Chapter VI

Determinants, Process and Features of Collective Bargaining
6.1 Introduction

This chapter has been divided into three parts. The first part deals with the determinants of collective bargaining. The next part analyses the process of collective bargaining in the RSP. The third part describes the different features of collective bargaining.

6.2 Determinants of Collective Bargaining

An attempt is made in this part of the chapter to understand the determinants (pre-requisites) of collective bargaining in RSP. The success of collective bargaining in resolving the conflicts and ensuring industrial harmony, depends upon a number of factors. The various determinants of collective bargaining are:

6.2.1 Stability and Type of Industry

The stability and future prospects of any company or industry are bound to affect collective bargaining. Where production is steady and market is expanding so that the potential demand is great, management is in a very comfortable situation to take to the idea of collective bargaining very easily.\(^1\) The growth of collective bargaining depends upon the type of industry in terms of its economic condition, technological advancement and market demand for its product.

RSP being a public sector undertaking and a constituent of SAIL, it has never faced any financial problem in its life. SAIL takes care its financial requirements. Since 1984-85 RSP is making profits regularly (See table 4.1). Continuously it has been updated to cope with new technology. As already discussed in Chapter - IV, modernisation of RSP plant is going on to improve production, productivity and profitability. As mentioned earlier the total modernisation costs amounts to nearly 4000 crores of rupees. Besides with regard to steel market, consistently there has been high demand for its products. As seen from table 4.2, the company is able to reach its production targets (in term of capacity utilisation) to meet the steel demand of the country. Thus, the economic, technological and market conditions and the size and type of industry of RSP are all conducive for the healthy growth of collective bargaining.

6.2.2 Attitude of Management

One of the pre-requisite condition for direct negotiations is an attitude on the part of the employer that it is better to “sit around the bargaining table with the union” to resolve the differences. The management should be open-minded towards its workers. A progressive and responsive management is one of the most important determinants for the healthy growth of collective bargaining in any enterprise. The management should be open-minded towards its employees to enlist their cooperation and associate them at various levels in deciding issues on mutual interest.¹ Thus the

worker's interest and cooperation should be ascertained. Management should formulate certain definite personnel policy towards its employees' representation and collective settlement of all disputes.

A management conscious of progressive and up-to-date techniques is more easily convinced of the efficacy of collective bargaining and takes lead in introducing it in the plant and does everything possible to make a nice job of it.\textsuperscript{1} A management with a different bias, and conservative outlook would prove to be more intransigent to deal with. This does not however, mean that management should give up its prerogatives.\textsuperscript{2} All the time it has to lead the industry in terms of technological advancement, capacity utilisation, capital investment, new innovation and expansion of the business, and has to develop new market strategy to compete with others as well as for its growth and survival. Taking into account the above facts, management cannot surrender its prerogatives but must adopt flexibility instead of staunch rigidity in accordance with the changing environment.

RSP being a public sector undertaking and under the control of SAIL, maintaining a professionally qualified and technically well trained management team. The management of RSP can be described as responsive, participative and farsighted. The number and working of joint committees provide sufficient evidence of participative style of management. The awareness and favourable attitude of the

\textsuperscript{1} Tandon, B.K., \textit{Op. cit} P. 32.

management towards collective bargaining is seen from the organisational policy itself. The management apply modern and scientific management techniques for managerial functions. The personnel policy of the organisation is conducive for the development of human resources. The grievance procedure, joint committees, suggestion scheme and management's preference for collective bargaining, justify the professional, responsive and progressive nature of management.

6.2.3 Literate Labour Force

If a plant has a literate labour force with a good family background, it would be more responsible and receptive to the idea of collective bargaining. An illiterate industrial army would be very slow and recalcitrant in the acceptance of such a philosophy. Its leadership would be very poor and there would be a perpetual threat from the outside body politic to make an inroad into the labour field through such holes. This would make collective bargaining a chess-board of politics and a cockpit to engage the two parties in a continuous strife. As Professor Davey² rightly says "greater progress toward constructive collective bargaining relationships will be assured if employees, unions, workers and industrial relations research personnel all recognise that much remains to be learned about the institutional processes and potentialities of collective bargaining. A willingness to experiment and a receptiveness to innovation are indispensable conditions to further advancement of

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collective bargaining as a method of determining the terms and conditions of employment."

RSP labour force are mostly literate. They are interested in taking part in the bipartite committees. Their leaders are highly qualified. The general secretary of RSS is a qualified and a good leader. The unions and their leaders are responsive. The number of agreements reached during the period of study proves that, the leaders of unions, workers are enlightened and are participative.

6.2.4 Freedom of Association

A very important prerequisite for successful collective bargaining is the freedom of association, enabling workers to join together in trade unions which are not in any way under the control or influence of the employer. Workers must be free to join any union they like. Similarly, there must be reasonable equality of strength between them. This situation can be created by combining together in unions and bargaining collectively. So freedom of association is essential. Where such freedom is denied, collective bargaining is impracticable, and where it is restricted collective bargaining is also restricted. Freedom of association can be facilitated by the removal of legislative restrictions on combinations where they exist, so leaving workers and employers free to form association they please. The planning Commission of India, keeping in view the trend of collective bargaining observed that the worker's right of association, organisation and collective bargaining is to be accepted without

reservation as the fundamental basis of the mutual relationship. The attitude to trade unions should not be just a matter of toleration. They should be welcomed and helped to function as part and parcel of the industrial system.¹

In our country the freedom of association is guaranteed by the constitution. The government has passed Trade Union Act, 1926² to facilitate the exercise of the right of workers to form trade unions. The management should not discourage the growth of trade unionism and discriminate against the union members, rather it should encourage the formation of the union. It should be the goal of each employer, employees and government to cherish freedom of association in a democratic country in order to facilitate the healthy growth of collective bargaining. Trade unionism has to grow and cannot be manufactured. The strong independent movement desired by India cannot be created by government or by political leaders or social reformers no matter how good their intentions. Such a movement grows as workers build it to meet their own needs. It acquires the attributes of sound organisation, responsibility and independence only over time by a process of learning and experience in a mature and disciplined socio-political setting and as members and leaders develop the needed motivation and capacities.³

In RSP, the management has granted freedom of association to employees as per the law of the land. The workers are free to form their trade unions. The management encourage the healthy growth of unionism by making the workers

² Section 2 of the Indian Trade Union Act, 1926.
conscious through workers education programme, imparting training and encouraging workers to participate in various joint forums. During the period of study ten trade unions were operating and Table - 4.3 justifies that the work people have been granted freedom of association.

6.2.5 Stability of Trade Unions

Unless the workers have stable unions, collective bargaining will hardly be effective or successful. Workers may have freedom of association, but unless they make use of that right and form and maintain stable unions, collective bargaining will be ineffective. The employers easily ignore a weak union on the plea that it hardly represents the workers. Before going to the bargaining table, the employer evaluates the strength and stability of the bargaining agent. If he feels that union can exercise authority over its members to honour an agreement then only the employer recognises the union and negotiates with it. Collective bargaining presupposes the existence of a strong organisation of workers. Healthy unionism and workable bargaining can develop only in an orderly environment that requires the parties to live by rules, acquire disciplined self-reliance and suffer the consequences of their own inadequacies or of violating these principles. In the early stages of trade union organisation in any country, industry or occupation, the smallness and instability of union membership is one of the main reasons for the infrequency of collective bargaining. This is particularly true in many occupations in the industrially under-developed countries.

2 Ibid, P. 27.
In RSP, RSS is the majority and recognised union. RSS is strong and stable both organisationally and financially. The income and expenditure statement (Table 6.1, 6.2) shows that the union is financially viable. The union has been effectively led by Sri Prabhat Kumar Mohapatra, a Member of Legislative Assembly of Orissa, The General Secretary, Sri M.D.H. Panekar, an ex-employee of RSP, is well known for his organisational abilities. He has been associated with the union for a long time to bring its stability and strength.

**Table 6.1**

**Sources of Income of RSS during 1994 and 1995.**

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Sources of Income</th>
<th>Amount during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1994</td>
</tr>
<tr>
<td>1</td>
<td>Opening Balance</td>
<td>14,063.60</td>
</tr>
<tr>
<td>2</td>
<td>Subscription from members</td>
<td>1,86,084.00</td>
</tr>
<tr>
<td>3</td>
<td>Donations</td>
<td>4,90,696.00</td>
</tr>
<tr>
<td>4</td>
<td>Interest on Investment (Interest from Bank)</td>
<td>1,279.00</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>6,63,995.60</td>
</tr>
</tbody>
</table>

Source: Annual Return of R.S.S.
Table 6.2

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Items of Expenditure</th>
<th>Amount during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1994</td>
</tr>
<tr>
<td>1</td>
<td>Salary and Allowances</td>
<td>38,883.00</td>
</tr>
<tr>
<td>2</td>
<td>Traveling Expenses</td>
<td>1,40,235.90</td>
</tr>
<tr>
<td>3</td>
<td>Expenses of Establishments</td>
<td>2,45,896.20</td>
</tr>
<tr>
<td>4</td>
<td>Auditors Fees</td>
<td>3,000.00</td>
</tr>
<tr>
<td>5</td>
<td>Legal Expenses</td>
<td>29,598.25</td>
</tr>
<tr>
<td>6</td>
<td>Affiliation Fees</td>
<td>93,042.00</td>
</tr>
<tr>
<td>7</td>
<td>Educational, Social and religious expenses and Advertisement</td>
<td>2,000.00</td>
</tr>
<tr>
<td>8</td>
<td>Stationery, Printing, Postage expenses</td>
<td>74,175.30</td>
</tr>
<tr>
<td>9</td>
<td>Balance at the end of the year</td>
<td>37,164.95</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>6,63,995.60</strong></td>
</tr>
</tbody>
</table>

Source - Annual Return of R.S.S.

Prior to 16.8.1995, RMS was the recognised union. RMS is also strong and stable both organisationally and financially. The income and expenditure statement (Table 6.3, 6.4) reveals the union is financially sound. The union is effectively led by Sri Jagdish Nag, a well known trade unionist. He is also associated with the union for a long time. Its General Secretary Sri R.K. Samantaray well known for his organisational abilities, has also been associated with the union for a
long time bringing to its stability and strength. Both the unions have been able to relate themselves with the management and are effectively handling the problems of workers.

Table 6.3

Sources of Income of RMS during 1994

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Sources of Income</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Opening Balance</td>
<td>14,79,640.10</td>
</tr>
<tr>
<td>2.</td>
<td>Subscription from members</td>
<td>60,663.00</td>
</tr>
<tr>
<td>3.</td>
<td>Donations</td>
<td>6,79,837.00</td>
</tr>
<tr>
<td>4.</td>
<td>Special Donations</td>
<td>4,833.00</td>
</tr>
<tr>
<td>5.</td>
<td>Delegates and Nominations fees</td>
<td>11,696.00</td>
</tr>
<tr>
<td>6.</td>
<td>Interest on Investments</td>
<td>1,40,097.00</td>
</tr>
<tr>
<td>7.</td>
<td>Sale of Scrap items</td>
<td>9,130.00</td>
</tr>
<tr>
<td>8.</td>
<td>Educational grant</td>
<td>15,000.00</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>24,00,940.10</strong></td>
</tr>
</tbody>
</table>

Source - Annual Return of RMS.

6.2.6 Recognition of Trade Unions

Recognition of a union by management is an integral part of the total industrial relations picture. A trade union may be stable and strong but until it is given recognition, legal or voluntary, it will hardly have any impact. Recognition is

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### Table 6.4

**Items of Expenditure of RMS during the year 1994.**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Items of Expenditure</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Salaries and Allowances</td>
<td>1,53,282.00</td>
</tr>
<tr>
<td>2.</td>
<td>Traveling Expenses</td>
<td>96,808.20</td>
</tr>
<tr>
<td>3.</td>
<td>Legal Expenses</td>
<td>90,254.00</td>
</tr>
<tr>
<td>4.</td>
<td>Compensation paid to members for loss arising out of Trade Disputes, Aid</td>
<td>3,530.00</td>
</tr>
<tr>
<td>5.</td>
<td>Furneral Exp. Sradha Exp.</td>
<td>2,500.00</td>
</tr>
<tr>
<td>6.</td>
<td>Education, Social and religious benefits</td>
<td>35,000.00</td>
</tr>
<tr>
<td>7.</td>
<td>Delegates and Nomination fees</td>
<td>880.00</td>
</tr>
<tr>
<td>8.</td>
<td>Cost of publishing periodicals</td>
<td>5,732.10</td>
</tr>
<tr>
<td>9.</td>
<td>Other fees</td>
<td>2,212.00</td>
</tr>
<tr>
<td>10.</td>
<td>Advertisement and Meeting</td>
<td>76,502.00</td>
</tr>
<tr>
<td>11.</td>
<td>Audit fees</td>
<td>2,000.00</td>
</tr>
<tr>
<td>12.</td>
<td>Rent, rates and taxes</td>
<td>6,542.25</td>
</tr>
<tr>
<td>13.</td>
<td>Annual Conference</td>
<td>73,789.00</td>
</tr>
<tr>
<td>14.</td>
<td>Affiliation fees</td>
<td>35,082.00</td>
</tr>
<tr>
<td>15.</td>
<td>Stationery, printing and postage</td>
<td>57,583.60</td>
</tr>
<tr>
<td>16.</td>
<td>Repairing and Maintenance</td>
<td>7,818.00</td>
</tr>
<tr>
<td>17.</td>
<td>Telephone</td>
<td>16,996.00</td>
</tr>
<tr>
<td>18.</td>
<td>Depreciation</td>
<td>13,783.90</td>
</tr>
<tr>
<td>19.</td>
<td>Balance at the end of the year</td>
<td>17,20,644.25</td>
</tr>
</tbody>
</table>

**Total**                                                                                      | 20,940.10    |

*Source: Annual Return of RMS.*
essential both to enable trade unions to perform their functions effectively and for collective bargaining. As long as the union is weak, unrepresentative and unstable, the employers justify a refusal to recognise it by arguing that its members are merely a small fraction of irresponsible agitators. Recognition is usually accorded either on a voluntary basis or on a statutory basis or under both. Recognition is voluntary under the Code of Discipline, while it is statutory under certain state laws. Labour being a concurrent subject, some states have enacted their own legislation. The Bombay Industrial Relations Act was passed in 1946 and was in operation in the states of Maharastra and Gujrat. Subsequently the Maharastra Recognition of Trade Unions and prevention of Unfair Labour Practices Act was passed in 1971. Similar Acts were passed in the States of Rajasthan and Madhya Pradesh. Apart from the inter-state variations in percentages of minimum membership, there are other major differences in the criteria for recognition.¹

In Orissa, as the procedure for verification of union membership for the purpose of according recognition as laid down in Appendix-IV of the Code of Discipline is found to be difficult to implement, the state government adopt the new Rule known as "Verification of Membership and Recognition of Trade Unions Rules, 1994". According to this rule the system of secret ballot for verification of membership and recognition of union was introduced in Orissa. RSS was the first union in RSP to be recognised as recognised union on the basis of secret ballot held on August 9, 1995.

Even if trade unionism started in RSP from 1954 onwards, none of the unions were recognised till 1964. Once the plant went into production and its activities diversified, the RMS spearheaded a move for membership verification for the purpose of union recognition. However, the HSWA got recognition as a majority union in 1964, because its contender RMS was disqualified on the basis of violation of the provisions of the code of discipline, HSWA an affiliate of INTUC, resorted to militancy.1 RMS with its moderate and constructive approach persistently worked for protecting and advancing the interests of workers and ultimately could gain the majority strength. In 1967 after membership verification by the government Labour Directorate, the management of RSP recognised RMS as the representative union. Due to various reasons as has been discussed in Chapter-IV, RMS lost its popularity. Currently RSS enjoys the indisputed position of being the largest union in the plant through a secret ballot.

6.2.7 Minority Union Status

Minority unions are found in each and every enterprise for multiple unionism. Minority unionism should not be encouraged, though it cannot be avoided. Minority unions should be treated properly by both management and recognised union. They should enjoy the right to represent the individual grievances of their members. In this connection, the National Commission on Labour rightly recommended that the minority unions should be allowed only the right to represent

1 Murty, B.S., Profiles of Indian Trade Unions (A Study in Orissa). (Delhi, B.R. Publishing Corporation, 1986) P. 159.
cases of dismissal and discharge of their members before the Labour Courts. In RSP the minority unions represent their members in presenting grievances of individuals and groups for redressal. It is found that some of the unions have reached agreements with management on matters of local nature or local issues in relation to their members. It is being observed that, some times the minority unions have joined their hands with the majority union relating to common issues involving interest of all the workers and if one union conducts strike the other unions express their sympathy with it.

6.2.8 Relations with Unions

One of the very important factors that thwart the development of a strong, stable and well-organised trade unionism essential for collective bargaining is the rivalry among trade unions. The relationship between the trade unions in RSP is not satisfactory. There are many instances of inter union rivalry. The trade unions in RSP are operating under the control of various political parties. It can be seen from Table 4.3 that all the state branches of the National Trade Union Centres have their base at RSP. The political dominance of unions by outside leaders is one of the main reasons for the union rivalry. It is observed that every union blames its next alternative union for ills in the union situation. The multiplicity of union and rivalry between them has affected the collective bargaining strength in RSP. This situation leads to weaker bargaining strength and ultimately leads to government intervention in matters of

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labour-management relations. There is lack of co-ordination and monolithic approach among the unions which have a deleterious effect on the bargaining situation of the plant.

6.2.9 A Favourable Political ‘Climate’

If collective bargaining has to be fully effective a favourable political climate must exist: in particular the government and public opinion must be convinced that collective agreements are the best method of regulating certain conditions of employment. So, both government and public should be convinced of the importance of this institution. India being a democratic country with socialistic pattern of society, the political climate is conducive for collective bargaining. In line with the national industrial relations policy, RSP has accepted collective bargaining as the exclusive way to resolving industrial disputes.

6.2.10 Relative Bargaining Strength of the Parties

The parties to collective bargaining must have equal bargaining strength. The relative bargaining power of employers and trade unions depends on other factors besides the level at which collective arguments are concluded: the membership of the organisation, the negotiating skill of their leaders, and the size of the accumulated funds which the trade unions can draw on in the event of opposition to provide strike pay for their members. One vital factor is the demand for and supply of labour. If

there is depression in trade and considerable unemployment, the bargaining power of
workers' organisation is weakened. On the other hand, in a period of shortage of
labours their bargaining strength is greater and they are in a better position to wrest
concessions from the employers.\(^1\) If there will be disparity in collective bargaining
strength between the two parties, there cannot be meaningful collective bargaining. In
RSP, the management and trade union are evenly balanced. RMS was strong and
stable. After that RSS is also strong and stable from the point of view of the
membership, the bargaining qualities of union leaders and the size of the accumulated
funds which the trade union could draw on in the event of strike in order to provide
strike pay for their members.

6.2.11 Efficient Bargaining Machinery

One of the important prerequisites for the success of the collective
bargaining is the efficient bargaining machinery. This includes the selection of the
proper representatives, the creation of grievance procedures and the observance of
proper rules of bargaining conduct. The machinery has to be permanent, prompt and
capable of finding solution for every problem. No ad hoc arrangements will be found
satisfactory for the simple reason that bargaining is a continuous process. In RSP, the
unions are led by efficient leaders, this is particularly in case of RSS and RMS. In
both the unions, the leaders are well known for their organisational abilities. At the
same time the Presidents of both the unions have been associated with the union

\(^1\) I.L.O. Collective Bargaining - A Workers' Education Manual (Geneva: International Labour
activities for a long time. In RSP, there is effective grievance procedure. Both the parties observe proper rules at the time of bargaining.

6.2.12 Willingness to "Give and Take"

There has to be a great emphasis on accommodation rather than conflict. The fact of entering into negotiation implied that the differences between two parties can be adjusted by compromise and concession in the expectation that agreement can be reached.\(^1\) Obviously, if one or both sides merely make demands when they meet, there can be no negotiation or agreement. Consequently, at the start each side normally puts forward claims which are intended to provide a basis for bargaining and as the negotiations proceed one side will agree to reduce its demands on one item in return for some concession by the otherside.\(^2\) The two sides must have considerable room for manoeuvre and for give and take. They must have a basic will to agree and to make collective bargaining work. Collective bargaining is a way of accommodating each other's need and not a strategic weapon to achieve victory over the other.\(^3\)

In RSP, both parties are prepared to give and take at the time of bargaining. There is evidence that, agreements have been signed by the unions to increase the wages, at the same time, the management has put up counter proposals to increase production and productivity. Normally there is a great degree of co-

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operation among them; their commitment and determination for peaceful resolution are seen. But sometimes, the process of collective bargaining in RSP, came to a standstill because of rigidness of the parties. In that situation, there is breakdown of negotiations and the matter is referred to conciliation officer.

6.2.13 Avoidance of Unfair Labour Practices

To ensure that collective bargaining functions properly, unfair labour practices should be avoided and abandoned by both sides. The negotiations between the management and the recognised trade union will then be conducted in an atmosphere of good will, which will not be vitiated by malpractices and neither side would take advantage of the other by resorting to unfair practices. The National Commission on Labour has recommended that "unfair labour practices on the part of both employers and workers unions should be detailed and suitable penalties prescribed in the industrial relations law for those found guilty of committing such practices. Labour courts will be the appropriate authority to deal with complaints relating to unfair labour practices." Government of India amended the Industrial Dispute Act, 1947, and the Industrial Dispute (Amendment) Act 1982 has clearly defined the unfair labour practices for both management and union. Section 25(T) and 25(U) were included for prohibition of unfair labour practices and imposing penalty for committing such practices. No instance involving unfair practices was

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2 The Fifth schedule of the Industrial Dispute (Amendment) Act, 1982 contains the unfair labour practices in detail.
reported in RSP. From the beginning the management of RSP has recognised some union or the other as per the code of discipline.

6.2.14 Policy of the Government

In developed countries like the U.S.A., France and Germany the growth of collective bargaining could be attributed to a fair measure to government policy. Whereas in underdeveloped countries collective bargaining is regarded as one of the methods for resolution of industrial difference. In India, our government follows a dual-policy-protecting and pacifying the work force on the one hand and encouraging bargaining agent under the extra legal measures. Government, inspite of their pronouncement from time to time to bring about a comprehensive legislation on industrial relations, have successively failed to keep their commitments due to lack of political will and with an underlying motive to keep the working class divided and weak. Our labour laws are essentially paternalistic in character. The laws assign to the government the paternalistic role of protecting the interests of workers and in the process maintaining industrial peace by preventing strike and adjudicating disputes.

The present industrial relations policy is a mixture of government paternalism and voluntarism, while the government paternalism has not necessarily been incompatible with the concept of collective bargaining, voluntarism is supposed to have supported and encouraged the growth of collective bargaining. Parties do not

carry out their obligations and responsibilities under the collective bargaining agreements, because the collective agreements are not legally enforceable contracts. Again legal remedy is not provided to the aggrieved party in case of breach of agreement. The existing laws on industrial relations in India is inadequate to meet the existing situation. So government should provide legislative encouragement to collective bargaining by making negotiations obligatory by laying down norms for the identification of a negotiating agent, defining the rights and privileges of the bargaining agent and giving primacy to positive bipartite relationship and mutual negotiations for the resolution of industrial conflicts.

6.2.15 Analysis of Opinion Survey on Determinants of Collective Bargaining

It is evident from Table 6.5 that both the parties in RSP i.e. the management and union representatives are evenly balanced as regards their bargaining power. From the management side 80 percent and from union side 84.44 percent agreed that the parties’ bargaining power are equally balanced. It is also observed that both the parties do not indulge in unfair labour practices. As regards the attitude of both the parties, management (90.00) and union representatives (80.00) agreed that both parties attitude is favourable towards collective bargaining. It is evident from the statement that outside union leadership affects the growth of collective bargaining. At the same time 40 percent from management side and 25.55 percent from union representative side agreed that freedom of association has hampered the growth of collective bargaining in the plant. The majority of management and union members of RSP are of the opinion that legal provisions are essential for the growth of collective bargaining.
<table>
<thead>
<tr>
<th></th>
<th>Management</th>
<th>Union</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Agree</td>
<td>Disagree</td>
</tr>
<tr>
<td>1. The employer and trade union in the plant are equally balanced as regards their bargaining power</td>
<td>56 (80.00)</td>
<td>14 (20.00)</td>
</tr>
<tr>
<td>2. The management and union do not indulge in unfair labour practices</td>
<td>49 (70.00)</td>
<td>21 (30.00)</td>
</tr>
<tr>
<td>3. The attitude of the management and union are favourable towards collective bargaining</td>
<td>63 (90.00)</td>
<td>7 (10.00)</td>
</tr>
<tr>
<td>4. The management and union both follow “give and take” approach in bargaining</td>
<td>54 (77.14)</td>
<td>16 (22.86)</td>
</tr>
<tr>
<td>5. Outside union leadership affects the growth of collective bargaining</td>
<td>53 (75.71)</td>
<td>17 (24.29)</td>
</tr>
<tr>
<td>6. Lack of government policy affects the growth of collective bargaining</td>
<td>57 (81.42)</td>
<td>13 (18.58)</td>
</tr>
<tr>
<td>7. Freedom of association has hampered the growth of collective bargaining in the plant</td>
<td>28 (40.00)</td>
<td>42 (60.00)</td>
</tr>
</tbody>
</table>

Source: Compiled from the data collected through opinion survey.
6.3 Process of Bargaining

In this part of this chapter an attempt has been made by the researcher to find out how the bargaining process actually takes place. One should understand the procedure of collective bargaining to understand the practice of bargaining.

6.3.1 Introduction

Neither there is any golden rule of bargaining procedure nor a good and sound procedural practice that ensures effective collective bargaining. Nevertheless such constructive procedures will help to reduce friction and minimise the chances of misunderstanding. It lays foundation for a good and positive approach to the complex issue of bargaining. The procedure employed by unions and management have their influence on the decisions which the parties reach.\(^1\) Collective bargaining is a reciprocal process, the negotiation sessions and the ensuing labour agreement will be conducive to serving the interests of all concerned. In this manner, the labour contract will be a document which will establish a national relationship between the employees, the union, and the employer.\(^2\) All the agreements are not reached in the same way. But there are certain common process. The procedure of bargaining may be stated in terms of the following ideal type. These steps and stages overlap, and the actual course of negotiations may backtrack to an earlier phase. All negotiations do not follow any one pattern.

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6.3.2 Pre-negotiation Process

"Pre-negotiation" between the two parties which is only a process of exploration and mutual understanding with a view to come much closer to one another at the final stage of negotiating the contract is perhaps better technique.1 When the contract has been signed for a specified period, the pre-negotiation phase begins before expiry of the contract. A good rule of thumb is to present a complete listing of demands to the other party in advance of the actual negotiations. Data, both economic and non-economic should be maintained by both union and management. Both sides normally start to prepare for the bargaining table long before the current contract is scheduled to expire, and in recent years the time allotted to such planning has steadily lengthened. Six months or even a year for this purpose has become increasingly observable in both union and management quarters.2

The most important thing to bear in mind in this procedure is that the demands are not to be held back and spring midway through negotiations by way of a surprise or after thought. Negotiations may commence at the instance of either party. While some management bide their time till trade unions put forward their proposals, others resort to what is known as positive bargaining by submitting their own proposals for consideration by labour representatives. Preparation for bargaining is also a complex problem for management but it is handled in many different ways. Many management lack a coherent policy for bargaining and take a purely defensive posture, hoping to avoid concessions. They do not examine the existing contract to

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see what needs improvement, nor do they try to foresee possible union demands. Management's position at the bargaining table need not always be a defensive one.¹

The two sides hold their private meetings in their respective camps in order to make a final charter of demands and decide the limits of concessions they are prepared to make.² These meetings enable the members to know their own minds and to listen to the counsel of the more experienced negotiations. At union meetings extreme demands by members have to be modified in the light of practical consideration.³ Union demands should be analysed and classified into three categories of demands which may possibly be met; demands which may be rejected; and demands which call for hard bargaining. There is no hard and fast rule which determines which demands should first be discussed.

In RSP both the parties prior to bargaining prepared themselves adequately to put concrete proposals. Before going to the negotiating table management analyse and classify the union demands into three categories, demands which may possibly be met, demands which may be rejected; and demands which call for hard bargaining. Further management gathered the comprehensive knowledge on the wage rates, allowances, fringe benefits of the industry. Management also collected data on labour cost with the help of cost accountant and analysed the existing agreement on the basis of personnel policy, future planning, wage policy and modernisation programme. On the whole, the management critically examined the

² Tandon, B.K. *Op. Cit* P. 44.
contribution of labour in achieving the goal of the organisation. Relating to this the management collected and examined the data relating to labour productivity, cost of living and standard of living of workmen. Both the parties start collecting data relating to their charter of demands prior to six months of the expiry of the long term agreement.

6.3.3 Negotiating Teams

The negotiating team should be kept reasonably small. The larger teams are not always a boon to negotiation. Further it is not essential for the number of representatives on the management’s side and the workers’ side to be equal, as decisions are not taken in the bargaining session by majority vote. It was pointed out in the Belur Report that one of the factors in the success of collective bargaining at Belur was that negotiations were carried on by the local parties who had autonomy of action.¹ The employer’s side is represented by the chief executive, personnel manager, accountants and the heads of the department to which the issues in question are related. The negotiation committee may be composed of from three to six members. But the negotiating team be strong and balanced. It is necessary that the roles to be played by each member of the team are properly pre-assigned and each member knows when to take over discussions. It is good to have proper meetings amongst the team members on the agenda and other points which can be anticipated.²

In RSP for plant level bargaining, the management is represented by General Manager or Deputy General Manager, Chief Personnel Manager, Industrial Engineer and Chief Accounts Officer. The union bargaining team consists of Vice-President, general Secretary, shop representatives and some leading members. At the industry level the NJCS consists of the bargaining teams of both management and unions of all the nine steel plants of the country.

6.3.4 Organisation of Bargaining Session

Bargaining sessions are to be planned and organised systematically. In RSP, the senior member representing management maintained the order and discipline during the negotiation and bargaining sessions.

6.3.5 Bargaining Procedures

The procedures adopted by unions and management have their necessary influence on the decisions which the parties reach at the bargaining table. The choice of procedure needs to be flexible to fit the bargaining situation. It should be recognised that procedure is a negotiable item. Union and management are free to have their own negotiating procedures in free collective bargaining. They may be frequent or infrequent, formal or informal.¹ Time, day and place for meeting must be fixed so that each party makes its own adjustment. The parties have to lay down rules and procedures regarding time and place of meeting, length of meetings, rules

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concerning conduct of meetings, the order of presentation of the bargaining items, procedures in dealing with each item, method of approval of items, and other matters of purely procedural nature. As collective bargaining is a voluntary machinery for resolution of industrial conflicts in India, there is no formal procedure for negotiation, conclusion and implementation of collective bargaining agreement. So, the parties follow informal procedure for the bargaining sessions.

In RSP, the parties have framed certain rules and regulations regarding conduct of meeting, order of presentation of bargaining items, methods of implementation etc.

6.3.6 The Bargaining Process: Early Stages

6.3.6.1 Proposals and Counter Proposals.

The proposals and the counter-proposals may be put and discussed by the bargaining teams irrespective of their number of strength. The unions prepare a charter of demand. It is not always necessary that the union should be the initiator of demands and the management its defender. It could be the other way round, each party should feel free to submit proposals for change at contract renewal periods. Once the bargaining items are finalised and procedural guidelines have been agreed upon, the parties are ready for the actual bargaining. In RSP, first the union served the notice on the management for the termination of the existing agreement. Than it prepared the charter of demands and submitted it before the management. After receiving it, the management of RSP called the union for bargaining. The management of RSP also prepared its charter of demands in order to make the management
integrative rather than distributive. It drew its charter of demands consisting of increasing productivity efficiency and maintenance of industrial peace in the plant.

6.3.6.2 Use of Economic Data

In today's increasingly data conscious society, much general as well as specific information can aid the bargaining parties in their advance planning. Gradually the parties have began to realise the significance of actual approach to bargaining. As painstaking a task as the fact accumulation process may seem to be, farsighted managements and labour leaders recognise that considerably more must be done to adequately prepare for bargaining. Trade unions gather the data they require from their own central organisations and research staff, from an analysis of labour contracts enforce elsewhere in the country, from the pronouncements of employers, from public surveyors, and from studies and reports brought out by employer's associations. The management collects the data from their associations and central organisations, from the government and from surveys conducted by their research staff. At the same time, the personnel department of a company examines and analyses the public statements of trade union leaders, the proceedings of union conventions and conferences and the collective bargaining trends which have developed all over the country.

In wage negotiations, it has become an established practice to use economic data by the bargaining parties. Accountant on behalf of the management,

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1 Slonane and Winchey; *Op. cit* P. 170.
places certain self-explanatory facts and figures at the negotiating table. As the bargaining process continues, the Accountant studies the bargaining position of the management and makes selective use from among available data of whatever will support its demands. Facts are regarded as "bargaining cards" to be played or withheld as tactical considerations warrant. 1

In RSP, management used the economic data in support of their argument. At the same time the union used the economic data in support of their demands. The using of economic data has reduced the area of conflict and helped in reaching the agreements. It is observed that where the parties came to facts and figure it was easier for them to reaching an agreement.

6.3.7 The Bargaining Process Later Stages

After the initial sessions are terminated, each side should have a fairly good idea of the over-all climate of the negotiations. By this time also, each side should have in mind how far it will be prepared to go in the negotiations. The two sides must have considerable room for maneuver and for give and take. At the time of negotiations, it is not good to take extreme positions and to appear inflexible in the approach to the problems under discussion. The parties must retain flexibility of bargaining structure to meet the challenge of dynamics. In RSP, management generally allowed 15 days time to consider the concessions proposed by it. At that

1 Chamberlain and Kuhn; Op. cit P. 75.
time the union decided the minimum and maximum concessions that it would be willing to accept.

6.3.7.1 Strategy of Bargaining

At the time of bargaining process both parties employ their own strategies in an effort to achieve their respective objectives. Before going to the bargaining table both parties plans and strategies. In RSP, the tactics adopted by the unions throughout the process of bargaining are: (a) All the unions preferred to submit charter of demands almost at a time. (b) They usually submitted the charter of demand along with an Ultimatum. (c) Unions usually submitted charter of demands just before important occasions such as annual festivals etc. (d) They formed action committees. (e) They attempted to influence management through political pressure. (f) They issued press statements to mobilise public support.

The strategies adopted by management are (a) Before going to bargaining table, the management representatives decided the maximum concessions that could be granted. (b) Employed techniques to win the loyalty of workmen. (c) Management attempted to mobilise public opinion to put pressure on workers. (d) Management agreed for negotiations when unions postponed the proposed strike call. (e) Management refused to negotiate with all unions at one time. (f) Management kept plant personnel informed of the progress of negotiations.
6.3.8 The Bargaining Process: Final Stage

6.3.8.1 Resolution of Deadlocks

Despite the most earnest efforts to reach agreement, there may come a time in any bargaining conference when each party feels that it has compromised as much as feasible, and deadlock may ensue. The parties recognize that failure to reach agreement may result in a strike or lockout; both are anxious to avoid such a crisis and may welcome conciliation or mediation or arbitration as a way of reaching a settlement. The parties may decide upon a neutral outside with mutual consent who may be approached at the time of an impasse. The state also provides a machinery for conciliation as well as arbitration which the parties may use whenever they wish. These conciliators or arbitrators do their best to find a settlement which may be in the interest of all the parties. In RSP at the time of deadlock, the parties have taken the help of conciliation officer.

6.3.8.2 The Collective Bargaining Agreement

Collective bargaining generally culminates in an agreement which is variously known as a labour contract or a union contract or a labour management agreement which is the end process of collective bargaining and is a statement of the terms and conditions of service which have been arrived at between the two parties. The agreement is the objective and result of the negotiation process. It is more than

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a contract, it is a generalised code to govern a myriad of cases which the draftsmen
cannot wholly anticipate.\(^1\) It is an effort to erect a system of industrial self-
government. When the agreement is reached, it is finally drafted and ratified by those
in authority. Ratification by the employer is a somewhat simpler process. When
several plants or companies are involved in a bargaining, ratification becomes more
complicated. Where negotiations are carried on by an employers' association, the
resulting agreement may be binding only if the members of the association sign it
individually. Some associations carry with them the authority to commit their
members without seeking ratification\(^2\)

In RSP, the agreement is reached in a friendly atmosphere. The
agreement is drafted mutually. The agreement is divided into a number of clauses.

6.3.8.3 Implementation of Agreement

The real test of sound relationship between the union and management lies
in the day-to-day application of the law of collective bargaining.\(^3\) Both the parties
must have the sincerity to carry out the terms of agreement. It should be borne in
mind that the administration of the contract is the most important part of the
bargaining process. Even the best of the agreement could be reduced to trash if it is
not being properly implemented. A contract may be incomplete or poorly worked or

\(^1\) Richardson Reed; *Op. cit* P.97.


many holes may be picked in those terms, but a mature relationship will be able to get over all these flaws and do its best to come out of it with the best fulfillment.\(^1\)

Collective agreements often specify the procedures to be followed to deal with any conflict that arise in administering them, including reference to a joint committee, to conciliation or to arbitration. In some countries the implementation and supervision of collective agreements depends on the good faith of the parties and their provisions cannot be enforced by action at law. They are “gentlemen’s agreement” without legal force. The essential remedy for failure to observe the terms of a collective agreement by an employer is pressure by the trade union concerned. In the last resort the union could use its economic power by calling a strike at the plant to secure enforcement.\(^2\) In Germany a collective agreement is a legally binding contract. In Britain it is usually a statement of intention, and its observance rests upon the good faith of its makers. In the United States, the courts now generally regard an agreement as a contract but, considerably different from the usual business contract.\(^3\)

The settlement reached in RSP, often specify the procedure to be followed in case of doubt and disputes that might arise in administering them, including reference to a joint committee of union, management and conciliation. Sometimes, there were clauses providing that there should be no strike or lockout

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\(^1\) Ibid P.52.


\(^3\) Williamson and Harris, *Op. cit* P. 49.
over the question of interpretation and implementation until the procedure established for the purpose failed.

6.3.8.4 Machinery for Settlement of Disputes Arising out of Agreements

Special machinery has been provided by the agreements for supervising the execution of agreement. This included settlement of disputes arising out of wrong interpretation or breaches of agreements. The functions of the machinery for the settling of disputes arising out of the enforcement of agreements are in a sense judicial, as compared to the machinery for making collective agreements, whose functions may be considered to be largely legislative.¹

The agreement contained the rules and regulations for implementation of the agreement in RSP. The difficulties experienced in implementation of the agreement were referred to the NJCS or the Steel Industry. The management issued necessary guidelines and instructions explaining the procedure of implementation to the concerned heads of department. The management also advised them to keep on informing the top management about the progress of such implementation. Factors which contribute to successful negotiations are also helpful in successful implementation of the agreement. In RSP the factors contributed to the successful administration of the agreement are: (i) Recognised union was strong and stable. (ii) There was harmonious relation between the management and workmen. (iii) Management was responsive, participative and enlightened. (vi) Personnel policies

were well-defined. (v) There was effective grievance procedure which facilitated the expeditious disposal of worker's grievances and created favourable climate for implementation of agreement. (vi) The management acted as a trustee in managing the resources of the plant. (vii) The management had a participative style of decision-making.

Further the union and management sat together every two months to discuss bi-lateral matters covering a wide range of issues including the progress of execution of agreements.

6.3.8.5 Problem of Implementation

Sometimes the minority unions created problems which affected the proper operation of the agreement reached between management and recognised union. This led to inter-union rivalry. The management of RSP had to sign a Memorandum of Supplementary Agreement in order to please the minority union.

6.3.9 Analysis of Opinion Survey on Efficiency of the Process of Bargaining

The Table 6.6 shows that the process of negotiation is satisfactory. The majority of respondents of management and unions are of the view that both the parties have permanent negotiating team in the plant. It is evident from the table that the bargaining conferences are planned and organised. Discussions take place in a cordial and friendly atmosphere. The majority of the respondents agree that the agreements are implemented in true spirit. In case of deadlock in bargaining, they
<table>
<thead>
<tr>
<th></th>
<th>Management</th>
<th></th>
<th></th>
<th>Union</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Management and Union have Permanent negotiating teams in the plant</td>
<td>Agree (71.42)</td>
<td>Disagree (28.58)</td>
<td>No opinion (26.67)</td>
<td>Agree (73.33)</td>
<td>Disagree (26.67)</td>
</tr>
<tr>
<td>2.</td>
<td>Parties hold Preliminary discussions to sort out the issues and finalise the agenda.</td>
<td>Agree (80.00)</td>
<td>Disagree (20.00)</td>
<td>No opinion (35.56)</td>
<td>Agree (64.44)</td>
<td>Disagree (35.56)</td>
</tr>
<tr>
<td>3.</td>
<td>Bargaining sessions are Planned and organised in the plant.</td>
<td>Agree (61.42)</td>
<td>Disagree (38.58)</td>
<td>No opinion (18.89)</td>
<td>Agree (81.11)</td>
<td>Disagree (18.89)</td>
</tr>
<tr>
<td>4.</td>
<td>Parties use economic data and fact finding approach in negotiation</td>
<td>Agree (77.14)</td>
<td>Disagree (22.86)</td>
<td>No opinion (23.34)</td>
<td>Agree (76.66)</td>
<td>Disagree (23.34)</td>
</tr>
<tr>
<td>5.</td>
<td>Discussions take place in a cordial atmosphere</td>
<td>Agree (75.71)</td>
<td>Disagree (24.29)</td>
<td>No opinion (31.12)</td>
<td>Agree (68.88)</td>
<td>Disagree (31.12)</td>
</tr>
<tr>
<td>6.</td>
<td>Both parties adopt a wide range of strategies at the time of bargaining</td>
<td>Agree (55.71)</td>
<td>Disagree (44.29)</td>
<td>No opinion (41.12)</td>
<td>Agree (58.88)</td>
<td>Disagree (41.12)</td>
</tr>
<tr>
<td>7.</td>
<td>In case of deadlock in negotiating the parties seek the help of conciliation officer</td>
<td>Agree (62.85)</td>
<td>Disagree (37.15)</td>
<td>No opinion (32.23)</td>
<td>Agree (67.77)</td>
<td>Disagree (32.23)</td>
</tr>
<tr>
<td>8.</td>
<td>Agreements are implemented in true spirit in the plant</td>
<td>Agree (70.00)</td>
<td>Disagree (30.00)</td>
<td>No opinion (34.45)</td>
<td>Agree (65.55)</td>
<td>Disagree (34.45)</td>
</tr>
</tbody>
</table>

Source - Compiled from the data collected through Opinion Survey.
seek the help of conciliation officer. Both the parties are of the view that parties hold preliminary meetings to prepare agenda. A large number of the respondents opined that they use economic data around the bargaining teams.

6.4 Features of Collective Bargaining

In this part of the chapter, an attempt has been made by the researcher to understand the different features of collective bargaining such as types of agreements, level of bargaining, coverage of agreements, duration of agreements, subject matter and scope of collective bargaining agreements, etc.

6.4.1 Types of Agreements

"Every agreement differs in some respect from every other, there is no standard, no pattern, no universal model, and this is particularly true of industrial union agreement."\(^1\) On the basis of certain common factors, the collective bargaining agreements can be classified in a number of ways. On the basis of contents, agreements may be classified into general and specific issue-based agreements. On the basis of levels of agreements, reached at different levels, agreements may be classified into department level, plant level, company level, industry level and national level agreements. Agreements may be classified into bipartite agreements and tripartite agreements.

settlements. The agreements may also be grouped on the basis of the desired results and the goals of the organisation. The productivity agreements fall in this category.

Collective bargaining agreements in individual establishments are generally of three kinds. To the first category belong agreements which are drawn up after direct negotiation between the parties without the intervention of a third party. The second category of agreements are technically called "Settlements" under the Industrial Dispute Act, 1947. These agreements are entered with the active assistance and persuasion of the Conciliation Officers. There is a measure of compulsion behind these settlements as invariably they are negotiated after a dispute has arisen and because the parties knew that failure to enter into an agreement might involve them in a compulsory adjudication. The third category consists of agreements entered into between the parties after a dispute has already been referred for adjudication to a tribunal. Such agreements, heading to "consent awards", also cannot be classed with purely voluntary agreements.1

Employers' Federation reported that well over half of the 114 agreements it surveyed in 1962 were memoranda of settlement. The prevalence of this form has two explanations. Many parties still need the assistance of conciliations to reach decisions. Second, even parties who do not actually need conciliation help will have their agreements certified as memoranda of settlement, partly because it has become a

habit and adds reassurance to the bargain but, more important, because settlements reached before conciliations are binding under the Industrial Dispute Act on all parties summoned to appear in the proceedings. This in the case of rival unions the Settlement can be made binding on the whole work force. The study made by the Employers Federation of India reveals that purely voluntary agreements constituted 39.5 percent of the total number of agreements studied, settlements 57 percent, and consent awards 4 percent. It may be concluded that purely voluntary agreements are comprehensive in character and conduct the harmonious industrial relations in the industrial units. This type of agreements resolves the conflict at the grass root level and prohibits the further development of the dispute.

It is revealed from the study that, in RSP the parties prefer tripartite agreements for the purpose of enforceability. So a large number of agreements were converted into memoranda of settlement by getting the signature of Conciliation Officer. This form of bargaining is known as “convertive bargaining” and it is made to give a legal status to the bilateral agreements. Usually agreements are reached in the presence of the Conciliation Officer and take the signature of the Conciliation Officer for its legal enforceability and wider coverage. They cover different issues like manning, change in the grade, fitment, promotion, allowances, welfare measures, grievance procedure and bipartite forums. These issues were either in the nature of working out details of the national agreement or were matters not covered by the

apex negotiation. In RSP bipartite agreements were also reached with the recognised union. The details of agreements during 1970 to 1995 are presented in Table 6.8.

6.4.2 Levels of Bargaining

One of the significant developments in the collective bargaining in India has been the growth of industrial level bargaining since 60’s in the public sector undertakings like iron and steel, coal, etc. All major issues are negotiated at the industry level. Collective bargaining has been a well established practice in RSP. Collective bargaining takes place both at the industry level and plant level.

6.4.2.1 Industry Level Agreements

The Joint Wage Negotiating Committee (JWNC) for the Steel Industry was constituted in pursuance of the decision taken by the Industrial Committee on Iron and Steel in October 1969. The JWNC arrived at an agreement in New Delhi on October 27, 1970 covering the wage structure and other conditions of service. Subsequently, with the change of the name of the committee to Joint Negotiating Committee (JNC), its scope was enlarged with a view to dealing with implementation of the agreement and also problems of a general nature affecting the industry as a whole. As from September 1975, the name of the Committee was further changed to National Joint Consultative Committee for Steel Industry (NJCC) as mutually agreed to by both the parties.¹ On June 1979, the name of the Committee was once again

changed to National Joint Committee for the Steel Industry (NJCS), as mutually agreed to by both the parties.  

Table 6.7 reveals that the JWNC subsequently called NJCC and in 1979 renamed NJCS has established a good tradition of collective bargaining since 1970 and over the years it has reached six agreements at industry level, each of four or five year's duration. These agreements cover all the steel plants in India including the private sector unit.

6.4.2.1.1 Subject Matter of Agreements

Collective bargaining is concerned with the core of the employment relationship. The subject matter of collective bargaining has expanded greatly in recent years where it has made a great headway like U.S.A., Great Britain etc. The subjects for collective bargaining have grown beyond a simple matter of wages, hours and working conditions. Fringe benefits are included in the subject matter of collective bargaining in the USA. Because the direct wage increase seemed to be impossible because of the wage stabilisation programme.

According to Randle, this expansion in the scope of collective bargaining has been due to the following factors namely the increase in the strength of trade union, the ability of the industry to pay inflation, greater stress on fringe benefits and

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1 Ibid P. 7.
3 Ibid. P. 38.
liberal and sympathetic attitude of the labour courts and legislation. The actual content of collective bargaining varies considerably from industry to industry and from plant to plant. Some collective bargaining agreements are little more than price lists for labour. Others are lengthy, detailed documents covering a wide range of problems. But virtually all collective bargaining today embraces the two fundamental aims of independent trade unionism, namely, wages and human relations on the job.

In many countries like the U.S.A., the U.K., Federal Republic of Germany, Italy, Norway, Sweden, Switzerland, etc., the issues discussed at the collective bargaining table are mainly determined by the parties themselves. They have only to bear in mind that the conditions of employment neither fall short of standards laid down by the law nor are against the spirit and letter of the law. Only in France and some Latin American countries, the law specifies the terms of the agreement. For example in Brazil, Columbia, Ecuador and certain other Latin American countries every agreement has to include clauses regulating wages, house rent periods, holidays, the duration of the agreement and procedures for its expansion. The parties can add any other conditions which are not contrary to the law. In France, the national collective agreement must contain, under the law.

The industrial relations system in India is highly legalistic. For every conceivable subject under labour management, there is a variety of statutory regulations. The Industrial Employment (Standing Orders) Act, 1946 prescribes the

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work rules that bind the labour and management. The subjects like the conditions at
work places, the hours of work, over time, leave with wages, safety, welfare etc. are
regulated by legislation. In the social security area, the compensation for disability on
death caused as a result of employment, injury, an industrial disease, as well as wages
for the days of sickness compensation for forced unemployment, payment of
provident fund, gratuity pension etc. are regulated by a variety of labour legislation.
In short, there are very few areas in employer-employee relationships that are left
untouched by comprehensive legislation.\(^1\) Depending or the industrial relations
system prevailing, almost all matters relating to workers' right and interests may be
the subject of collective bargaining.\(^2\) The determination of the appropriate subject
matter of collective bargaining is apparently not a matter of fixed principle. The
inclusion of new matters in collective agreements is simply evidence of changing
social relationships.\(^3\)

The agreements cover wide range of issues from wage structure to
housing and from gratuity to bonus and from abolition of contract labour to
production and productivity.

Though some conventional issues figured in all the six agreements
consistently, some degree of gradual improvement is marked from one agreement to

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1. Government of India, *Report of the National Commission on Labour*, New Delhi, Manager of


York, 1965, P. 89.
### Table 6.7

Agreements reached by the JWNC/NJC/CICS from 1970 to 1995.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Date of the agreement</th>
<th>Subject matter of agreement</th>
<th>Duration of the agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>October 27, 1970</td>
<td>Minimum wage, wage structure and wage differentials, dearness allowance, fitness in the revised scale of pay, date of annual increment, Adhoc increment, acting/ officiating allowance, housing and house rent, implementation of agreement, productivity and industrial peace.</td>
<td>4 year</td>
</tr>
<tr>
<td>2</td>
<td>July 30, 1975</td>
<td>Minimum wage, wage structure, dearness allowance, fitness in the revised grades of pay, date of annual increment, housing and house rent, transport and transport subsidy, retiring gratuity, educational facilities, abolition of contract labour, workmen's compensation benefits, community development and bustee improvement, supply of essential commodities, implementation of the agreement productivity and industrial peace.</td>
<td>4 year</td>
</tr>
</tbody>
</table>
Minimum wage, wage structure, dearness allowance, fixed dearness allowance, fitment in the revised grade of pay, date of annual increment, stagnation increment, formation of standardisation committee, housing, house rent and house rent allowance, retiring gratuity, educational facilities, development of worker’s skill, abolition of contract labour, NMR in SAIL plants, life cover scheme, medical facilities, joint administration of unpaid wages, community development and bustee improvement, final settlement on retirement/death, steel workers relief and rehabilitation trust, supply of essential commodities, safety and occupational diseases, anti-pollution measures, leave benefits, leave travel facilities, protection of existing benefits, implementation of agreement, productivity and industrial peace, production targets.

Minimum wage, wage structure, dearness allowance, fixed dearness allowance, adjustable dearness allowance, fitment in the revised grade of pay, date of annual increment, stagnation of increment, standardisation committee, housing, house rent and house rent allowance, house building advance, transport allowance, reimbursement of local traveling expenses, retiring gratuity, educational facilities and development of worker’s skill, abolition of contract labour life cover scheme, medical facilities, community development and bustee improvement, final settlement on retirement/death steel workers relief and rehabilitation trust, supply of essential commodities, safety and occupational diseases, anti-pollution measures, leave and holidays, leave travel concession, sports and cultural activities, productivity and industrial peace, efficient handling of raw materials, reducing wastes; improvement in yields Implementation of the agreement.
Minimum wage, wage structure, dearness allowance, fixed dearness allowance, adjustable dearness allowance, Interim Relief, date of annual increment, Fitment in the revised grades of pay productivity, Housing, house rent and house rent allowance, house building advance, educational facilities and development of worker's skill, health and safety at work, abolition of contract labour, life cover scheme, medical facilities, community development and bustee improvement, final settlement on retirement/death of steel workers, relief and rehabilitation trust, supply of essential commodities, adult education, environment and hazard control, occupational health, leave and holidays, workmen's compensation benefits, welfare of SC/ST employees, incentive scheme, sports and cultural activities, implementation of agreement.

The agreement was effective from different date as mentioned against different clause. It was operated till 31.12.91.

Minimum wage, wage structure, dearness allowance, productivity, development of workers skill, abolition of contract labour, fitment in the revised pay scales, annual increment, performance linked benefit scheme, house rent and house rent allowance, housing, education, medical and leave rules, provident fund, gratuity, SAIL employees superannuation benefit fund, life cover scheme, final settlement on retirement/death, supply of essential commodities, Adult education and literacy, sports and cultural activities, employment, community development programme, safety, health and environment, implementation of the agreement, protection of existing benefits.

Source: Data compiled from the Collective Agreements reached by JWNC/ NJCC/NJCS
the other. Every time before a new agreement is reached, some fresh issues are raised and the same are discussed and decided. It is seen, over the years, the scope of bargaining has substantially widened and the bargaining relationship has matured to a considerable degree. In comparison to 1970 agreement, the 1975 agreement is an improvement for it had added new items like transport subsidy, workmen's compensation benefits, community development and bustee improvement,\footnote{It refers to the development of nearby villages by undertaking community development programme as a part of the industrial units social responsibility.} supply of essential commodities etc. There were also some new issues in the 1979 agreement, viz, adjustable dearness allowances, medical facilities, stagnation increments, house rent allowances, development of workers skill etc. In the 1983 agreement, a detailed discussion took place relating to production and productivity which is considered a notable feature. In this agreement strategies and plans were worked out for increasing production and productivity in the plants. This marks a significant departure and indicate a transition from the conventional bargaining to productivity bargaining. In the 1989 and 1995 agreements, also there was stress for production and productivity.

In all the agreements first priority is accorded to the economic issues followed by non-economic issues. One of the note-worthy feature of agreements onwards 1983 is the promotion of operational efficiency and profitability of the Steel Industry. It is sought to be achieved through efficient handling of raw materials and reduction of wastes, improvement in yields, procurement of materials at economic
prices, improvement in house-keeping, necessary improvement in working conditions, health and safety of workers and reduction in the rate of absenteeism (unauthorised).

Agreements have been reached to ensure progressive increase in the productivity of steel plants, to improve effective utilisation of all resources, including manpower and to ensure maximisation of production. It is recognised by both parties that participative forums have an important and definite role to play in ensuring industrial harmony and improving productivity. These participative forums at shop, plant and national levels are further activated and made effective with a view to giving proper sense of direction to the efforts to increase productivity.\(^1\) These steps opened the era of productivity bargaining in steel industry. Realising the vital role of steel industry in the national economy, the parties resolve that all disputes affecting industrial relations shall be discussed mutually and settled through peaceful and constitutional means.\(^2\) The detailed scope of agreements reached at industry level has been depicted in Table 6.7. The scope of industry level agreements cover all the important items which are common to all the steel units. Besides negotiating the industry wide agreement, the NJCS leaves some door open for the union representatives to discuss plant level problems. But normally the plant level problems are left to be discussed and decided between the recognised union and the management at the plant level.


From the year 1970 RSP is following the National level or industry level agreements for its workers. But from 1989 there are two separate agreements at plant level for revision of wages and DA etc. for the workers of RSP i.e. on 18.7.89 and on 24.5.1995, on the line of the NJCS Agreement dated 5.7.89 and 18.5.1995 respectively. It is only the extension of the benefits to the RSP employees on the line of the NJCS Agreements. There are only minor changes in some respects.

6.4.2.1.2 Period of Agreement

In India the general tendency is definitely towards long term agreement, with a duration of three to five years. In some cases the duration is one year. Collective agreements on common issues with a perspective are signed for a period of one to five years. The advantage of long term agreement is obviously the stable labour relations which it seeks to ensure.  

Taking the world wide situation of galloping inflation, the wage and dearness allowance agreements for a period of 2 or 3 years have been becoming common. It is evident from the Table 6.7 that in steel industry the parties are in favour of signing three, four or five year agreements. Trade unions do not prefer to have longer period of agreement for the reason of inflation. At the same time management does not prefer shorter term because negotiations involve more time, energy and expenditure. All the agreements are closed-ended with a particular time limit.

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6.4.2.1.3 Coverage of Agreements

Generally in India, collective bargaining agreements cover all categories of employees who come within the purview of the definition "workman" in Section 2(s) of the Industrial Dispute Act, 1947 as amended from time to time. In case of RSP, the collective agreements cover all categories of employees who are covered by the term "workman" as mentioned above and the same is mentioned in all the memoranda of agreement reached by the NJCS. All work charged employees are also covered.

6.4.2.1.4 Interpretation of Agreements

Agreements which are drawn up after direct negotiation between labour and management are purely voluntary in character. Hence, their enforcement depends on moral force and good faith of the parties. Their provisions cannot be enforced by court of law. They are gentlemen’s agreements without force. Once collective bargaining has resulted in an agreement, the provisions are regarded as part of contract of employment between employer who is party to the agreement and each worker in his employ in the occupations represented by the trade union or unions. Many agreements contain clauses specifying the procedure to be adopted if disputes arise over their interpretation. Often, there are clauses providing that there shall be no strike or lock-out over the question of interpretation until the procedure established for reaching agreement on interpretation has been followed without success.


It is revealed from the industry level agreements that the rights and responsibilities of both the parties have been clearly laid down. At the time of drafting the agreement undue legalism in its wording is avoided. It is observed that the clauses of agreement exhort both parties to honour the agreement in its true spirit and through mutual co-operation. In case of anomalies, the NJCS takes up the matter. After giving the agreement a clear shape, it is signed by representatives of both the parties along with some witnesses.

6.4.2.1.5 Implementation of Agreement

Agreement embodies a number of complex issues which one party simply cannot implement. The reason being that collective bargaining cannot be as perfect as mathematical calculations, it can be viewed basing on positive perception towards the agreement. In steel industry due care is taken by the parties in the implementation of the agreement. Management and trade unions co-operate with each other for the implementation of agreement. Management takes initiative for publicising the agreement. Proper care is exercised by the parties in making appropriate comments on agreement clauses and in their proper interpretation. It is mentioned in the memorandum of agreement copy that "if any difficulty in implementation of this agreement is experienced, the same will also be taken up by the NJCS."

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6.4.2.2 Plant Level Agreements

A large number of plant level agreements were reached between the management and trade union of RSP. In RSP during the period of study 438 agreements were reached between unions and management covering a number of issues (refer table 6.8). Within the plant the agreements were reached at three different levels i.e. at (i) division level, (ii) department level and (iii) plant level. The practice of collective bargaining had registered significant progress during the period of study. Greater number of workers were being covered by collective agreement. The study reveals that the number of industrial conflicts in RSP has been declining gradually as the parties prefer negotiation and collective bargaining for resolution of their collective disputes. A majority of the disputes have been settled at the plant level by means of collective bargaining.

6.4.2.2.1 Subject Matter of Agreement

It is evident from the Table 6.8 that the subject matter of collective bargaining at the plant level includes the implementation of the national agreements and other items like manning, man power, revision of scale of pay, shift working, incentives, reappointment, re-imbursement of legal expenses to employees, promotion, public health, disputes regarding strike, job evaluation, revision of wages of contract labour, reimbursement of medical expenses, bonus, productivity of whole plant, payment of interim relief to contract labour, cluster promotion etc. Also it includes formation of different bipartite committees, capacity utilisation, working
Table 6.8

Agreements reached between Union and Management at Plant Level During the Period from 1970 to March 1996

<table>
<thead>
<tr>
<th>Year</th>
<th>Total number of agreements</th>
<th>Number of bipartite agreements</th>
<th>Number of tripartite agreements</th>
<th>Names of union involved</th>
<th>Subject Matter of Agreements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>20</td>
<td>1</td>
<td>19</td>
<td>RMS -18, NOWU -1, ISS -1</td>
<td>Incentive, pay and allowances, Manning, wages, Modification of incentive circular, grades and promotion channel.</td>
</tr>
<tr>
<td>1971</td>
<td>11</td>
<td>5</td>
<td>6</td>
<td>RMS -10, NOWU -1</td>
<td>Manning, Incentive, Promotion, Revision of Scales, Revision of wages.</td>
</tr>
<tr>
<td>1972</td>
<td>17</td>
<td>1</td>
<td>16</td>
<td>RMS -17, RMS -39, NOWU -1</td>
<td>Incentive, Man power, Wages and dearness allowance, allowances.</td>
</tr>
<tr>
<td>1973</td>
<td>41</td>
<td>3</td>
<td>38</td>
<td>RMS -39, RSS -1, NOWU -1</td>
<td>Man power, Incentive, Wages, (23)</td>
</tr>
<tr>
<td>1974</td>
<td>42</td>
<td>3</td>
<td>39</td>
<td>RMS -39, NOWU -2, HMCL -1</td>
<td>Revision of scale of pay, modification of designation, man power revision, shift working, cycle allowance, field movement allowance, incentive.</td>
</tr>
<tr>
<td>1975</td>
<td>28</td>
<td>1</td>
<td>27</td>
<td>RMS -25, NOWU -1, HSWA -1</td>
<td>Incentive, Man power, departmental production committee, seniority setting up a joint implementation committee, safety committee.</td>
</tr>
<tr>
<td>1976</td>
<td>11</td>
<td>3</td>
<td>8</td>
<td>RMS -10, HOWU -1</td>
<td>Promotion, incentive scheme, bonus, Manning.</td>
</tr>
<tr>
<td>Year</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>------</td>
<td>---</td>
<td>----</td>
<td>----</td>
<td>----</td>
<td>-------------------------</td>
</tr>
<tr>
<td>1977</td>
<td>18</td>
<td>3</td>
<td>15</td>
<td>RMS - 17 Reinstatement, incentive scheme, man power, capacity utilisation and productivity, working condition.</td>
<td>NOWU - 1</td>
</tr>
<tr>
<td>1978</td>
<td>15</td>
<td>4</td>
<td>11</td>
<td>RMS - 13 Reinstatement, Reappointment, incentive, Reimbursement of legal expenses to an employees, settlement of dispute of particular employee, equalisation of pay of 02 with 07 scale, promotion, public health, dispute regards strike.</td>
<td>Other - 2</td>
</tr>
<tr>
<td>1979</td>
<td>11</td>
<td>5</td>
<td>6</td>
<td>RMS - 9 Incentive scheme, working hours, Implementation of NJCS agreement, Reappointment,</td>
<td>Other - 2</td>
</tr>
<tr>
<td>1980</td>
<td>9</td>
<td></td>
<td>9</td>
<td>RMS - 9 Incentive Scheme, payment of bonus, special allowance, man power.</td>
<td>Other - 2</td>
</tr>
<tr>
<td>1981</td>
<td>13</td>
<td>2</td>
<td>11</td>
<td>RMS-12 Incentive, Man power, Reappointment, annual bonus, enhancement of wages for contract labour.</td>
<td>NOWU - 1</td>
</tr>
<tr>
<td>1982</td>
<td>14</td>
<td>1</td>
<td>13</td>
<td>RMS - 14 Promotion, man power, incentives, working conditions.</td>
<td>Other - 2</td>
</tr>
<tr>
<td>1983</td>
<td>12</td>
<td>1</td>
<td>11</td>
<td>RMS - 12 Man power, incentive, modifications of designation, revision of contract labour wages.</td>
<td>Other - 2</td>
</tr>
<tr>
<td>1984</td>
<td>8</td>
<td></td>
<td>8</td>
<td>RMS - 8 Man power revision, bonus.</td>
<td>Other - 2</td>
</tr>
<tr>
<td>1985</td>
<td>16</td>
<td>1</td>
<td>15</td>
<td>RMS - 15 Man power revision, Bonus, productivity of whole plant, wages.</td>
<td>Other - 1</td>
</tr>
<tr>
<td>1986</td>
<td>15</td>
<td>1</td>
<td>14</td>
<td>RMS - 15 Man power revision, incentive scheme.</td>
<td>Other - 1</td>
</tr>
<tr>
<td>1987</td>
<td>13</td>
<td></td>
<td>13</td>
<td>RMS - 13 Incentive, man power revision, payment of interim relief to contract labour, promotion</td>
<td>Other - 1</td>
</tr>
<tr>
<td>Year</td>
<td>RMS -12</td>
<td>RMS -63</td>
<td>NWOU -1</td>
<td>RMS -20</td>
<td>RMS -11</td>
</tr>
<tr>
<td>------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td>1988</td>
<td>13</td>
<td>13</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1989</td>
<td>64</td>
<td>1</td>
<td>63</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td>20</td>
<td>-</td>
<td>20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1991</td>
<td>11</td>
<td>2</td>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1992</td>
<td>3</td>
<td>3</td>
<td>-</td>
<td>RMS -12</td>
<td>RMS -12</td>
</tr>
<tr>
<td>1993</td>
<td>6</td>
<td>4</td>
<td>2</td>
<td>RMS-6</td>
<td>RMS-6</td>
</tr>
<tr>
<td>1994</td>
<td>Nil</td>
<td>-</td>
<td>-</td>
<td>RMS-3</td>
<td>RMS-3</td>
</tr>
<tr>
<td>1995</td>
<td>6</td>
<td>2</td>
<td>4</td>
<td>RMS-4</td>
<td>RMS-4</td>
</tr>
<tr>
<td>1996</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>RSS-1</td>
<td>RSS-1</td>
</tr>
</tbody>
</table>

Source: Compiled from the data supplied by the Personnel Department RSP.
hours. During the period of study most of the cases of agreements reached were relating to man power revision in a particular section/department, upgradation of posts incentives and bonus.

6.4.2.2 Coverage of Agreements

These agreements basing upon the nature, may cover workers in a particular department or section or whole of the workers of the organisation. One significant feature to be noted is that the management has also reached agreements with minority unions, where such unions are found to be more representative in character in respect of either individual cases or issues affecting a group or section of workers in a department or shop. This indicates the broad basis on which the bargaining relationship is based.

6.4.2.3 Period of Agreement

In India the general tendency is definitely towards long term agreement, with a duration of three to five years. In some cases the period is one year. Agreements reached in conciliation proceedings which do not specify any time limit are deemed to be binding for six months and to remain in force thereafter unless terminated by notice from either party. Collective agreement on common issues with a time perspective are signed for a period of one to five years. As for the plant level agreements, the duration varies according to their nature. Generally the procedural

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agreements are ‘open-ended’ and do not specify any time limit. They continue to be in force as long as the parties desire. On the other hand in substantive agreement, the duration is always one year. Both parties prefer ‘closed-end’ one year agreement. Either party can take initiative for fresh proposals before its expiry, so that delay between one agreement and reaching another can be avoided. The period of agreements relating to wages and dearness pay varies from three to five years. The last memorandum of settlement reached between RMS and the management of RSP on 24.5.95 for revision of wages and other benefits is for five years. In general, the long term agreements develop co-operation among the parties and help in maintaining cordial relations between management and workers. In addition they also enable the organisations to plan for consolidation and expansion programmes.

6.4.2.2.4 Interpretation of Agreements

Management and the unions take due care to understand the agreement in its true spirit. In RSP, the parties have not experienced any difficulty as regards the interpretation of agreements because of the simplicity of the case and willingness of the parties to discuss. In most of the agreements, District Labour Officer or Deputy Labour Commissioner (who acts as Conciliation Officer) also puts his signature in order to make it a settlement for wider coverage and to refrain from any misinterpretation.
6.4.2.2.5 Implementation of Agreements

Once the agreements signed at the plant level are implemented in good faith. Management of RSP takes due care in publicising the agreement and in communicating the contents inside the plant. At times meetings are held to explain the modalities of implementation by the lower managerial staff/supervisors. At the same time, the union co-operates with the management in the implementation of agreements in true spirit. It educates its member workers about the importance of the agreement and how it is significant to them. Joint meetings of management and union are also held to discuss any question arising out of interpretation and implementation of the agreement.

6.4.3 Scope of Collective Bargaining Agreement

An attempt is made in these pages by the researcher to ascertain the scope and contents of collective bargaining agreements. For this purpose a typical agreement was selected for analysis. The agreement was reached between the management of RSP (hereafter called the management) and Rourkela Mazdoor Sabha (hereafter called union) on May 5, 1995. The contents and terms of settlements are as follows:

6.4.3.1 Name of the Parties

At the beginning the names of person representing Management and workmen is there. Altogether nine management personnel represented management
and twenty one representatives from workmen side represented workmen. Management team was headed by Managing Director and workmen representatives was headed by RMS President.

6.4.3.2 Short Recital of the Case

It is common for an agreement to contain a preamble. It makes a reference to the submission of charter of demands by the union and the commencement of negotiations. RMS, the recognised union, submitted a charter of demands to management in their letter No. RMS/217 : 92 : 83 dated 14.1.92 for revision of wages and other benefits for RSP employees. Accordingly negotiations were held. At the bipartite level discussions some differences crept in whereupon both the parties requested the conciliation machinery for intervention. There after, further discussions were held in the course of conciliation proceedings and with the assistance of Deputy Labour Commissioner-cum-Conciliation Officer, Rourkela, the parties arrived at the following terms of settlement.

6.4.3.3 Chapter I :Scope and Coverage

This article refers to the category of employees who are covered in the agreement. The settlement is applicable to all categories of employees of RSP including Fertilizer plant, who have been covered under the memorandum of settlement reached between the Management of RSP and RMS on July 18, 1989 and these employed thereafter.
6.4.3.4 Chapter II Productivity Through People

In this chapter, the focus was for the Human Resources Development issues in the steel industry to improve the level of performance of the people. It was agreed by both the parties that the people had to be brought to the centre stage for improving the performance of the industry even without any change in basic technology as increase in other resources.

In the agreement, the union endorsed the following actions initiated by the management.

(i) Rationalisation of work to ensure the most efficient way of functioning. (ii) Optimal utilisation of the human resources. (iii) Improving work practices for enhancing employee's contribution. (iv) Training employees to achieve efficiency in operation. (v) Improving and upgrading the skills, competency and attitude of the employees to perform the job better. (vi) Humanizing the work.

Both the parties commit themselves to work together to attain higher levels of production, productivity and profitability. They agreed to make joint efforts in the following areas:

(a) Efficient handling of raw materials and reducing wastage. (b) Improvement in yield and reducing operation costs. (c) Procurement of materials of economic prices. (d) Reducing energy consumption. (e) Improving quality in all operation. (f) Improvement in housekeeping. (g) Necessary improvement in working conditions,
health and safety of workers. (h) Continuously adopt better working practices. (i) Reducing unauthorised absenteeism. (j) Improving customers service and delivery. (k) Improve effective utilisation of all resources including human resources, and (l) Further optimise capacity utilisation of RSP.

It was also recognised by both the parties that discipline at all levels is essential for the smooth functioning of RSP. They, therefore, assume full responsibility for maintaining and optimising production and productivity, and work accordingly. They also agreed to identify areas of wasteful practices and expenditure in joint forums with a view to devising specific measures for increasing operational efficiency and reducing costs. It was also agreed by both the parties that joint efforts would be made towards attaining customer satisfaction to enable the industry to achieve greater heights of production, productivity and profitability.

In the agreement also, it was recognised by both the parties that in the competitive environment it is necessary that each and every employee understands the need for quality. It was agreed that this objective can be achieved by adoption of Total Quality Process (TQP) which stress the importance of involving all employers and harnessing their energy to improve the productivity and profitability of RSP. Both the parties agreed to jointly pursue the implementation of 150-9000 standards and TQP concepts in all department of RSP by taking the following measures:

(i) All employees will strive to satisfy their internal/external customers and will bring in customer orientation in all their activities.
(ii) All employees will help evolve the standard operating practices and standard maintenance practices for different activities and follow it regularly and shall adhere to technological norms and discipline.

(iii) All employees will strive to first implement and then maintain the quality assurance system in their respective plant units.

(iv) Management and union will work first for identifying and then for removing the internal weaknesses.

(v) All efforts would be made by the management and the union to inculcate consciousness for improving the quality of work, product and service.

(vi) Healthy interactions will be maintained among different sections of employees.

(vii) All efforts will be made to have positive work practices for improving the work culture and bringing about quality performance.

(viii) Suggestion schemes and Quality circles would become the way of working.

(ix) Strive for excellence in all spheres of activity.

6.4.3.5 Chapter III Wages, Allowances and Benefits

6.4.3.5.1 Clause 3.1 Wages

The company agreed to pay revised minimum wage from 1.1.92 as per the revised structure given in Annexure-A of the agreement. The company agreed to pay all workmen a variable dearness allowance which should be revised in every
quarter i.e. on 1st March, 1st June, 1st September and 1st December of every year on the basis of average of the consumer price indices for the preceding quarters November-January, February-April, May-July and August-October respectively.

RSP also agreed to pay some guaranteed benefits to all its employees those are on rolls as on 31.12.1991. The method of calculating guaranteed benefits is detailed in clauses 3.1.4.1 and 3.1.4.2 of the agreement. The method of fitment in the revised pay scales is detailed in clauses 3.15, 3.1.5.1, 3.1.5.2, 3.1.5.3. They also agreed to the present system of granting annual increments on the two dates during a year i.e. 1st January and 1st July. In case of employees superannuation from the service of the Company on 30th June and 31st December in any year, the increment falling due on the following day i.e. 1st July and 1st January respectively would be included in the pay for computation of leave salary and gratuity.

It was also agreed that a company based performance linked benefit scheme would be introduced so as to motivate the employees to put in maximum efforts for improvement of production, productivity and profitability. Accordingly, a scheme would be jointly worked out based on parameters like salable steel, gross margin, energy consumption, productivity, etc. It was agreed that this will be effective from Jan 1, 1994. The monthly payment under this scheme would vary from Rs.75/- to Rs.145/- per month for the lowest and highest pay ranges.
6.4.3.5.2 Clause 3.2 Allowances and Advances

**Local Traveling Allowances** - The company agreed to pay Rs.6/- per day of actual attendance subject to a maximum Rs.90/- per month towards local traveling expenses.

**Night Shift Allowance** - The company agreed to pay night shift allowance at the rate of Rs.10/- per day of work to all employees who work from 2200 hours to 0600 hours as per the existing practice.

**Leave Travel Concession (LTC)** - Employees joining the service of the company on or after 18.5.1995 shall be entitled to claim LTC only for self, spouse and maximum two children. The present eligibility and entitlement of dependent parents will continue.

**House rent and House Rent Allowance** - Employees covered by the settlement who are not allotted company’s quarters, shall be paid house rent allowance equal to 10% of basic pay as per the wage structure prevailing before his settlement subject to a maximum of Rs.150/- per month effective from Jan. 1, 1995.

**Advances** - Recoverable advances will be provided to employees on reasonable terms for purchase of cycle/mopeds/scooters/motor cycles.

**House Building Loan** - The House building advance amount for new construction has been raised with effect from April, 1, 1991. The details is mentioned in clause 3.2.3.2, 3.2.3.3 and 3.2.3.4.
6.4.3.5.3 Clause 3.3 Welfare Amenities

**Educational Facilities** - Management shall continue to provide existing facilities of education to the employees' children.

**Medical Facilities** - Existing medical facilities for employees and their entitled dependents including the following shall continue.

(a) Referral of cases to specialised institutions.

(b) System of reimbursement of cost of artificial limbs and pacemaker,

(c) Facilities in case of superannuation/death/permanent total disablement.

The company also agreed to take necessary steps to improve the medical facilities in bustee around the plant, where employees live. The Mediclaim policy started by SAIL with effect from Jan 1, 1991 shall continue to operate.

**Leave and Holidays** - The company agreed to enhance the earned leave to 150 and Half pay leave to 300 days. At the same time it was agreed to continue all other existing facilities of leave and holidays.

6.4.3.5.4 Clause 3.4 Social Security

** Provident Fund** - The existing system of contribution by the management and employees towards provident fund shall continue to be 10% each.

** Gratuity** - The existing system of gratuity shall continue.
SAIL Employees Superannuation Benefit Fund - Both the parties felt that the benefits arising out of the present employee’s contribution under the superannuation scheme much below the expectation of employees. On the suggestion of the worker’s representatives, it was agreed that the earnings arising out of the performance linked Benefit Scheme would be diverted to the fund with effect from Jan. 1, 1994.

Life Cover Scheme - The company agreed to enhance the payment under the life cover scheme to Rs.40000/- with effect from May 18, 1995.

Workmen’s Compensation Benefits - The employees covered by this settlement shall continue to be entitled to the benefits admissible under the workmen’s compensation Act, 1923 and the provisions settlements as detailed in clause 3.4.5.1.

Employees Family Benefit Scheme - With effect from Jan 1, 1989 under this scheme, the family members of employees who die or whose services are terminated on account of permanent total disablement/permanent medical unfitness are entitled to get benefits.

Final Settlement on Retirement/Death - The company agreed to pay all dues within a period not exceeding 10 days after completion of all the formalities.

Composite Superannuation Policy - The union representatives proposed that a superannuating employee may be afforded the option of either receiving the moneys arising out of the final settlement or depositing it with the company and receiving the last pay i.e. basic plus D.A. drawn at the time of retirement for a specified number of
years. It was agreed at the NJCS that a sub-committee of the NJCS would be constituted to examine the feasibility of such a scheme and make recommendations to the NJCS for its consideration.

6.4.3.5.5 Clause 3.5 General

Abolition of Contract Labour - It was agreed that industry should not employ labour through contractors or engage contractors labours on jobs of permanent and perennial nature.

Community and Peripheral Development - The company will continue to carry out the peripheral development activities in and around steel township in consonance with the spirit of social responsibility of the industry.

Essential Commodities - Management will take the necessary steps to supply the essential commodities to its employees through the existing co-operative society.

Adult Education and Literacy - It was agreed that a programme of adult education will be jointly formulated by the management and the union and be implemented so as to give an opportunity to the employees to achieve literacy.

Sports and Cultural Activities - The management will take necessary steps in the field of sports and cultural activities.
6.4.3.5.6 Clause 3.6 Employment - Retirement Age

The issue regarding the age of retirement was deliberated at length. In order to tap the potential and enthusiasm of the experienced and skilled work power, the union expressed their demand for increasing the age of retirement of the employees from 58 to 60 years. It was agreed that the issue would be taken up with the appropriate authorities.

6.4.3.6 Chapter IV Safety, Health and Environmental Management

Safety At Work - Both Management and union are committed to create a healthy and safe working environment for all employees in the plant and jointly promote effective functioning of bipartite forums and statutory committees.

Educate the Employees - Union will continue to educate the employees as regards their duties with respect to health and safety. The union will also cooperate with management in all bipartite discussions on safety and health of employees.

Environmental and Hazard Control - It was agreed that management shall take effective measures for environment and hazard control in and around the plant areas and shall take all possible measures to protect the health and property of the affected population. Studies and research will be undertaken to determine pollution and environmental hazards and the NJCS shall discuss and provide guidelines for the measures to be taken in this regard.
**Occupational Health** - Management shall conduct research and establish research centre for occupational health and safety so as to identify and provide remedial measures in order to promote better physical well being of the employees and their safety at work. The measures taken in this regard will be discussed by the NJCS from time to time.

**6.4.3.7 Chapter V Implementation of the Settlement**

**Clause 5.0** - This clause indicates the duration of the settlement. The settlement would continue to be in force till December 31, 1996.

**Clause 5.1 Protection of Existing Benefits** - This clause specifies that the existing benefits shall not be withdrawn or curtailed except to the extent and manner as provided for in this settlement.

**Clause 5.2 Anomalies** - It was agreed that in respect of anomalies, if any, that may arise in the revised wage structure or any other terms of the agreement, the same will be taken up by NJCS if brought to its notice within six months from May 18, 1995.

**Clause 5.3 Standardisation Committee** - It was proposed by the unions that a standardisation committee may be constituted which would function under the overall supervision of the NJCS.

**Clause 5.4 Industrial Peace and Harmony** - It was also agreed that industrial peace and harmony will be maintained at all times and the steps taken and results
achieved in improving production and productivity will be reviewed periodically by the NJCS.

**Clause 5.4 Payment of Fitment Benefits** - Both the parties agreed that the arrears out of this settlement shall be paid to its employees by July 31, 1995. At the end the agreement contains the signatures of workers representatives, employers representatives and conciliation officer since the agreement was registered with the conciliation officer for wider binding effect.

**6.5 Analysis of Opinion Survey on Nature of Bargaining**

The views of the management and union respondents towards nature of collective bargaining are presented in Table 6.9. It is observed from this opinion survey that, 44.28, 48.88 percent of the management and union respondents respectively consider collective bargaining as a contract for the sale of labour. The parties have shifted their emphasis from conventional bargaining to modern creative bargaining. The majority of the respondents (Management 74.28 and union 68.88) are of the view that collective bargaining is a method of framing rules for industrial governance. The majority of management and union representatives view is that collective bargaining is the form of industrial jurisprudence. Further the parties indicated that they change their attitudes toward each other in course of negotiations and bargaining takes place within the organisation during the bargaining.
Table 6.9
Opinion of the Respondents towards the Nature of Collective Bargaining in RSP

<table>
<thead>
<tr>
<th></th>
<th>Management</th>
<th></th>
<th></th>
<th>Union</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Agree</td>
<td>Disagree</td>
<td>No opinion</td>
<td>Agree</td>
<td>Disagree</td>
<td>No opinion</td>
</tr>
<tr>
<td>1. Collective bargaining is a means of contracting for the sale of labour</td>
<td>31</td>
<td>(44.28)</td>
<td>-</td>
<td>44</td>
<td>(48.88)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>39</td>
<td>(55.72)</td>
<td></td>
<td>46</td>
<td>(51.12)</td>
</tr>
<tr>
<td>2. It is a method of framing rules for industrial governance.</td>
<td>52</td>
<td>(74.28)</td>
<td>-</td>
<td>62</td>
<td>(68.88)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>18</td>
<td>(25.72)</td>
<td></td>
<td>28</td>
<td>(31.12)</td>
</tr>
<tr>
<td>3. Intra-organisational bargaining takes place during the bargaining.</td>
<td>53</td>
<td>(75.71)</td>
<td>-</td>
<td>61</td>
<td>(67.77)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>17</td>
<td>(24.29)</td>
<td></td>
<td>29</td>
<td>(32.23)</td>
</tr>
<tr>
<td>4. Collective bargaining is the form of industrial jurisprudence.</td>
<td>51</td>
<td>(72.85)</td>
<td>-</td>
<td>63</td>
<td>(70.00)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>19</td>
<td>(27.15)</td>
<td></td>
<td>27</td>
<td>(30.00)</td>
</tr>
<tr>
<td>5. Parties shifted their emphasis from conventional bargaining to creative bargaining.</td>
<td>53</td>
<td>(75.71)</td>
<td>-</td>
<td>59</td>
<td>(65.55)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>17</td>
<td>(24.29)</td>
<td></td>
<td>31</td>
<td>(34.45)</td>
</tr>
<tr>
<td>6. Parties structure their attitude towards each other during negotiation.</td>
<td>32</td>
<td>(74.28)</td>
<td>-</td>
<td>54</td>
<td>(60.00)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>18</td>
<td>(25.72)</td>
<td></td>
<td>36</td>
<td>(40.00)</td>
</tr>
</tbody>
</table>

Source - Compiled from data collected through opinion survey
Table 6.10

Opinion of the Respondents towards the Efficiency of Collective Bargaining in RSP

<table>
<thead>
<tr>
<th>了. Collective bargaining has contributed towards harmonious industrial relations in the plant.</th>
<th>Management</th>
<th>Union</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>Disagree</td>
<td>No opinion</td>
</tr>
<tr>
<td>63</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td>(90.00)</td>
<td>(10.00)</td>
<td></td>
</tr>
</tbody>
</table>

2. It has promoted industrial democracy in the plant.

<table>
<thead>
<tr>
<th>Agree</th>
<th>Disagree</th>
<th>No opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>60</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>(85.71)</td>
<td>(14.29)</td>
<td></td>
</tr>
</tbody>
</table>

3. Collective bargaining is the effective methods for industrial conflict resolution

<table>
<thead>
<tr>
<th>Agree</th>
<th>Disagree</th>
<th>No opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>61</td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td>(87.14)</td>
<td>(12.86)</td>
<td></td>
</tr>
</tbody>
</table>

4. A shift in emphasis should be made from adjudication to collective bargaining.

<table>
<thead>
<tr>
<th>Agree</th>
<th>Disagree</th>
<th>No opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>49</td>
<td>21</td>
<td>-</td>
</tr>
<tr>
<td>(70.00)</td>
<td>(30.00)</td>
<td></td>
</tr>
</tbody>
</table>

5. Policies of both the parties is favourable towards collective bargaining.

<table>
<thead>
<tr>
<th>Agree</th>
<th>Disagree</th>
<th>No opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>48</td>
<td>??</td>
<td>-</td>
</tr>
<tr>
<td>(68.57)</td>
<td>(31.43)</td>
<td></td>
</tr>
</tbody>
</table>

6. Management displays open mindedness in bargaining

<table>
<thead>
<tr>
<th>Agree</th>
<th>Disagree</th>
<th>No opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>62</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td>(88.57)</td>
<td>(11.43)</td>
<td></td>
</tr>
</tbody>
</table>

Source - Compiled from the data collected through opinion Survey.
6.6 Analysis of Opinion Survey on Efficiency of Collective Bargaining

Opinions of the management union respondents with regard to the workings of collective bargaining is presented in Table 6.10. It is observed from the table that the majority of management (90.00) and union (58.58) respondent are of the view that collective bargaining has contributed towards harmonious industrial relations in the plant. It is also evident from the table that a large percentage preferred a shift in emphasis from adjudication to collective bargaining. Further the majority of the respondents from both sides opined that collective bargaining is an effective method in settling industrial disputes in the plant. The majority of the both the parties opinioned that collective bargaining promotes industrial democracy in the plant.

6.7 An Overview

An attempt is made in the chapter to identify the various determinants that have contributed to the growth and effectiveness of collective bargaining in the RSP. It is being identified that in RSP collective bargaining is effective because of its economic conditions, technological advancement, market demands etc. Trade unions in RSP are strong and stable. As the management is conscious enough in recognising the unions for the growth of bargaining agents. In RSP both the parties have shown their mutual co-operations and willingness to give and take. The management of RSP is responsive and progressive. The parties do not indulge in unfair labour practices. In RSP the inter-union relations are characterised by rivalry and absence of co-ordination.
In RSP first the union serves the notice on the management for termination of the existing agreement. After that the union prepares the charter of demands and submits it to the management for fulfillment. After analysing the charter of demands the management calls the union for negotiation. Prior to negotiation, the parties collect information and the data to be used in the course of bargaining. The bargaining teams are selected carefully. Negotiation takes place in a cordial atmosphere. The implementation of the agreements are made in true spirit. In RSP bargaining takes place both at industry level and plant level. The bipartite agreements are purely voluntary agreements. Bipartite agreements contribute to better industrial relations climate. In RSP, the parties prefer tripartite agreements for enforceability.

The collective bargaining agreements cover all categories of workers who come within the purview of the definitions 'workman' in section 2(S) of I.D. Act, 1947. In RSP, the general tendency is towards long term agreement with a duration of three to five years.

In RSP, the collective bargaining agreements cover the important areas like formation and functioning of participative forums, increase of production and productivity, reducing waste etc. Collective bargaining has become an established practice in RSP. Both the parties regard collective bargaining as the viable method for the resolution of industrial conflicts. The parties seem to have shifted their emphasis from adjudication to collective bargaining. The management and unions are evenly balanced as regards their bargaining strength. The parties adopt a give-and-take approach.