its members are perennially exposed”. These risks are essentially contingencies against which an individual cannot effectively provide by his own ability or foresight alone or even in private combination with his fellows.

In India the National Commission on Labour has endorsed the ILO definition of Social Security and observed; “Social Security envisages that the members of a community should be protected by collective action against social risks causing undue hardship and privatization to individuals whose prime resource can seldom be adequate to meet that”.

EVOLUTION OF SOCIAL SECURITY:

In the post-industrial revolution, the lives of individuals in all societies have become more complex and problematic than before. In modern times, the number of sudden crises faced by individuals is increasing. This is what started the social security program in western countries. In 1935, the term Social Security was coined in the United States after it was first enacted into law for experimental office use. Although social security programs were started in pre-independence India, the program was limited in nature. This program gained momentum in the post-independence period.

The seeds of social security can be found in ancient Indian scriptures. Manusmriti, Sukraniti, Kautilya's Arthashastra etc. Social security is mentioned in ancient literature. It is mentioned that the king and the government should provide social assistance to the elderly, widows, and orphans, blind and disabled people. In earlier times, the public was benefited by such assistance. He used to get royal shelter. Welfare state was established in India after independence. Accordingly, many welfare works were done in the field of social security. Recent insecurities are more pronounced than earlier social insecurities. In the present situation, due to the influence of industrial development, western education, economic self-reliance of women, individualistic and materialistic attitudes, social movements, modern laws, globalization, privatization, etc., labor has become socially vulnerable. Social insecurity is increasing due to lack of exchange of ideas and division of responsibilities due to the destruction of joint family husbands and the formation of separate family

systems. Changes in labor laws due to globalization, privatization have made workers more vulnerable. At the global level, the situation is changing at a fast pace everywhere today. The nature and intensity of insecurity is increasing. So social security has become a mandatory part. It is the duty of the government to help the laborers in times of crisis through various government schemes. Not only this, the economic and social progress of the country is measured in terms of the social security system. That is why social security is considered a major feature of modern society. In a welfare state, the government is responsible for providing social security to the citizens of the country, mainly the poor and the weaker sections.

MAIN CHARACTERISTICS OF SOCIAL SECURITY:

- (1) Social Security Schemes are providing social assistance and social insurance to employees who have to face challenges of life without regular earning due to some contingencies in their life.
- (2) These Schemes are implemented by enactments of law of the country.
- (3) They generally are relief providers to employees who are exposed to the risks of economic and social security. This protection is provided to them by members of the society of which he is a part.
- (4) These Schemes have a broad perspective. They not only provide immediate relief to the employees who have suffered on account of contingencies, but also provide psychological security to others who may face the same problems in times to come.

THE IMPORTANCE OF SOCIAL SECURITY:

- (a) Social Security is the main instrument of bringing about social and economic justice and equality in the society.
- (b) Social Security is aimed at protecting employees in the event of contingencies. This support makes the employees feel psychologically secured. This enhances their ability to work.
- (c) Money spent on social security is the best investment which yields good harvest. The workforce maintenance is very essential not only for the organization but also for the country at large.
- (d) In a welfare state, social security is an important part of public policy. In countries where social security is not given adequate consideration in public policy, the government remains unsuccessful in maintaining equality and justice.

MEASURES OF SOCIAL SECURITY:

Ensuring social security measures for the citizens of a country is the fundamental responsibility of the government. India being a welfare state, the Constitution of India has described it as a democratic and socialist Republic.

The clauses that define fundamental rights and formulate the directive principles of State policy in our Constitution leave no doubt about the concern and commitment of the government to the rights of citizens to enjoy social security. Ours is a democratic country based on the premise of equality and accountability.

We are also a socialist state which accepts the responsibility for providing and ensuring Social Security to all its citizens without any discrimination. Broadly speaking, the idea of Social Security is that, the Centre and the State government shall make itself responsible for ensuring a minimum standard of material welfare to all its citizens on a basis wide enough to cover all contingencies of life. There is perhaps no country in the world which does not take care of the Social Security measures. But the types of Social Security measures provided by the various governments differ from country to country.

8.3 SOCIAL ASSISTANCE AND SOCIAL INSURANCE

SOCIAL INSURANCE

The use of compulsory insurance as a mechanism to provide medical benefits and cash benefits in the case of sickness, disability, widowhood, and old age became acceptable to legislative bodies fearful of accepting extended state intervention that would require higher taxes to finance pensions or other benefits. In societies where self-help by voluntary insurance had been widely supported, the further step of compulsory insurance was seen as a means of making workers “good” by legislation. Because the schemes were financed by contributions levied on both employers and employees with, in some cases, modest state subsidies, unacceptable levels of national taxation were avoided; indeed, as such schemes reduced the need for social assistance or poor relief, the burdens on local taxation were reduced.

Compulsory insurance contributions are essentially a tax on earned income. Employers try—and probably succeed in most circumstances—to shift the burden of their share of the contribution either to consumers in higher prices or more probably, in the long run, to their employees by paying them less in cash. Thus, employers’ contributions are in most cases not paid at the expense of profits. However, the fact that the worker is told that the employer has to pay a proportion of the total contribution helps to make such schemes acceptable to employees, quite apart from the clearly defined benefits that flow from paying their share. Compared with the complexities of an income tax, a social insurance tax is a simple one to collect. But if the level of contributions is high, it creates incentives for workers to become self-employed in what has come to be called the “black,” or “underground,” economy and for employers to avoid contribution liability by employing contract labour rather than full-time staff.

In terms of meeting social needs or reducing poverty the social insurance method of provision has a number of disadvantages. Over the years many countries have tried to find means of countering these. First,

the analogy with private insurance, which made such schemes politically salable, carries with it the social disadvantage that benefits should be paid to those who have contributed. Thus such schemes cannot provide benefits to persons who have never worked, for example, persons who have become disabled before reaching the age to enter employment, those incurring risks very soon after entering employment, and women (or men) who do not enter the labour force because of family responsibilities. Second, the expectation that benefits should be related to the amount paid in discriminates against individuals, usually women, who because of family responsibilities have fewer years in paid employment. Moreover, workers with dependent spouses and children have greater needs than single persons, though the assumption of marital responsibilities—or the converse assumption of marital dependency—is not strictly speaking an insurable risk. Third, where contributions are related to earnings, the benefit will be low for low earners, thus failing to protect them from poverty. The alternative approach, which some countries have adopted, of flat-rate contributions and flat-rate benefits can impose heavy burdens on low earners with family responsibilities. Fourth, it is difficult to bring the self-employed and those working for small employers (e.g., agriculture or domestic work) into such a scheme.

Over the years many countries that started with a purist insurance approach have modified their schemes to try to overcome many of these disadvantages. For example, extra benefits have been provided to persons with dependents. Contributions have been credited to persons outside the labour force for reasons of family responsibility, sickness, or disability. Minimum benefits have been introduced above those strictly warranted by low earnings-related contributions, or the benefit formula has been weighted in favour of lower earners. And some countries have made contributions earnings-related or integrated them with income tax while still paying flat-rate benefits.

Social insurance is one of the devices to prevent an individual from falling to the depths of poverty and to help him in times of emergencies. Insurance involves the setting aside of sums of money in order to provide compensation against loss, resulting from particular emergencies.

The elimination of the risk of the individual is the basic idea of insurance. It is primarily the effort of the social group, in place of the individual effort, to lessen the incidence of loss on the individual.

social insurance as “a co-operative device, which aims at granting adequate benefits to the insured on the compulsory basis, in times of unemployment, sickness and other emergencies, with a view to ensure a minimum standard of living, out of a fund created out of the tripartite contributions of the workers, employers and the State, and without any means test, and as a matter of right of the insured”.

In the words of Sir William Beveridge, social insurance can be described as the giving in return for contribution, benefits upto subsistence level, as right and without means tests, so that individual may build freely upon it.

FEATURES OF SOCIAL INSURANCE:

- (1) It involves the establishment of a common monetary fund out of which all the benefits in cash or kind are paid, and which is generally built up of the contribution of the workers, employers and the State.
- (2) The contribution of the workers is merely nominal and is kept at a low level so as not to exceed their paying capacity, whereas the employers and the State provide the major portion of the finances. This means that there is no close correspondence between workers' own contribution, and the benefits granted to them.
- (3) Benefits are granted as a matter of right and without any means test, so as not to touch the beneficiaries' sense of self-respect.
- (4) Social insurance is now provided on a compulsory basis so that its benefits might reach all the needy persons of the society who are sought to be covered.
- (5) The benefits are kept within fixed limits, so as to ensure the maintenance of a minimum standard of living of the beneficiaries during the period of partial or total loss of income.
- (6) It has to be borne in mind that social insurance alleviates the sufferings of the individual from the particular event, but, it does not prevent it. As a matter of fact, when prevention is impossible, or nearly so, that insurance has its greatest appeal.

CHARACTERISTICS OF SOCIAL INSURANCE:

1. A common fund is established by employer, State and the workers out of which all the benefits in cash or kind are paid.
2. The contribution of the workers is nominal which generally does not exceed their paying capacity, whereas the employers and the State provide the major portion of the finances.
3. The object of the benefits is to ensure the maintenance of a minimum standard of living to the beneficiaries during the period of partial or total loss of income.
4. Benefits are granted as a matter of right and without any means test, thus, they do not touch the self-respect of the beneficiaries.
5. It is provided on compulsory basis so that its benefit might reach to all the needy persons of the society who are sought to be covered by the scheme.
6. Lastly, social insurance reduces the sufferings arising out of the contingencies faced by individual contingencies which he cannot prevent.

Social assistance refers to the assistance rendered by the society to the poor and needy persons voluntarily without placing any obligation on them to make any contribution to be entitled to relief such as workmen's compensation, maternity benefit and old age pension etc. Thus, one may say that a social assistance scheme provides benefits for persons of small means granted as of right in amount sufficient to meet a minimum standard of need and financed from taxation.

Social assistance represents the unilateral obligations of the community towards its dependent group. It is provided by the society or the government to the poor and needy individual.

The principal feature of social assistance are

- (1) The whole cost of the Programme is met by the State and local units of Government
- (2) Benefits are paid as of legal right in prescribed categories of need
- (3) In assessing need, a person's other income and resources are taken into account certain resources such as a reasonable level of personal savings are disregarded and
- (4) The benefit grant is designed to bring a person's total income upto a community determined maximum taking into account other factors such as family size and unavoidable fixed obligations such as rent grants are not related to applicant's previous earnings or customary standard of living.

SOCIAL INSURANCE AND SOCIAL ASSISTANCE:

The difference between social insurance and social assistance are as follows:

Social assistance is purely a government affair while social insurance is partly financed by the State. Social assistance is given gratis while social insurance is granted to those persons who pay a contribution.

Besides, a social insurance does not insist upon a means test upon a means test and benefits are granted without it while social assistance is granted only if certain conditions prescribed by the Government are fulfilled.

India is a Welfare State as envisaged in her constitution. Article 41 of the Indian Constitution lays down, "The State shall within the limits of its economic capacity and development make effective provision securing the right to work, to education and to public assistance in case of unemployment, old age, sickness, and disablement and other cases of unserved wants."

Thus, social security constitutes an important step towards the goal of Welfare State, by improving living and working conditions and affording people protection against the various kinds of hazards.

Social security benefits are provided in India through legislations. Workmen's Compensation Act, 1923 enforces the employer to provide compensation to a workman for any personal injury caused by an accident, for loss of earnings etc. The Employees' State Insurance Act, 1948 enforces the employers to provide sickness benefits, maternity benefit to women employees, disablement benefit, dependent's benefit, funeral benefit and medical benefits.

The Employees Provident Fund and Miscellaneous Provisions Act, 1952 enforces the employer to provide provident fund, deposit-linked insurance etc. The Maternity Benefit Act, 1961 provides for medical benefits, maternity leave etc. The Payment of Gratuity Act, 1952 provides for the payment of gratuity at the time of retirement.

Social security legislations in India suffer from the defects like duplication. For example. Employees' State Insurance Act and Maternity Benefit Act provide for maternity benefits. In addition, different administrative authorities implement the law, resulting from overlapping. Hence, the Study Group (1957-58) appointed by the Government of India suggested an integrated social security scheme in India.

This integrated social security scheme should provide for medical care, insurance against sickness, maternity benefits unemployment insurance, employment injury, and old age pension. This scheme should be enforced by a single agency in order to avoid overlapping and duplication. India is a welfare state and social security is an essential component of government policy.

Social insurance is also somewhat different from social assistance. A social assistance scheme is a device according to which benefits are given as a legal right to workers, fulfilling prescribed conditions, by the State out of its own resources. Thus, social assistance is supplemental rather than substitutive to social insurance.

Both go side by side. But the difference is that social assistance is purely a Government affairs, while social insurance is only partly financed by the State. Social insurance is granted to those who pay a contribution, whereas social assistance is given gratis.

Social insurance does not insist upon a means test and benefits are granted without it, whereas social assistance is given only if certain prescribed conditions are satisfied. Then, the word insurance, in the term 'Social insurance', implies the preservation of the contributory principle which is absent in the assistance. Similarly, we can say that the word social makes a difference from commercial insurance.

8.4 SOCIAL SECURITY MEASURES IN INDIA

Social security measures have a dual importance for every developing country. First, social security is an important step towards the goal of a welfare state. In which people's living and working conditions are improved and protected. Secondly, social security is important to

strengthen the industrialization process. It enables workers to become more efficient and reduces wastage caused by industrial disputes, lack of social security hinders production and prevents the formation of a stable and efficient labor force. So social security is a wise investment that pays good dividends in the long run. In India, the central government has taken the following social security measures to protect industrial workers.

1. Workmen's Compensation Act, 1923 :

The first step towards social insurance was taken by the Government of India in 1923 by passing the Workmen's Compensation Act. This Act imposes an obligation on employers to compensate workers for accidents occurring in the course of employment, resulting in death or total or partial disability. This Act applies to all categories of workers employed for the purposes of the employer's trade or business. If the injury does not cause death. So due to worker's mistake e.g. willful disobedience of an order, etc. results in death. No compensation is payable in such cases. Compensation is payable in case of workers suffering from occupational diseases.

2. Employees' State Insurance Act, 1948:

The Employees' State Insurance Act of 1948 is another step towards social insurance in India. The Act provides certain benefits to employees in case of sickness, maternity and employment injury and applies to all factories which are operated by Vizier and do not employ more than 10 persons but employ more than 20 persons. The Act does not apply to seasonal factories and workers whose wages exceed Rs. It includes workers not exceeding 4000/-. This Act is administered by the Employees/State Insurance Corporation.

3. Coal Mines Bonus Scheme and Provident Fund Act, 1948 :

This Act is applicable to all coal mines in the country except Jammu and Kashmir. There are four Coal Mines Bonus Schemes in operation in states having coal mines. These schemes encourage workers to have more regular attendance and thereby provide a stable labor force in the coal mining industry. To reduce absenteeism a quarterly bonus is provided for those workers who attend for a certain number of days in a quarter and do not participate in illegal strikes. The scheme is applicable to all coal mine employees whose monthly basic income does not exceed Rs.730.

4. The Dock Workers (Regulation and Employment) Act, 1948 :

The safety, health and welfare of dock workers is covered by the Indian Dock Workers Regulations, 1948. This Act is in operation in the major ports of Mumbai, Calcutta, Madras, Visakhapatnam, Cochin, Mormugaon and Kandla. Workers are broadly divided into monthly and reserve workers. Monthly workers are regular workers and enjoy security of employment. Other categories of workers are registered and appointed by the Dock Labor Board. Dock workers are given at least eight paid holidays a year.

5. The Assam Tea Plantation Provident Fund Act, 1955:

The Act covers all categories of tea plantation workers in Assam. Employee contribution is 8% of salary with matching contribution by employers. In 1963, a group insurance scheme was introduced for provident fund members. Under the plan, blackout policy was taken by the board for all. Male members in Provident Fund aged 18-40 get Rs. 500 women members Rs. 250 and employees Rs. 1000 are included. Insurance is deducted from the provident fund of the members by the respective board. Under the National Agreement, since 1956 every worker employed on a plantation in Assam was paid Rs. 135 is payable as bonus. Pension Fund Scheme was started in 1967. The scheme provides pension benefits to plantation workers in addition to provident fund. Pension is paid out of uncollected interest amount of provident fund.

6. The Simmons Provident Fund Act, 1966:

The problems of seamen working on ships for short periods are of a special nature and hence the Seamen's Provident Fund Act was passed in 1966. Under the Merchant Shipping Act, 1958, every seaman working or employed as a member of a ship's crew, but certain grades of officers and other employees were covered under the scheme. Every employer covered under the Act is required to contribute to the fund 6% of the wages paid for the period July, 1964 to July, 1968 and thereafter 8% in respect of each seaman employed by him.

7. Maternity Benefit Act, 1961:

To resolve the differences regarding maternity provision under the various Maternity Benefit Acts of the Central and State Governments, the Central Government passed a new Act called the Maternity Benefit Act, 1961. This Act is applicable to those establishments which not applicable under the Employees State Insurance Act, 1955 amendments to the Act provided six weeks leave with pay to female employees in case of medical termination of pregnancy, two weeks leave with pay to female employees undergoing tuberculosis surgery and a maximum of one month leave with pay in case of illness arising from medical termination of pregnancy or tubectomy.

8. Employees Provident Fund and Miscellaneous Provisions Act, 1952:

The Act provides for establishment of Compulsory Provident Fund for employees in factories and other establishments. The purpose of this Act is to provide social security to his dependents in case of death after retirement or early. The rate of contribution payable by the employer and employee under the Act is 8.33% of wages. The Central Government has revised this rate to 0% in case of establishments employing 50 or more persons. Under the scheme, employers are required to maintain a contribution card for each employee and these cards are subject to inspection by the EPF Commissioner. Every employee is entitled to

interest on the amount deposited in the fund. In case of death of a member, the amount in his account has to be paid to his nominee,

The scheme provides financial assistance to members by allowing them to make partial withdrawals on account of sickness and other reasons and provides them with funds to meet their social obligations such as marriage of sister brother daughter/son or higher education of a child or construction of a house,

9. Employees' Deposit Linked Insurance Scheme, 1976 :

The Workers' Provident Fund Laws (Amendment) Ordinance 1976 was enacted to provide insurance cover to the members of the Coal Mines Provident Fund and to introduce a new social security scheme known as the Deposit-Linked Insurance Scheme without employees' provident fund. The Ordinance provides that in the event of the death of an employee who subscribed to a provident fund covered under the Employees Provident Fund Act, 1952, the employee entitled to receive the money of his provident fund shall also be entitled to an additional payment equal to the average balance. Employer and Central Government i.e. have to contribute at the rate of 0.5% and 0.25% of the employee's monthly wage bill respectively along with the provident fund of the deceased in the last twelve months. The Government also introduced a Pension Scheme for Provident Fund Members Act.

10. Employees Family Pension Scheme, 1995 :

The Employees' Provident Fund Act, 1952 was amended to provide for introduction of Employees' Family Pension Scheme in 1971. The scheme provides long-term protection to the family of a worker who dies prematurely in service. It is mandatorily applicable to all members of the Employees Provident Fund Scheme. Family pension, life insurance benefits and withdrawal benefits including retirement are available under the scheme. In 1995, the scheme was further amended and renamed as "Employee Pension Scheme 1995". The new scheme aims to provide financial support to the member and his family in old age. 8.33% of employers' contribution is credited to the pension fund. 16 per cent. The scheme is compulsory for all persons who are members of the Family Pension Scheme, 1971 and for all those who have become members of the Employees' Provident Fund from 16 November 1995, the date of implementation of the new scheme.

11. Payment of Gratuity Act 1972 :

This Act is applicable throughout the country. It applies to every factory, mine, oil field, port and railway company shop or establishment and other establishments in the State employing ten or more persons. The Act covers all employees employed to perform any skilled, semi-skilled or unskilled, manual, supervisory technical or clerical work. This Act does not apply to a person holding office under the Central or State Government and governed by any other law or by any rule providing for the payment of maturity. The Act was amended in 1994 to remove the wage ceiling of

3500/-. An employee covered under this Act is entitled to gratuity on his retirement, resignation, death, or termination of employment. An employee should have completed more than 5 years of uninterrupted service barring death or disability to be eligible for gratuity. The amount of maturity payable to the employee should not exceed Rs. 1000000/-. An employee has the right to obtain better terms of gratuity under any award, contract or agreement with the employer available under this Act. All the above schemes are included in the social security component.

8.5 INDIAN LABOR REGULATORY LAWS

1. Trade Union Act, 1926 :

The Indian Trade Union Act of 1926 defines a trade union as "Any combination, whether temporary or permanent, primarily works and any trade or business designed for the purpose of regulating or imposing restrictive conditions on relations between employers and workers and any federation of two or more trade unions. The objectives of this Act are: to provide for the registration of trade unions, to give legal and corporate status to registered trade unions and to provide immunity to its officers and members from civil and criminal liability in respect of legitimate trade union activity,

2. Industrial Disputes Act, 1947:

According to Section 2 (c) of the Industrial Disputes Act, 1947, 'Industrial dispute means any dispute or difference between an employer and an employee, or between an employer and a workman or between a workman and a workman relating to the terms of employment or non-employment or to the conditions of labor of any person. Section 2 (a) of the Industrial Disputes Act, 1947 has been amended to empower the individual workman to raise industrial disputes relating to his removal from service, dismissal.

3. The Industrial Employment (Standing Orders) Act, 1946 :

The purpose of this Act is to require employers in industrial establishments to define with sufficient precision the conditions of employment under them and to inform the workers employed by them of those conditions. The Act was enacted to bring about uniformity in the terms and conditions of employment, to reduce industrial conflicts, to promote better relations between employers and employees and to give statutory sanctity and significance to standing orders. The Act is applicable to the whole of India and to every industrial establishment employing 100 or more workers.

4. Social Security Act :

In India the following social security measures were taken by the Central Government to protect industrial workers: Workmen's Compensation Act, 1923: Employees' State Insurance Act, 1948: Coal Mines Bonus Scheme and Provident Fund Act, 1948: Dock Workers (Regulation and

Employment) Act, 1948 : Employment of Workers Act 1951: Employees Provident Fund Act 1952: Assam Tea Plantation Act 1955 Maternity Benefit Act 1961: Family Pension Scheme 1964: Siemens Provident Fund Act 1964: Employees Provident Fund Act 1961: Old Age Pension Scheme 1981: Payment of Gratuity Act 1972 and Employees' Deposit Linked Insurance Scheme 1976: Important laws under this category are briefly explained below.

5. Workmen's Compensation Act, 1923 :

This Act obligates employers to compensate workers for accidents occurring during employment. Compensation is payable in case of death or total disability or partial disability of workers. This Act applies to all categories of workers employed for the purposes of the employer's trade or business. If the injury does not result in death, no compensation is payable if it is caused by the fault of the worker eg under the influence of drink, drugs, willful disobedience of an order, etc. Compensation is payable in case of worker suffering from occupational disease. Compensation is payable for death, permanent total disability, partial disability and temporary disability. This Act is administered by State Governments through Commissioners for Workmen's Compensation. This Act does not apply in areas where the Employees' State Insurance Act is in force.

6. The Employees' State Insurance Act, 1948 :

Another step towards social insurance in India is the Employees' State Insurance Act, 1948. The Act provides certain benefits to employees in case of sickness, maternity and occupational injury and applies to all factories operated by electricity and employing more than 10 persons or factories without electricity but employing more than 20 persons. This Act does not apply to seasonal factories. This Act is administered by the Employees' State Insurance Corporation. The insurance scheme is financed by the Employees' State Insurance Fund which is raised through contributions from employers and employees and through grants, donations, and gifts from the Central and State Governments, local authorities or any other person or institution. Employers contribute four percent of covered employee pay, and employees contribute 1.5 percent of their wages. State governments contribute at least 12.5 per cent towards the cost of medical care. This Kaya provides two types of benefits in the form of medical care and cash.

7. The Dock Workers (Regulation and Employment) Act, 1948 :

The safety, health and welfare of dock workers is covered by the Indian Dock Workers Regulations, 1948. This Act Mumbai, Calcutta, Madras, Visakhapatnam. Operating in major ports of Cochin, Morgaon and Kandla. Workers are divided into monthly and reserve workers. Monthly workers are regular workers and enjoy security of employment. Workers etc.

8. Maternity Benefit Act, 1961:

To resolve the differences regarding maternity provision under various Maternity Benefit Acts of Central and State Governments, the Center passed a new Act called Maternity Benefit Act, 1961. This Act is applicable to establishments which are not covered by the Employees' State Insurance Act. A 1995 amendment to the Act provided six weeks' leave with pay to pregnant female employees, two weeks' leave with pay to female employees undergoing tubectomy operations, and a maximum of one month's leave with pay in case of illness caused by medical termination of pregnancy or tubectomy. The Maternity Benefit (Amendment) Act, 1995 came into force on 01 February 1996. This Act provides for payment of cash maternity benefit for a certain period. A female employee is eligible for maternity benefits if she has worked for at least 160 days in the twelve months preceding her expected date of delivery.

9. Employees Provident Fund and Miscellaneous Provisions Act, 1952 :

The Act provides for establishment of Compulsory Provident Fund for employees in factories and other establishments. The purpose of this act is to provide social security to his dependents in case of retirement or early death. The rate of contribution payable by employers and employees under the Act is 8.33% of wages. The central government has revised this rate to 10% in case of establishments employing 50 or more persons. Under the scheme employers are required to maintain a contribution card for each employee and these cards are subject to inspection by the EPF Commissioner. Every employee is entitled to interest on the amount deposited in the fund. In case of death of a member, the amount in his account has to be paid to his heirs,

10. Employee Deposit Linked Insurance Scheme, 1976 :

The Workers' Provident Fund Laws (Amendment) Ordinance 1976 was enacted to provide insurance cover to the members of the Coal Mines Provident Fund and to introduce a new social security scheme known as the Deposit-Linked Insurance Scheme without employees' provident fund. The Ordinance provides that in case of death of an employee who has subscribed to a provident fund covered under the Employees Provident Fund Act, 1952, the employee entitled to receive his provident fund shall also be entitled to an additional payment equal to the average balance. Employer and Central Government i.e. employees are required to contribute at the rate of 0.5% and 0.25% respectively of the monthly wage bill of the employees along with the provident fund of the deceased in the last twelve months. The government also introduced a pension scheme for the benefit of provident fund members.

11. Employees' Family Pension Scheme, 1995 :

The Employees' Provident Fund Act, 1952 was amended in 1971 to introduce the Employees' Family Pension Scheme. The scheme provides long-term protection to the family of a worker who dies prematurely in service. It is mandatorily applicable to all members of the Employees Provident Fund Scheme. Withdrawal benefits including family pension, life insurance benefits and retirement are available under this scheme. The scheme was further amended in 1995 and renamed as Employees' Pension Scheme 1995, the new scheme aims to provide financial assistance to the member and his family in old age. The central government's contribution to the wages of employees is 1.16 percent. The scheme is compulsory for all persons who are members of the Family Pension Scheme, 1971 and for all those who have become members of the Employees' Provident Fund from November 16, 1995, the date of implementation of the new scheme.

12. Payment of Gratuity Act, 1972 :

This Act is applicable to the entire country. It applies to every factory, mine, oil field, port and railway company shop establishment and other establishment in the State employing ten or more persons.

The Act covers all employees employed to perform any skilled, semi-skilled or unskilled, manual, supervisory technical or clerical work. This Act does not apply to a person holding office under the Central or State Government and who is governed by any rules provided for payment of gratuity by any other law. The Act was amended in 1994 to remove the wage ceiling of 3500/-. An employee covered under this Act on his retirement. Entitled to maturity on termination of employment on resignation, death or bereavement. An employee should have completed more than 5 years of continuous service excluding death and child to be eligible for gratuity. The amount of maturity payable to the employee is should not exceed Rs 10, 00,000/.

An employee has the right to receive better terms of accrual under any award, contract or agreement with the employer available under this Act.

8.5.1 PROTECTIVE LABOR LAWS IN INDIA:

Protective laws in India include Factories Act 1948, Mines Act 1952, and Labor Act 1951. Motor Transport Labor Act 1961. Important Acts like Shops and Establishments Act 1946, Payment of Wages Act 1936, Minimum Wages Act 1948. Child Labor (Prevention and Regulation) Act 1986. And the Contract Labor (Regulation and Abolition) Act, 1970 are briefly discussed here.

1. Factories Act, 1948 :

The Factories Act of 1948 applies to all factories as defined in the Act. Section 5 of the Factories Act deals with labor welfare. Sections 11 to 20 of the Act deal with the health of workers. Sections 21 to 41 deal with safety of workers and Sections 42 to 50 deal with welfare of workers. The

main objectives of the Act are to protect factory workers from health hazards, ensure their safety, improve physical working conditions, regulate working hours and provide employment, facilities and working environment to young persons and women.

2. Payment of Wages Act, 1936 :

It is made in prescribed manner to ensure regularity of wages, to prevent arbitrary deductions, to restrict the employer's right to impose fines and to provide remedies to workers. This Act prescribes wage periods to employers at the end of which they are liable to pay wages. The law makes employers legally liable to pay wages in a prescribed manner. It provides an authorized deduction and restricts the employers' right to any other deduction. The Act provides for an inspector to prevent and take action against employers for violating the provisions of the Act and denying workers their dues.

3. Minimum Wages Act, 1948 :

Statutory minimum wages are fixed under the Minimum Wages Act, 1948. The Act has been approved by the Government of India pursuant to the ILO Convention passed in 1921. It is the employer's obligation to pay wages after the minimum rates of wages have been fixed in accordance with the procedure prescribed by law in accordance with the procedure prescribed by the Schedule to the Act applicable to the employment covered by this Act and the employer's obligation to pay wages.

4. Child Labor (Prevention and Regulation) Act, 1986 :

The act allowed children to work in many occupations like lifting cylinders, cleaning ash pits, building construction, catering, carpet weaving, cement production, textile printing, dyeing and weaving, matchmaking, explosives, firecrackers, cutting, splitting and cleaning wool.

The Government of India had established 124 special schools for out-of-work children and under the National Policy on Child Labor 1987 had undertaken child labor administration projects in several industries where child labor was prevalent. In 1990, a Child Labor Cell was established in the National Labor Organization to study child labour.

5. The Contract Labor (Regulation and Abolition) Act, 1970 :

Working conditions, health and safety for the welfare of contract workers. The Act provides for regulation of wages and other facilities. The contractor shall provide canteen, lavatories, toilets, urinals, drinking water, and first aid kits for the use of contract workers.

If the contractor fails to provide facilities or pay wages, the principal employer shall be responsible for providing facilities or wages to the contract workers and the principal employer may recover such expenses from the contractor. The purpose of this Act is to prohibit the employment of contract labor and, where prohibition is not possible, it seeks to improve

the working conditions of the contract labor. The Act applies to every establishment employing twenty or more workers as contract workers and to every contractor employing twenty or more workers. The Act empowers the Central and State Governments to apply the provisions of the Act to any establishment or contractor employing less than twenty workers.

The central government has banned daily contract labor in coal, iron ore, limestone, dolomite, manganese, chromite, magnesite, gypsum, mica and combustible earth mines, construction industry and railways. Central Food Corporation godowns and contract workers in Badra are in recession.

8.6 SUMMARY

This chapter reviews social security, the concept of social security and its evolution, the difference between social assistance and social insurance, the situation in India with regard to social security. Social security is a key feature of modern industrial society. Industrial development and urbanization have created a very large class of laborers. This class is considered as an important element in the production system. But various laws have been consulted here as a solution to its many problems.

8.7 QUESTIONS

- 1) Explain the concept of social security.
- 2) Explain the difference between social assistance and social insurance.
- 3) Explain Social Security in India.
- 4) Discuss Indian Labor Law.

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Question Paper Pattern (For IDOL Students Only)
TYBA SEM VI (Economics) – for all Six papers

Time: Three Hours

Total Marks: 100 Marks

Please Check whether you have got the right question paper.

- N.B.** 1) All questions are compulsory. Attempt Sub question (A) or (B) of Question no. 5
2) Figures to the right indicate marks.
3) Draw neat diagrams wherever necessary.

Q1. Answer any TWO questions of the following. 20

- a.
- b.
- c.

Q2. Answer any TWO questions of the following. 20

- a.
- b.
- c.

Q3. Answer any TWO questions of the following. 20

- a.
- b.
- c.

Q4. Answer any TWO questions of the following. 20

- a.
- b.
- c.

Q5. (A) Write short notes on any TWO of the following. 20

- a.
- b.
- c.
- d.

OR

(B) Multiple choice questions, select an appropriate option (20 MCQs) 20