CHAPTER - 3

PRE-GLOBALISATION SCENARIO

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CHAPTER 3
PREGLOBALISATION SCENARIO

3.1 INTRODUCTION :-

Globalisation means expansion of economic activities across the political boundaries of nations, increasing economic interdependence between countries and opening up of markets. Globalisation removes gradually the barriers to trade and investment, and aims to have social and economic development.

India had trade relations with many countries since ancient age, in the British period also there were such trade relations. After independence in 1947 India was member of GATT and having the trade relations with the member nations. India adopted different plans and policies about finance, labour industry and agriculture, but India could not make a remarkable progress. In the year 1990-1991 India was in a financial difficulty, 20 tones gold was hypothecated. IMF kept the condition to make the market free and India entered in the process of Globalisation by removing restrictions and barriers. In the year 1994 the GATT is converted into WTO.

3.2 INDUSTRIAL POLICIES :-

India got freedom in the year 1947, hence immediately after freedom India started its own plans and policies, in order to make the good progress in the post independence period. Agriculture was the main source which was contributing to the national income, industrial sector was one more sector added in the national income of the nation.

For efficient progress in the industrial sector there was also a need of forming the industrial policies, labour policies, industrial licensing policies and industrial laws.

The industrial sector could make sufficient progress since independence, for its smooth functioning the Government had to make, certain changes in the plans and policies and the amendments in the laws from time to time.
3.2.1 Industrial Policy Resolution 1948:

After India became independent in 1947, India planned to have the industrial development in the country & encouraged the setting up of new industries & expansion of existing industries. Immediately after independence India used the import policy for health development of local industries. Because immediately after independence the Country was facing the foreign exchange problem, & because of this shortage the Government of India restricted the imports of consumer & industrial goods. The local Industries were allowed to import the technology from foreign nations or to have a Foreign collaborations. The imports were physically banned partially or fully, as well as higher tariffs were imposed on the imports. Initially the products were not of good quality but afterwards the products quality was improved by continuous efforts by the Indian Manufacturers, which are now comparable with imported products. Under this Government policy, the industries & enterprises were classified in to four categories which were -

a) Industries owned by the Government, e.g. The industries like arms & ammunitions, railways, & automatic energy etc.

b) Basic key industries like coal, iron & steel, air craft manufacture, ship building, telephone, telegraphs & communications, radio broadcasting, mineral oils etc. The already existing industries were promised for facilities & expansion for a period of ten years, after that period the option was kept open to them whether to nationalise or to keep them as it is.

c) In the third category the 18 industries were kept under Government control & regulation in consultation with the state governments.

d) The rest of the industries were kept open for private industries.

3.2.2 Industrial (Development & Regulation) Act, 1951:

The parliament & the main provisions of the passed Act were:

a) All existing undertakings excluding those, which are owned by the Central Government, were compulsorily required to register
with the designated authority.

b) No one except the Central Government should start the undertakings unless the license is issued in that behalf by the Central Government.

c) While granting the license the conditions like location, minimum standards in respect of size, techniques to be used which the Central Government may approve.

d) The licenses & clearances were required at the time of substantial expansion of the existing undertaking.

e) For to be brought the industries under the regulation were divided in to two parts, Part I, & Part II in the schedule of the Act. The Government shall issue a direction regarding transfer of industries from part I to part II & prices & quality.

3.2.3 Industrial Policy Resolution -1956 :-

After independence the Government of India have adopted a democratic constitution, granted fundamental rights. However the parliament adopted the socialistic pattern involving the objective of social & economic policy. A New Industrial Policy was announced in 1956.

Classification of Industries :-

This Industrial Policy divided in to three categories. All basic & strategic industries were classified in to public sector & were called A type industries. In the B type the industries the private enterprises could participate along with the public enterprises. This sector was also called as the joint sector. All the remaining industries were left for private sector.

Encouragement to Small Scale Industries :-

This Industrial Policy introduced first time the importance of Small Scale Industries in the national economy, from the point of view of making available the employment, equal distribution of national income & mobilisation of resources. Therefore the Industrial Policy recommended the development of ancillary units in the areas where large industries were to be set up.
Fair Treatment to Private Sector :

In order to improve the employment and production the Government of India provided services to them like transport, power and other services and tax concessions, financial aids and special assistance to the co-operative units for industry and agricultural purpose.

Removing Regional Disparities :

The resolution was passed to reduce the regional disparities and to take the benefit of the industrialization at all over the country. A balanced and co-ordinated development in the industrial and agricultural economy can increase the overall standard of living in the country.

Towards Foreign Capital :

For pace of industrialization Government of India recognized the need of foreign capital and foreign enterprises for to adopt new technique and knowledge but the major ownership and effective control should be in Indian hands.

Monopolies Commission, April, 1964 :

The Government of India appointed a monopolies enquiry commission "to enquire in to the existence & effect of concentration of economic power in private hands." The commission looked at concentration of economic power in the area of industry, & examined industry wise & product wise concentration. The commission also examined the concentration ratio. This commission drafted a law of control of monopolies & recommended the setting up of permanent monopolies & restrictive trade practices commission. Hence the monopolies Act was passed & monopolies commission was appointed by the Government in 1969.

Industrial Licensing Policy Inquiry Committee :

This committee was appointed in June 1969, to observe the shortcomings in the license policy. The opinion of the committee is that the licensing policy had not succeeded in preventing the practice of pre-empting capacity by large houses. It had not ensured the development of industries according to the
licensing policies & had not presented the investment in non priority industry. The Monopolies Restrictive Trade Practices Act was passed in 1969, by following the report of Industrial Licensing Committee. The number of restrictions were put on large Industrial Houses in the Industrial licensing Policy announced on 18th February 1970.

3.2.4 New Industrial Policy, 1970 :-

After considering the recommendations made by the Planning Commission & the Industrial Licensing Policy the Government of India announced the New Industrial Policy on 18th February 1970. For giving the licenses the Government have decided to divide the industries in to number of categories for the purpose of giving licenses. The first category is known as core industries which are considered as the basis for rapid development consisting the assets requirement of five crores & more. The core industries are those industries which creates the industrial base & provides essential inputs for heavy machinery, fertilizers, pesticides, & prints. Excluding the industries which are reserved for public sector under the industrial policy resolution1956 the core industries will be open for investment to the private sector, like big industrial houses & the foreign subsidiaries. The core sector consists of – A) Agricultural inputs, B) Iron & Steel, C) Non-ferrous metals, D) Petroleum, E) Coking Coals, F) Heavy Industrial Machinery, G) Shipbuilding & Dredgers, H) Newsprint & Electronics. For the investments more than five crores, will be treated as heavy investment, reserved for public sector. The second category consists of those projects that requires investment between one crore to five crores. The licenses will be freely given, provided the entrepreneurs are not coming in big twenties or requires big amount of foreign exchange to for his equipment & raw materials. The third category is of those industries whose investment is less than one crore, & there is no need of license, but this relaxation will not be available for the following categories of industries.

1) Those belonging to or controlled by the big industrial houses.

2) The foreign equity holding in a company exceeds 50%.
3) Dominant undertakings as defined MRTP Act 1969.
4) Units related to core sector or reserved for Small-Scale Sector.
5) Those units which requires more than 10 lakhs or more than 10% of the value of investment in fixed assets, in foreign exchange for import of machinery & equipment, whichever is less.

Export Oriented Units :-

The priority will be given to export oriented units in issuing the licenses, the priority will be given for creation of capacities. The export oriented units which were belonging to the small & middle sector units in respect of items specifically reserved for them. The minimum export obligation in such a cases is 60%, this target should be achieved for three years. For creation of extra capacities, a minimum of 75% of additional production within a period of three years should be achieved.

Co-operative Sector :-

The agro-based industries, like sugarcane, & jute industries etc. The preference was given to the applications from co-operative sector, regarding the new licenses.

Role of Public Sector :-

In order to reduce the concentration of economic power the pubic sector was expanded on large scale. The concept of banned list was made applicable to the industries in licensing sector. The middle sector undertakings ranging the investment between 1 crore to 5 crores, licenses were issued on liberal basis. Big industrial houses were required to take the permission as per the norms fixed by the licensing authority.

Registration Procedure :-

The Government simplified the licensing procedure for those units, which were not required to take the licenses as per the Development Regulation Act, 1951. This is called as liberalized licensing policy. Thereafter the units are required to be registered with Central Technical Authorities, for the statistical purposes, such registration dose not requires any payment of fees. This
application does not mean the permission for import of raw material, capital goods, foreign exchange etc.

**Modified Licensing Policy, 1973** :-

In February 1973 a modified licensing policy was introduced. Those units which were registered for public sector having more than 20 crores investment in assets were allowed to participate in it. The foreign investors were also allowed. The co-operative & Small Scale Sector units were encouraged to participate in industrial production. On 25th November, 1975 the Government allowed unauthorized 25% of excess, unauthorized capacity was declared legal on the basis of normal expansion.

**Fera Amendment Act 1973** :-

The Foreign Exchange & Regulation Act (FERA) was amended in 1973, which brought a great change in foreign investment policy of the Government of India. The foreign equity was allowed more than 40% of equity; only certain industries in sophisticated technology were allowed 51% foreign capital. FERA companies were subject to many restrictions, & were not allowed to participate in certain industries.

**3.2.5 Industrial Policy Statement 1973** :-

The industrial policy 1973, drew up a list of Appendix 1, in which the big business houses will start the business, so that there will be no competition in the Small Scale Sector. The big industries were encouraged to start their business in backward areas for to have a balanced industrial development & to make available the employment opportunities in the backward areas. For the development of the Small Scale Industries, a Secretariat for Industrial Approvals (SIA) was set up in November, 1973. & industrial licenses, capital goods, import licenses, terms of foreign collaborations was brought under the (SIA)

**3.2.6 Industrial Policy 1977** :-

The industrial policy statement 1977 has made an attempt to develop Small Scale Sector. The main features of industrial policy statement 1977 are
As the Small Scale Industries have employment generating capacity, the Government emphasized on small scale & cottage industries. The policy of the government was that whatever can be produced by small & cottage industries must only be so produced. Such small sector can be divided into three groups.

i) Cottage & household industries, which will provide self-employment on large scale.

ii) The tiny section having investment up to Rs. 1 lakh, incorporated in town with a population of less than 50,000.

iii) Small Scale industries having investment up to Rs. 10 lakhs & in case of ancillaries with an investment in fixed capital up to Rs. 15 lakhs.

The Government have adopted following measures for the development of small industries.

i) In May 1978 the list of 180 items in the list of reservations has expanded further to 807 items.

ii) The District Center is established for the development of small scale & cottage industries. The center will provide all the services under one roof. IDBI have its separate wing to provide financial help to small industries.

iii) Khadi & Village Industries Commission should be revived; its functioning area should be widened. The Government have attempted to arrange special programme to increase the production of footwear & soaps in the small sector.

iv) Special arrangement should be made to ensure effective development & widespread application of suitable technology for widespread application of small & cottage industries.

**Development of Small Scale Industrial Units :-**

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**Large Scale Industry :-**

In this policy the role of large scale industries is related with satisfying
the basic needs of the population through the small scale & cottage industries.

The following area was specified for large scale industries.

a) The basic industries, which are providing infrastructure for development of Small Scale & village industries, such as steel, non ferrous metals, cement etc.

b) Capital goods industries which meets the requirement of machinery of the basic industries, & the Small Scale industries.

c) The technological industries which required large Scale production & related to agriculture & Small Scale industries such as fertilizers, pesticides etc.

d) The other industries outside the list of reserved items for small-scale industries such as machine tools, organic & inorganic chemicals etc.

Approach towards large business houses :-

The growth of large business houses is not in proportion with size, & internally generated resources, & largely based on borrowed funds from the public financial institution & banks. Besides this the big business houses should rely on their own internally generated resources for financing new projects or expansion of the existing projects. The funds of the public sector enterprises should be made available largely to the Small industries & the concentration of economic power should be restricted.

Expanding role of public sector :-

The policy statement specifies that that the public sector is not merely the producer of the basic goods, but it is used efficiently a stabilizing force for maintaining the stabilizing force for the essential supplies to the consumers. The responsibility will be charged on the public sector of encouraging the development of the ancillary industries,& contributing to the growth of decentralised production by making available the expert technology & management to small scale & cottage industry sector.
**Approach towards foreign collaboration :-**

This policy stated that if the foreign collaboration is not needed then existing collaborations will not be renewed. The Government keeps the ownership & control in Indian hands, even though, the Government may consider fully owned foreign company, due to export oriented / sophisticated technology.

**Approach towards sick units :-**

The Policy Statement suggested the selective approach on the problem of sick units. There is necessity of protecting the employment in the nation, in some cases large amount of funds are invested in sick units but even though they continue to make the losses. It is public money, & should not be continued forever.

**Evaluation of 1977 Industrial Policy Statement :-**

The Janata Policy was a mere extension of the Industrial Policy 1956, the drawbacks of the 1956 policy were removed & the same policy was continued. The main aim of the policy was to encourage Small Scale &Cottage industries, dominated by big industries & multinationals. This will create the employment opportunities & also reduce concentration of economic power.

The policy failed to impose ban on multinationals or Indian big houses to Produce ordinary items like bread, biscuits, footwear etc. Which should have been reserved for small sector.

The large business houses should use their internally generated resources, but most of it are using the finance of public institutions for financing new projects, or expansion of the existing projects, which will built their industrial empire.

The policy was criticized by many critics that encouraging the small sector will create monopoly capital, workers participation in the management & ownership, the increasing role of public sector etc.

**3.2.7 Industrial Policy of 1980 :-**

This policy was announced by the Congress Government in July 1980, & was based on the policy resolution 1956. It is therefore suggested the following
i) **Effective operational management of the public sector:**

The public sector have lost the faith, therefore the measures were suggested for increasing the efficiency of the public sector undertakings, in Industrial Policy Resolution 1980.

ii) **Integrating industrial development in the private sector by promoting the concept of economic freedom:**

For making the development of integrated industrial development, it was proposed to the concept of economic federalism with setting up of a few nucleus plants in each district identified as industrially backward, to generate as many ancillaries & small & cottage units as possible.

iii) **Regularization of unauthorized excess capacity in the private sector:**

The capacity to manufacture if is excess than it can be regularized by considering the FERA & MRTP Companies & cannot be given in respect of items reserved for small sector. The procedure for regularizing is simplified in this policy statement.

iv) **Redefining of small units:**

The Government have decided for boosting the development of small scale Industries

1) The limit of investment of tiny units should be increased from Rs. 1 lakh to 2 lakhs.
2) To increase the limit of investment form Rs 10 Lakhs to 20 lakhs
3) To increase the investment limit in ancillaries sector from 15 to Rs 25 lakhs.

v) **Industrial Sickness:**

Those industries which are sick and having a good potential the government can encourage their merger with the healthy units which can manage the sick units.

vi) **Automatic Expansion:**
One more concession was given to the large scale units was extension and simplification of the facility of expansion to all industries in the first schedule 1951

3.3 INDUSTRIAL LICENSING POLICY :-

The new enterprises as well as the existing entrepreneurs were restricted by licensing system. If they were interested in starting new enterprise or to expand existing one they had to take the permission by way of license. The system of license was critical and time consuming.

3.3.1 Industries (Development and Regulation) Act 1951 :-

This Act was passed in 1948 to implement the policy resolution 1948. The provisions of the Act were:

i) The new units cannot be established or expanded without the permission of the central government.

ii) The government can undertake the undertakings which are unable to follow the instructions for improvement of management and policies.

iii) The government can make investigation in certain specified industries regarding.
   a) Which shows fall in production;
   b) Which used resources of national importance;
   c) Which are managed in such way that it will affect the interest of the shareholders

iv) The Act empowers the government to set prices, methods & procedures and changes of distribution.

v) The Act empowers the government to self Development Council, consisting the representatives of industry, management and consumers. The industrial undertakings having 100% capital and having the fixed assets of less than 10 lakhs are not required to take the license.

3.3.2 Hazari Report on Industrial Licensing (1967) :-

Working of licensing under Industrial Act 1951 was received by Dr. R. K. Hazari and he reported that -
i) The license were issued on first come first serve basis.

ii) The licensing did not bring about balanced regional development

iii) Some leading houses like Birlas adopted the practice of multiple applications for the same products.

iv) The authorities were not aware of the investments, foreign exchange commitments, etc to whom the licenses were issued eg. Birla did not used even 50% of total licenses issued.

Subimal Dutt Committee Report :-

After discussion on Hazari Committee report, the another committee known as Industrial Licensing inquiry committee was appointed under the chairmanship of Subimal Dutt, Which submitted a report in July 1969.

Conclusions of the Committee :-

i) The object of the licensing policy 1956, was ignored by the licensing authority The committee said in its report that " It was not, however, necessary to grant licenses to the same ' houses in a given industry. It was also not necessary to grant capacities much higher there by concentrate licensed capacity among a few units belonging to the large industrial sector."

ii) The licensing authority was bought by big industrial houses eg. 73 industrial houses, accounted for 56% for proposed investment & 60% of the value of import of capital goods by the entire private sector.

iii) The areas reserved for public sector industrial resolution 1956 were opened to private sector e.g. development of aluminium, machine tools, fertilizers, drugs & pharmaceuticals, synthetic rubber etc. the licenses were allotted to private sector who have made a good progress.

iv) The four industrially advanced states i.e. Maharashtra, West Bengal, Gujarat and Tamilnadu acquired 62% of total licenses.

v) Out of total assistance given by public lending institutions during 1955 to 1966, 73 big houses accounted 44% and 20 big houses for 17% the public sector received 9% of total financial assistance.
The foreign collaboration were given the licenses in consumer goods like refrigerators, radio record chargers, cameras, thermometers, toilet soaps, sewing thread, ball pens, loud speakers etc. In short out of 720 products the foreign collaborations permitted for 70 consumer goods production.

The 20 large industries received up to 43% of total funds loaned by public sector institutions like LIC & UTI, major banking institutions also preferred to fund the large industrial sectors.

Thus, Dutt committee observed that implementation of the Industrial policy the government is failed to achieve the objectives of economic development. Also it could not prevent the concentration of economic power in the hands of few large industries & business institutions.

3.3.3 Liberalisation of Industrial licensing after 1980 :-

The major changes in the industrial licensing policy 1980 were as follows.

Introduction of broad banding :-

This concept is introduced in large number of items & like two wheeler, four wheeler, chemical pharmaceutical and fertilizers machinery etc. The manufactures can adjust their product mix as per the demand in the market. In broad banding licenses are issued in broad categories, so that a particular production will not exceed than the licensed capacity.

Liberalisation of licensed. Capacity :-

Due to modernization if the capacity has been increased, than automatic increase in capacity up to 49% On January 1986 government delicensed 23 industries for MRTP and FERA Act. Provided industries were located in backward areas.

Raising the asset limit of MRTP Companies :-

The asset limit raised from 20 crores to 100 crores for companies under MRTP Act as result 112 companies came out of Preview of MRTP Act. The government also exempted 49 industries from section 22 A of preview of MRTP Act. The government also exempted 49 industries from section 22 A of MRTP
Industrial licensing relaxed :-

Non MRTP And non FERA companies do not requires to take the according to IDRA act and their investment in assets up to 50 crores if are located in centrally backward areas & 15 crores in case of nonbackward areas. The industries requiring compulsory licenses were also reduced from 56 to 26 now.

Industrialization in backward areas :-

The new industries are opened in declared backward areas. These industries are entitled to the income tax relief under section 80 H of the Income Tax Act.

3.4 GOVERNMENT LABOUR POLICIES :-

Indian Industrial labours are mostly unorganized, illiterate, not unified, and insecured about their job in future.

The government of India passed Trade Unions Act, workmens compensation Act, Some laws of social security, like P.F., Pension etc., but eventhough the workers are suffered. Hence the government is changing the policies by amending the laws related to labour from time to time.

3.4.1 Characteristics of Indian Labour :-

The Industrial labour means the labours which are engaged in large and small industries. But in India the labour means those labours which are employed in organised sector. Here organized sector means the industries which are covered under Factories Act, 1948.

The total industrial workers in 1900 were 5 lakhs, in the year 1950 and in 1993 they were 3 million and 9.1 millions respectively. In 1998 total workers declined up to 8.8 million and in 1999 they were 7.44 million. The labours employed in the industry are very few as compared to the total working population, & the share of income in the total national income is much more.

i) The well known feature of industrial workers is they have their roots in villages. They have left their occupations and have come in the cities in
search of permanent or temporary jobs & most of them have still the attachment in villages.

ii) Most of the Indian labours are uneducated; they do not understand the problems of the industry as well as the problems of their own they are facing.

iii) The industrial labours are not united but are subdivided on the basis of region, religion, language and caste.

iv) Indian labours do not remain in the same job, therefore there is high labour turnover, and absenteeism, indiscipline are quit common. This may be due to lack of education and laziness.

3.4.2 Policy about Trade Union:-

Trade Union :-

Trade union is a voluntary organization of workers formed to promote and protect the interests of workers through collective action. The origin of Trade union is at 1920. Mr. Maruti Lokhande and S.S. Bangalee were the founder of the trade union movement in India. The workers can demand higher wages, obtain concessions and improvement in working conditions through strikes. The Trade Unions Act was passed in 1926. The Act gave legal status to the registered trade unions. The Act gave legal status to the registered trade unions, and the status in general public and the employers.

Table 3.1: Growth Trade Union Movement After Independence in India.

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Registered Trade Unions</th>
<th>No. of Unions furnishing information</th>
<th>Membership of Unions Submitting returns (in lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951-52</td>
<td>4,623</td>
<td>2,556</td>
<td>20</td>
</tr>
<tr>
<td>1961-62</td>
<td>11,614</td>
<td>7,087</td>
<td>40</td>
</tr>
<tr>
<td>1971</td>
<td>22,484</td>
<td>9,029</td>
<td>55</td>
</tr>
<tr>
<td>1981</td>
<td>35,539</td>
<td>6,082</td>
<td>54</td>
</tr>
<tr>
<td>1987</td>
<td>49,329</td>
<td>11,063</td>
<td>79</td>
</tr>
<tr>
<td>1990</td>
<td>52,016</td>
<td>8,828</td>
<td>70</td>
</tr>
</tbody>
</table>

From the number of trade unions in 1951 were 4,623 increased up to 35,539 in 1981 and 52,016 in 1990. Where as membership which was 20 lakhs in 1951 increased up to 54 lakhs in 1981 and 70 lakhs in 1990. The Trade unions, filing the returns were 2,556 in 1951, 6,082 in 1981 and 8,828 in 1990.

After independence there was partition and there was increasing unemployment in the country. The workers were expecting wages, service conditions and amenities. There were series of strikes and mandays were lost during this period.

**Defects if the Trade Union Movement :-**

According to V.V. Giri the defects in trade unions are of 3 types.

**a) Low Membership :-**

The average membership per union in India is around 800 where as in U K (17600), USA (9,500) & USSR (25 Lakhs)

**Table 3.2 : Percentage distribution of trade unions according to membership**

<table>
<thead>
<tr>
<th>Membership</th>
<th>No. of Union</th>
<th>Percentage to the total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 50</td>
<td>22.2</td>
<td>21.5</td>
</tr>
<tr>
<td>50 – 99</td>
<td>20.1</td>
<td>19.2</td>
</tr>
<tr>
<td>100 – 299</td>
<td>29.4</td>
<td>31.4</td>
</tr>
<tr>
<td>300 – 499</td>
<td>9.3</td>
<td>9.5</td>
</tr>
<tr>
<td>500 – 999</td>
<td>9.6</td>
<td>9.3</td>
</tr>
<tr>
<td>1000 - 1,999</td>
<td>5.1</td>
<td>4.6</td>
</tr>
<tr>
<td>2000 - 4,999</td>
<td>2.9</td>
<td>2.9</td>
</tr>
<tr>
<td>5000 – 9,999</td>
<td>0.5</td>
<td>0.8</td>
</tr>
<tr>
<td>1000 – 19000</td>
<td>0.6</td>
<td>0.5</td>
</tr>
<tr>
<td>2000 and above</td>
<td>0.3</td>
<td>0.3</td>
</tr>
</tbody>
</table>

(Source :- Labour Welfare, Trade Unionism and Industrial Relations by - Punekar, Deodhar, Saraswati Shankaran)
The above table reveals that over 71% of the total registered unions are of small size having membership below 300 and not even 1% having a membership above 10000. Over 71% small unions have around 13% of total membership where as 0.8% of Legalised unions claims 32% of the total membership.

b) Poor Finance of Trade Unions :-

Table 3.3 : Low Income in Percentage From different sources

<table>
<thead>
<tr>
<th>Source of Income</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1957-58</td>
</tr>
<tr>
<td>Membership fees</td>
<td>70.0</td>
</tr>
<tr>
<td>Donations</td>
<td>18.1</td>
</tr>
<tr>
<td>Sale of Periodicals, Books, etc</td>
<td>0.4</td>
</tr>
<tr>
<td>Interest on investments</td>
<td>0.6</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>10.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

(Source: Labour Welfare, Trade Unionism and Industrial Relations by - Punekar, Deodhar, Saraswati Shankaran)

From the above table it is clear that membership fees and donations accounts for 83 to 88% of unions total income but sale of periodicals and interest on investment brings limited income. The small unions have no such income from financial sources and publications.

c) Absence of whole time paid officers :-

The unions are not affording to appoint the full time paid officer to look after the daily operations of the union. Besides this the leadership is provided to the professional politicians, Unions are not trying to improve the loyalty of the workers and concentrating on strikes and promoting the welfare of the workers.

Measures to Strengthen the Movement :-

Need for Unity :- The disunity among the workers and multiplicity of the unions are the main causes of lack of strength and poor bargaining power of the union. For unity in the movement there should be only one union or different trade
unions should come together for common object of common programme.

**Omitting Unhealthy Politics** :- The trade unions are influenced and under control of political parties so the union leaders are working more for party than for union

**Leaders from Workers** :- The unions are formed by the outside political leaders. After the unions are developed the political leaders are using the power of the workers for their political purposes. So the leaders should be from the working classes.

**Single union for a industry** :- More unions in one establishment curs the root of the movement. It weakens the collective bargaining power of the union and do not helps the workers to secure their rights.

**Responsibility of the employee** :- The trade unions are paying attention on workers demand only but it is also the responsibility of the union to make aware to the workers to work efficiently after satisfying the demand.

**Leaders responsibility of the union** :- The union leader should act for the interest of the workers, he should have patience, understanding courage etc. qualities.

**More Usefulness of the Union** :- The trade unions are generally called as the strike committees, for the benefits of workers. But it should not be the only interest, besides this unions lacks the funds, hence the prolonged strikes gets the failure.

In Short the trade union movement has a bright future, provided the above suggestions are considered. The government is also attracting great importance to the development of trade union in on healthy lines.

**3.4.3 Industrial Disputes in India** :-

There are conflicts between the employers and employees, the form of such disputes are shown by way of strikes, go slow, gheraos, demonstrations etc. from the side of employees, and retrenchment, dismissals, lockouts etc. from the side of the employers. The disputes creates the tensions amongst the employers and employees.
Nature and trend of industrial disputes:- The trend of the disputes after independence day is made clear by the following table.

### Table 3.4: Workers involved and mandays lost in the strike and lockouts.

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Disputes</th>
<th>No. of Workers involved</th>
<th>Average No. days a worker involved</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strikes</td>
<td>Lock-out</td>
<td>Total</td>
</tr>
<tr>
<td>1951</td>
<td>1,010</td>
<td>61</td>
<td>1,071</td>
</tr>
<tr>
<td>1961</td>
<td>1,240</td>
<td>117</td>
<td>1,357</td>
</tr>
<tr>
<td>1971</td>
<td>2,478</td>
<td>274</td>
<td>2,752</td>
</tr>
<tr>
<td>1976</td>
<td>1,241</td>
<td>218</td>
<td>1,459</td>
</tr>
<tr>
<td>1977</td>
<td>2,691</td>
<td>426</td>
<td>3,117</td>
</tr>
<tr>
<td>1981</td>
<td>2,245</td>
<td>344</td>
<td>3,589</td>
</tr>
<tr>
<td>1982</td>
<td>2,029</td>
<td>454</td>
<td>2,483</td>
</tr>
<tr>
<td>1983</td>
<td>1,993</td>
<td>495</td>
<td>2,488</td>
</tr>
<tr>
<td>1988</td>
<td>1,304</td>
<td>441</td>
<td>1,745</td>
</tr>
<tr>
<td>1989</td>
<td>1,397</td>
<td>389</td>
<td>1,786</td>
</tr>
</tbody>
</table>


Causes for Industrial Disputes:-

i) Amongst the many causes the important cause is demand for higher wages. The Indian industrialists are not following the proper policy for paying wages; Therefore the wages are not rising in the proportion of increase in the prices.

ii) Demand for bonus is another important cause of industrial dispute. There is the feeling of the workers, is that the employers are earning the profit due to there sincere efforts, but employer do not accepts this fact, for to avoid the payment of bonus. Hence this cause is a source of friction between employers & employees.

iii) Demand for good working conditions like, health, safety and welfare
measures should be followed by the employers, as per the provisions of Factories Act, 1948. The measures suggested are, less working hours, safety measures, leave & holidays canteen etc. If the working conditions are not provided than it may cause for industrial dispute.

Table 3.5: Percentage distribution of Industrial Dispute in India by causes.

<table>
<thead>
<tr>
<th>Year</th>
<th>Wages &amp; Allowances</th>
<th>Bonus</th>
<th>Personnel Retrenchment</th>
<th>Indiscipline Violence</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>1961</td>
<td>30.4</td>
<td>6.9</td>
<td>29.3</td>
<td>—</td>
<td>33.4</td>
</tr>
<tr>
<td>1971</td>
<td>34.3</td>
<td>13.1</td>
<td>23.0</td>
<td>1.4</td>
<td>27.2</td>
</tr>
<tr>
<td>1976</td>
<td>23.0</td>
<td>14.0</td>
<td>22.7</td>
<td>3.5</td>
<td>25.8</td>
</tr>
<tr>
<td>1981</td>
<td>28.1</td>
<td>8.0</td>
<td>21.3</td>
<td>9.4</td>
<td>33.2</td>
</tr>
<tr>
<td>1990</td>
<td>24.2</td>
<td>4.0</td>
<td>15.9</td>
<td>15.6</td>
<td>40.3</td>
</tr>
</tbody>
</table>


From the above table it is obvious that during the period 1966 – 1971 the industrial disputes were 46 to 50 percent due to wages and bonus. After this period the disputes due to economic demands declined during the period emergency, in the year 1976. Another reason of disputes is the bonus which has direct relation with productivity. But while declaring the bonus the Government decided to include the workers in determination of allocable surplus which was called as deferred payment instead of bonus in the period of emergency. During 1981 wages and bonus accounted for 29% of total industrial disputes.

To retrench was one more cause of industrial and dispute was 32% of total disputes in 1961. By 1971 it was 23%, but again rose to 33% in 1976, during 1981 it was 16%

The other cause includes work loads, providing amenities, non implementation of standing orders, of labour acts; the other causes was 22% and 40% during 1961 & 1972, of total disputes, and it was 22% in the year 1981.
Industrial Disputes Act: -

To many conflicts is termed as inability of the government to maintain the law and order. Dispute amongst the employees stops the production, national income and the consumers. Therefore Government of India, passed the Industrial Dispute Act in 1929.

Amendment of Industrial Dispute Act, 1947 in 1956: -

The Act which was passed in 1947 amended in the Year 1956 presented the Machinery for settlement of disputes. The present system of settling the system is as under.

Works Committees: - This committee includes the representatives of the employers and employees the Committee tries to solve. The disputes it provides the negotiation to them. The establishments having 100 or more workers the government can direct to form Committees

Conciliation officer: - For to bring the parties employers & employees together and solve their differences the government appoints the conciliation officer for a particular region or a industry. He has to report the government about failure or success of the disputes. If he is not successful there he has to show the reasons of not settling the disputes.

Board of Conciliation: - This board consists a chairman and two or four representative of employers and employees. This board his appointed by the government for to the governments settling the disputes. The board has to report about success of failure & reasons of failure and the measures to be taken

Labour Courts: - Courts have been set up by the State Governments to settle the disputes like dismissal, suspension, etc. The labour courts decides the matters speedily and reports to the State Governments.

Industrial Tribunals: - The industrial tribunal are of two types, i.e., national tribunals and State tribunals, both the tribunals are help to Solve the disputes amongst the employers and employees. The State government appoints one person in the industrial tribunals of the rank of ‘High Court Judge’ in the national tribunal such person is appointed by the Central Government. The judgment
given by these tribunals is binding on both the parties.

**Court of Enquiry** :- When ever the disputes cannot be settled by the Conciliation. Officers or the Board of conciliation, then this case is transferred to the Court of enquiry, Which involves. One or two individual persons appointed by the government, even though dispute is not settled by them, then it is transferred to the labour courts.

**Joint Management Council** :- This Council enables the workers to participate in the management & to know the problems and difficulties of the industry and to improve the relations of workers with the management, reduction in the wastes, increase in the productivity better profits and good understandings between the parties. The government of India have introduced since October 1975 the workers, participation at the shop floor and plant levels. The commercial organizations, nationalised banks etc. The commercial organisations employing at least 100 workers was announced in 1977.

**Code of Discipline** :- The Code of discipline was evolved in industry by the Indian labour Conference in 1958. The code was also Supported by the Indian trade unions association. According the Code of Discipline employers and Workers will voluntarily create the mutual understandings between employers and employees and employees and will follow the practice of actual negotiation.

**According to the code of Discipline** :-

i. The parties should not take any action without consulting each other.

ii. There should not be go – slow trick, act of violence, intimation, damage of property, coercion etc.

iii. Without consulting other the parties should not take the action.

iv. The existing machinery used to settle the dispute should be used the awards and agreements should be implemented quickly.

The Code of Discipline is adopted by 180 employers and 150 trade unions. This code is also applicable to the public enterprises in the form of company and corporations.

**National Arbitration and Promotion Board** :- The board comprises the
representatives of employers, employees organizations, public undertaking and the Central and State Governments.

The board to ensure the employers and employees representative the voluntary approach to settle the dispute.

Central Industries Relations Machinery (CIRM):- The CIRM maintains industrial relations enforcement of labour laws and verifies the membership of TUS. The functions consist of

a) Implementation of Settlements and awards,
b) To interfere in threatened strikes and lockouts etc.
c) Enforcement of other provisions in the industrial disputes Act relating to
   (1) Works Committees (2) Lay off (3) Recovery of dues (4) Retrenchment
   (5) Unfair labour practice etc.

Measures of Social Security in India: - The People remains unemployed for certain period due to accidents, old age, illness in the business old age, retrenchment etc. It is the obligation of the State, to provide the Security to the workers.

Workmen Compensation Act – 1923: - The Act is passed in 1923 to provide Compensation to the workers in case industrial accidents and injury. The employment in mines plantations, construction workers and certain other & difficult operations. The amount of compensation depends of the Salary of workers type of injury and age of the workers. The total benefit for disablement and death is fixed Rs. 90,000 and 80,000 respectively.

The partial disablement gets 50% of the wages for a maximum period of 5 Years, This Act is not having the wage limit but the Scheme is not applicable to the person who are covered under the employees State Insurance Act 1948.

3.4.4 National Wage Policy: -

There are two views of national wage policy. One is narrow view and the other is broad view. In the narrow sense, it means to deal with the specific objectives of attaining a better living for workers in both organized public sector and organized private Sector.
In the broad sense, it means formulation of guidelines for fixation of wages for all categories of workers both in organized and unorganized sectors.

Objectives:-

i. To reduce the wage differences between organized and unorganized sector.

ii. To adjust the wages and salaries of the workers and employees as per the cost of living index number so that the disparity can be minimised (i.e. high paid & low paid)

iii. To ensure minimum wages to all sectors, including agriculture, industry and service sectors.

iv. To work efficiently to increase the share of product in the national product.

v. To minimise the disparities within the industry, within the occupation or within the region.

vi. To reduce the disparities between salaries and wages of private and public sectors.

vii. To prevent high profitable units paying high wages than. Prevailing level of wages in other sectors.

viii. To prevent the high wages otherwise by purchasing of machinery and reduce the employment.

ix. To permit bilateral collective agreement within national frame work otherwise wage islands will be created and there will be conflicts amongst the workers and employers.

x. To eliminate the malpractices in the payment of wages.

xi. To promote the incentive wage, systems with and intention of increasing the productivity and real wages of the workers.

xii. To promote the promotions of the workers by conducting the skill development programmes

The Contents of National Wage policy :-

There were three policy reports presented in post independence period. Report of national commission on labour (1969) A Committee under the
chairmanship was appointed submitted report in 1973, published in 1975. The Janata Government appointed a committee under the chairmanship of Mr. Bhootalingam which submitted the report in may 1978.

1. Minimum Wages :-

As per the recommendations of chakraborty committee National Commissions of Labour and Bhoothalingam Study group, about minimum Wages - Bhoothalingam Study group recommended Rs. 150. P.M. as per 1978 prices; against the recommendations of Chakrabvarty Committee Rs. 200 at 1974 prices.

2. Fair Wages :-

As per the fair wages committee the minimum wages means lower limit and upper limit means the capacity of the industry to pay.

The Actual wages limit remains between these two but depends upon the factors like :

a) Productivity of labour
b) Prevailing wage rates
c) The level of national income & distribution.
d) The place of industry in the economy &
e) The degree of unionsation in the industry.

3. Wages and Productivity :-

It is said that the wages to be paid should be based upon the productivity. If the productivity is raised than it becomes the legitimate right of the workers to demand more wages, But such payment is dependent upon the capacity is dependent upon the productivity of the industry.

4. Wages and Per Capita income :-

As per the available real wages and per capital income the real wages are increased by 51% in 1980. as compared to 1960s prices. Where as the rise in per capita income during the 23 year period ( 1960 – 83) was 36.5%

In short real wages raised more as compared to per capita income, this was because of unorganized sector.
3.5 INDUSTRIAL LAWS: -

The industries are started in India at the time of British period, like, Textile industry, steel industry and many other. The workers were paid low wages, hours of work were not fix no facilities were provided to them, they were removed without intimation and without their offence.

Therefore the Industrial laws are made from time to time in order to give justice to the workers.

3.5.1 Factories Act 1948 :-

Objectives of the Act :-

i. Protection from industrial and occupational hazards. The workers who are employed in the factory are protected by this act from industrial and occupational hazards.

ii. Welfare of the workers by providing various facilities.

iii. Regulating hours of work

iv. Cleanliness in the factory premises.

v. Safety of the workers.

vi. Construction of building as per approved plan.

vii. Factory inspectors

viii. Provision of necessary staff.

Factory :- [ Sec. 2(m) ]

“Factory” means the premises including

i) Where in 10 or more workers working or were working on any day of preceding 12 months in any part of manufacturing process is carried on with the aid of power, or is or ordinarily so carried on.

ii) Where 20 or more workers are working or were working on any day of the preceding 12 months in any part where manufacturing process is carried on without the aid of power, or ordinary so carried on

But does not include :-

a) A mine subject to operation of the mines Act 1952

b) A hotel, a restaurant or eating place.

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c) A railway running shed.
d) A mobile unit belonging to Armed forces.

Provisions Regarding Health of Workers :-

Section 11 to 20 deals with the provisions of ensuring health.

i) Cleanliness (Sec. 11) :-

a) accumulation of dirt showed be removed by sweepers, the benches, work rooms, stair cases & passages etc. should be disposed.
b) Wet floor should be drained through drainages.
c) The floor of every workroom shall be cleaned & washed at every week.
d) Inside walls, partitions, ceiling or top, sides and tops of passages & staircases should be repainted or revarnished at least once in 5 years or cleaned within 14 months.

ii) Disposal of Wastes and effluents [Sec 12 (1-2)] :-

Effective arrangement of waste and effluents should be make, for it's disposal by taking in to consideration the different rules made by the State Government.

iii) Ventilation and temperature. [Sec. 13 (1-3)] :-

a) In order to avoid the injury to the health of the worker he should be provided adequate. Ventilation and fresh air.
b) Proper temperature measuring instrument should be provided and should be kept at such places and in such a position as specified, & records should be maintained.

iv) Dust and Fumes [Sec. 14 (1-2)] :-

In each manufacturing process the dust and fume is created which is injurious & offensive to the health of workers shall be prevented by in halation, by application of exhaust, the origin of dust, fume or other points of impurity should be applied.

The internal combustion engine should be operated until the measure are taken.
v) **Artificial humidification (Sec 15):**

a) In some factories the artificial humidification is made; then State Government may make rules,
   
i) Prescribing standards for humidification,
   
ii) Prescribing method of humidification,
   
iii) Prescribing test for determining, method of cooling etc.
   
b) Drinking water should be effectively Purified.

vi) **Over crowding (Sec 16):**

In order to avoid overcrowding the Act suggests that there should be at least 14.2 cubic meters Space between two workers.

vii) **Lighting (Sec. 17):**

Sufficient lighting should be provided at works places so that accidents can be minimised. The light may be natural or artificial, the glazed & windows & skylights should be used.

viii) **Drinking Water (Sec. 18):**

Drinking water should be provided at suitable points should be situated beyond 6 meters from any washing place. In a factory where more than 250 workers are employed provision shall be made to provide for cooling drinking water during hot weather.

ix) **Latrines and Urinals (Sec. 19):**

The latrines and urinals should be conveniently provided, separately for males females, should be lighted and ventilated, maintained clean at all the times.

x) **Spittoons (Sec. 20):**

Sufficient spittoons should be provided and kept clean and maintained in a hygienic conditions.

No body should spit outside the spittoons, a penalty or fine up to Rs. 5 is applicable will be recovered from those who are breaking the rules.

3.5.2 Workmen’s Compensation Act 1923:

**Object of the Act:** The main object is to provide for the payment of
compensation, by employer to the workers for injury by accident.

**Amount of Compensation** :: The amount of Compensation depends upon

i) Monthly wages of the workmen.

ii) Nature of injury caused by accident

iii) The working of lump sum compensation amount as specified in schedule iv as per the amendment Act 1984

There is no difference between adult and minor for payment of compensation. Section 4 of the amendment Act provides for compensation for

Death

Permanent total disablement

Permanent disablement whether total or partial.

i. Compensation for death [ Sec. 4 ( 1 ) ( a ) ] :: An amount equal to 40% of monthly wages of the deceased workman multiplied by the relevant factor, or an amount of Rs. 20,000/- whichever is less.

ii. Compensation for permanent total disablement [ Sec. 4 (4)(b) ] ::

A) Where Permanent total disablement results form the injury. An amount equal to 50% of monthly wages of injured workman multiplied by relevant factor or 24000 whichever is more.

iii. Compensation for permanent partial disablement results from the injury [ Sec.4( 1)(c) ]

The amount of compensation will be as under. Where disablement due to injury.

a) In case injury specified in part II of schedule I :: As specified there in the percentage of loss earning capacity caused by injury [ Sec.4 ( 1 ) (c) (I)] :: in part II of schedule I is 30% of the amount of compensation shall be 30% of the compensation payable in case of permanent total disablement.

b) In case of injury not specified in schedule I :: The compensation is given in percentage of loss of earning capacity permanently caused by
the injury.

iv. Compensation for temporary disablement where total or partial disablement results from injury [Sec. 4 (1)(d)(2) and (3)]

The compensation for temporary whether total or partial disablement shall be 25% of monthly wages of the workman shall be payable every half month, payable on 16th day

a) From the date of disablement lasts for a period of 28 days or more or
b) After expiry of waiting period of 3 days from the date of disablement when such disablement for a period of 28 days & there after ½ the monthly wages or up to 5 years, whichever the period is less.

3.5.3 The Industrial Dispute Acts 1947 :-

The act came in to force since April 1947. The object of the Act is to provide machinery for equitable settlement it provides better working conditions to workers, ensuring decent standard of living and a living wage. It substitutes arbitration and fair negotiation in order to avoid the strikes and lockouts.

**Objects of the Act :-**

a. To maintain the industrial peace by setting the disputes.
b. Cordial relations between employers and employees.
c. Promote good relations through external machinery like conciliation, courts, of enquiry, labour courts, Industrial tribunals and National tribunals.
d. Redressal of workers grievances through statutory machinery
e. Job security to the workers.

**Machinery for Settlement of Industrial Disputes :-**

In the settlement of industrial disputes the following authorities may help.

a) Works Committee.
b) Conciliation officers.
c) Board of conciliation.
d) Courts of enquiry.
e) Labour courts.
f) Tribunals.
g) National tribunals.
a) Works Committee:
Industrial establishment where more than 100 or more workmen are employed on any day in preceding twelve months the appropriate government may constitute the works committee consists representatives of employers employees. The committee is required to be registered under Trade union Act.

Duties of works Committee:

a) Promote measures for good relations between the employer and employee.
b) Comment on common matters.
c) Compare the material differences and give opinion.

b) Conciliation officers:
The appropriate government may appoint such number of persons as it thinks fit as conciliation. Officers by notification in the official gazette, for a specified area, specified industries or industries in specified area. Permanently or for a limited period.

Duties of Conciliation Officers:

a) To hold the conciliation procedure.
b) Investigate the dispute and settle the dispute.
c) To send a report of settlement to the appropriate government with memorandum of settlement signed by parties to dispute.
d) If no settlement is arrived them to report according to the appropriate government and steps taken by him for finding the facts.
e) On failure the appropriate government may refer this case to a Board, labour court, Tribunals or National Tribunal court, Tribunals or National Tribunal.

c) Board of Conciliation (Sec. 5):
The Appropriate government by notification appoint a Board of
conciliation for settlement of dispute. A Board consists, chairman and two or other four members, who are the representatives of the parties to dispute in equal numbers.

Duties of Board of Conciliation :-

a) To investigate the matter of dispute referred merits and the right of settlement etc.

b) To send a report to appropriate government together with memorandum of settlement signed by parties to dispute.

c) After close investigation to send a report to appropriate government.

d) If the board fails to settle the dispute; hence to report the appropriate government within two months from the date on which dispute was referred.

d) Court of enquiry :-

The appropriate government by notification in the official gazette, appoint a person or number of persons as a court, one of them is appointed as a chairman. The court will not be able to act unless the quorum is complete. The absence of chairman or any member, will not affect the validity of the proceedings.

Duties of the Court :-

The Court shall enquire in to the matter and report to the appropriate government within 6 months of it's appointment

e) Labour Court (Section 7) :-

The appropriate government after notification in the official gazette appoint one or more labour courts. A labour court shall consists of one person only.

Duties of labour Courts :-

The labour court shall hold it's proceedings and as soon as practicable on the conclusion submit its award to the appropriate govern net.
f) **Tribunals (Sec. 7 A):**

The appropriate government by notification in the official gazette, constitute one or more tribunals for settling the dispute. The Tribunal shall consists of one person only, shall discharge the judicial functions only.

**Duties:**

The duties of tribunal are the same as those of a labour courts.

g) **National Tribunals (Sec. 7 B):**

The Central government by notification in the official gazette, constitute one or more national tribunals for settling the disputes. Industrial disputes and the questions of national importance. The industries located in more than one state are also affected by such disputes. A national tribunal consists one person only. The duties are same as like the duties of labour courts and Industrial Tribunals.

The person appointed in national tribunal should a judge of high court.

The Central Government, if thinks fit, appoint 2 persons as assessors to advise the national tribunal.

**Strikes and Lockouts:**

Section 2(9) defines strike as "Cessation of work by employees of an industry acting in combination, or concerted refusal of persons who are or have been so employed to continue. So employed to continue to work or to accept employment." Lock out has been defined as "the closing of a place of employment or suspension of work or refusal by an employer to continue to employ any number of persons employed by him."

**Prohibition of Strikes and Lockouts (Sec. 22):**

For public utility service. In the following circumstances the strikes and lockouts are prohibited.

A) **No person in public utility service shall go on strike:**

i. Without giving notice to the employer 6 week before strike.

ii. Within 14 days after giving notice.

iii. Before expiry of date of strike specified.
iv. Before the pendency of any conciliation proceeding and seven days after conclusion of proceedings.

B) No employer shall lock out public utility service without complying the conditions as specified above.

C) Regarding already existing strikes and lockouts there is no need of giving notice.

D) The notice of strikes and lockouts should be given in a prescribed manner.

E) The employer or the persons employed by him after receipt of notice shall inform to the appropriate government within 5 days.

General Prohibitions of Strikes & Lockouts (Sec. 23) Applys to any industrial establishment:

No workman employed in any industrial establishment shall go on strike and no employer of any such workman shall declare a lockout.

a) Within the pendency and seven days after conciliation proceedings.

b) Within the pendency before labour court, tribunal and national tribunal and after two months of the proceedings.

c) During the arbitration proceedings and after two months of proceeding.

d) During the period in which settlement or award is in operation.

Special Provisions Relating Lay off, Retrenchment and closure in Certain Establishments:

The Industrial Disputes (Amendment) Act, 1976 brought about the following two changes, in I.D. Act 1947.

i. The provision of 25 E shall not apply to industrial establishments to which chapter V- B applies.

ii. A new chapter V- B (includes Sec. 25 – K to 25 – 5) deals with special provisions relating to prohibition, of lay off, retrenchment of workmen and closure in certain establishments employing closed prior to the commencement of the I. D. Act 1976 a Penalty for lay off retrenchment before permission is introduced.
Application :-

The chapter V-B applies to those establishments where 100 or more workmen are employed on average working in preceding 12 months. This provision shall not apply to industries of a) Seasonal character b) in which work of intermittent nature is carried on.

3.5.4 Payment of Bonus Act 1976 :-

The Bonus Act is passed in 1965 and afterwards amended in the year 1976.

Objects of the Act :-

The main object of the act is to provide bonus to the persons employed, on the basis of profit, or production or the productivity. The important objects of the Act are:

a. For imposing statutory liability upon the employers of every establishment the bonus is covered by the Act.
b. To define prescribed formula for bonus.
c. Payment of minimum or maximum bonus.
d. To link the bonus with particular scheme.
e. To fix the time limit for bonus.
f. To provide machinery for liability for bonus.

A minimum bonus is 8.33% of the wage or salary or up to Rs. 1000 or Rs. 60 for employee below the age of 15 years is payable irrespective of profit or loss.

Application of the Act. :-

The Act applies to whole India, where 20 or more persons are employed, or to every factory. The appropriate government by notification in the official gazette may apply this Act by giving two months notice to the factory.

Eligibility for bonus :-

Every employee shall be entitled to receive bonus as per the provisions of the Act if he has worked for not less than 30 working days in the year (Sec. 8) & if he has not worked for all the working days in an accounting year than the
bonus is payable shall be proportionately reduced.

**Disqualification :-**

The employee is not eligible to receive the bonus under the payment of Bonus Act 1965 if he is dismissed from service for fraud, violent behavior, theft, mis-representation etc.

**Minimum & Maximum Bonus :-**

According to payment of Bonus Act 4% of salary of the year or Rs. 40 whichever is higher. If the employee is less than 15 years of age then he will be paid 4% of salary and wages or Rs. 25 which ever is higher.

After amendment in 1976, the bonus to be received to an employee will be 8.33% of salary and wages or Rs. 100 (Rs. 60 in case below 15 years age of an employee) If the allocable surplus is more than the bonus which is payable should not be more than 20% of salary and wages.

**Payment of Bonus :-**

If the dispute is pending than within one month after the award becomes enforceable. In any other case within 8 months from the close of accounting year. The appropriate government after receipt of application from employer should extend this period for not more than 2 years.

**3.5.5 Trade Union Act 1926 :-**

**Application :-**

The Act applies to registered trade union under it and to whole India.

**Objects :-**

To provide for registration of Trade Unions and to define law relating to registered trade unions.

The Act intends to promote cordial relations between employers & employees to help peaceful settlement of disputes between them.

The Act contains the provision regarding, Registered trade unions, cancellation of registration, Rights and liabilities of registered Trade Unions, Constitution of General and political funds, Regulations, penalties and procedures.
Trade Union Sec. 2(b) :-

Trade Union means combination of Temporary or permanent formed union.

a. For the purpose of regulating the relations between workmen and employers, between workmen and workmen or between employers and employers.

b. For imposing restrictive conditions on conduct of business and includes federation of any tow or more Trade Unions.

Rights and Privileges of a Registered Trade Union :-

i. Every registered Trade Union shall be a body corporate by the registered name, shall have perpetual succession and common seal, having a power to acquire and hold movable & immovable property & can sue or to be sued.

ii. No office bearer of registered Trade Union liable for punishment in respect of any agreement made between members for furthering any such object. Unless the agreement to commit an offence.

iii. A Suit or legal proceedings are not maintainable in any civil court against Trade Union or office bearer or members, for the act done for furtherance of trade dispute.

iv. An agreement between the members of registered trade union shall not be void or voidable merely due to fact that any of the objects of the agreement are in restraint of trade.

v. The accounts of the registered trade union are kept open for inspection by an office bearer or member of trade union as provided in the rules of the trade union.

vi. The person who have attained the age of fifteen may be a member of registered trade union and can enjoy the rights of member of the trade union.

vii. Any union by not less than 2/3 members consent can change the name of trade union subject to section 25 change the name of trade union.
viii. Trade union may constitute a separate fund for civic and political purposes.

ix. Any two or more registered trade unions may become amalgamated together, provide half of the votes of the members are recorded and 60% of recorded votes in favour of the proposal.

3.5.6 Minimum Wages Act 1948 :-
Meaning :- The Act is passed in 1948 to enable the Central and State Governments to fix minimum rates of wages payable to employees.

Objects :- The object of the Act is to secure the welfare of the workers in a competitive market by fixing minimum rates of wages in certain employments. For unorganized labour, or absence of machinery for regulation of wages, inadequate wages are paid, where exploitation of workers, in the industries.

The responsibility of fixing the minimum wages is of appropriate government. The Act provides for appointment of advisory board or advisory committee.

Wages :- Means remuneration payable in terms of money, to an employed person, in respect of his employment, or work done in such employment and includes house rent allowance but does not include.

a) Any house accommodation, light supply, medical attendant or any amenities.

b) Contribution made by employer to pension fund, or provident fund or to the scheme of social insurance

c) Traveling allowance or traveling concession.

Procedure for fixing & Revising, Minimum Wages :-

1. While fixing the minimum rates of wages the appropriate government shall either.

   a) Appoint committees or Subcommittees.

   b) By notification in the official gazette, the persons to be affected, not less than 2 months from the date of notification.

2. After considering the advice of committees or subcommittees, the
appropriate government by notification in the official gazette, fix or revise the rates of wages, in respect of each scheduled employment.

If the appropriate government proposes to revise the minimum rates of wages, may consult the appropriate government may consult the advisory boards also.

3.5.7 Payment of Gratuity Act 1972

This Act is passed in 1972, by the Government of India. The act applies to those industries which are employing 10 or more persons, like railways, ports, plantations, mines, oilfields, shops, or other establishments. After completion of 5 years of service the employees are entitled to get the gratuity at the rate of 15 days wages for each completed years of service

Payment of Gratuity :

i. Gratuity shall be payable to an employee on termination of his employment after he has rendered a service not less than 5 years,
   a) On his superannuation.
   b) On his retirement or resignation.
   c) On his death or disablement due to accident or disease.

ii. For every completed year of service or part thereof of in excess of six month, the gratuity is payable 15 days wages at the rate of 15 days last drawn by the employee.

But the piece rate wages shall be averaged of the total wages for a period of 3 months before termination.

iii. The amount of gratuity payable to an employee shall not exceed Rs. 1,00,000/-

iv. For the purpose of gratuity payable to an employee after disablement or reduced wages his wages before disablement shall be taken to be wages received by him during that period and his wages subsequent to disablement is known as reduced wages.

v. For feature of Gratuity : as the gratuity of an terminated employee due to negligence or omission or destruction of property of employer shall
be forfeited to the extent of damage or loss.

3.5.8 Employees State Insurance Act –1948 :-

This Act is passed in 1948, and aims to provide the contributory health insurance facilities to workers. Initially the Act was applicable to the factories where 20 or more persons are employed. The Act Covers the wage earners and low paid person like administrative and clerical staff etc, who are getting income up to 5,500.

This scheme is compulsory. In case of death or permanent disablement, 70% of the pay is provided as pension.

The Act provides medical treatment, cash benefits during sickness, maternity and employment injury, pension to dependents, funeral expenses in case of death etc.

Administration :- The corporation is managed by the governing body of 40 persons, representing the Union and State Governments, employers organization, medical profession, the parliament

Finance :- The Finance is the fuel which is required for efficient running of the Organisation. The finance of the ESI Corporation is raised from the Contribution of employers 4.75% by employees 1.75% by the State Governments up to 12.5% The Central and State Governments also provides grants for the workings of the Scheme.

Benefits :- The ESI Act Provides the following types of benefits.

Maternity benefits :- A Payment is given in cash to the insured women. worker full average wages up to 12 weeks.

Dependants benefit :- The dependents of the deceased worker will receive the cash benefit in case of his death caused industrial death. However the benefit depends upon the relationship of the deceased with the dependents, The widow will receive, during her life time or until her remarriage, an amount equivalent to three fifth of the full rate; and the son & daughter will get two fifth of the full rate till the age of 15, and daughter or her marriage which ever is earlier, the benefit may be extended if they are making good progress in their education.
**Disablement benefit** :- In case the accident or injury, such disablement benefit are given. In case of the temporary disablement the worker is paid 70% of the wages during the disablement period. In case of permanent partial disablement the insured individual will receive. The benefit at full rate of wages. In case permanent total disablement 70% of wages are paid to the worker for the whole.

**Sickness benefit** :- The sickness benefit includes a cash payment of 91 days for a period of one year service and the benefit is calculated as half of average daily wages. The sickness benefit is getting to insured worker, is under treatment in a recommended medical institutions.

**Medical benefit** :- Medical benefit means free medical benefit or disablement benefit or maternity benefit. This facility may be provided by ESI hospitals, corporation.

The scheme is available to the insured workers family. Now a days the workers who are from cancer, leprosy, tuberculosis and mental diseases & providing artificial limbs & teeth also. There is also. There is also a provision of super specialists, facilities to the insured worker and his family member through ESI.

### 3.5.9 Other Social Security Schemes :-

**Employees Provident Funds** :-

Beside the ESI scheme there also other Schemes in practice like old age provident fund and maternity scheme 1952. The employees provident fund and miscellaneous provision act is applicable to major six industries where 20 or more persons are employed such industries were paper, cigarettes, cement, engineering, iron, steel textiles etc. The act provides for provident fund, family pension fund and deposit linked insurance etc. The pay limit was raised up to 6,500 P.M. and in Sept. 1989, in 177 industries the above scheme was in practice and extended after – words to all industries who are employing 20 or more persons. The central government raised the limit of provident fund for 98 industries employing 50 or more employees 8.33% to 10% and maximum from
10% to 12% of the monthly wage which includes basic pay and dearness.

Provident fund and Bonus to coal mine workers :-

A-Separate Act known as the provident fund and Bonus Act has been Passed in the year 1948. Another, incentive bonus scheme, known as coal mines regular attendance bonus schemes. In certain cases if worker is showing regular attendance than the employer pays him quarterly bonus up to 10% For coal mine workers the contribution is fixed about 8%.

Employees Pension Scheme :-

This Scheme is introduced by the Government since March 1971. There are two types of pension schemes 1) Employees Family Pension scheme 1971 & 2) Coal Mines Family Pension Scheme 1971.

Both the schemes are providing benefit of long term financial security to the families of the employees, in the event of premature death.

The Maternity Benefit Act – 1961:-

The Act is passed with an objective of providing uniform standards for maternity protection. The Act provides the amount of maternity at the average rate of average daily wages for a period of 12 weeks. The Act applies to all factories, excluding those two which the Employees State Insurance Act applies.

3.5.10 Social Securities:-

Most of the workers are not getting the security in their old age therefore government have started many schemes such as, P.F, Pensions, Gratuity etc.

Employees Provident Funds:-

Besides the ESI Schemes there are also other schemes in practice like old age provident fund and maternity scheme 1952. The employees provident fund and miscellaneous provision act is applicable to measure six industries where 20 or more employees are employed such industries where were paper, cigarettes, cement, engineering, iron, steel, textile, etc. The act provides for provident fund, family pension fund and deposit links insurance funds etc. The pay limit was raised up to 6500 p.m and in Sept.
1989, in 177 industries the above schemes was in practice and extended afterwards to all industries who are employing 20 or more persons. The central government raised the limit of provident fund for 98 industries employing 50 or more employees at minimum 8.33% to 10% maximum from 10% to 12% of the monthly wage which includes basic pays and dearness allowance.

**Provident Fund And Bonus to coal mine workers:**

A separate act known as the provident fund and bonus act has been passed in the year 1948. Another incentive bonus scheme, known as coal mines regular attendants bonus scheme. In certain cases if worker is showing regular attendants then the employer pays him quarterly bonus upto 10%, for coal mine workers. The contribution is fixed about 8%.

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Both the schemes are providing benefit of long term financial security to the families of the employees, in the event of premature death.

**Maternity benefit act 1961:**

The act is passed with an objective of providing uniform standards for maternity protection. The act provides the amount of maternity at the average rate of daily wages for a period of 12 weeks. The act applies to all factories excluding those to which the employees state insurance act applies.

The act is amended in 1996 to provide the following benefits-

i) Six weeks leave with wages in medical termination of pregnancy.

ii) Maximum one months leave with wages incase of illness arising out of MTP or tubectomy.

iii) Two weeks with wages to women workers who undergo tubectomy operation.