Wages are perhaps the single most important factor that motivates a worker to work. "The wage mainly operates as one of the main hygienic factors for people at work. Unfavourable wages create strong resentment and dissatisfaction, although good wages need not necessarily lead to high level of productivity. It has been observed that over a long period, wage disputes constituted the single largest issue of industrial disputes in India."¹

Wage is the remuneration paid by the employer to his employee in return for the services rendered by the latter to the former. In fact, it was taken to be the price for the services sold to the employer, but labour is no more regarded as a commodity and wages are "the compensation paid to the worker in return for the contribution he makes for the achievement of the corporate objectives."² Wages are generally paid in terms of money after the completion of a certain amount of work or a certain period like a day, a week or a fortnight, or may be a month. Wages on a monthly basis are called salary.

Proper Determination of an employee's wage rate is a very

¹ Subratesh Ghosh, Personnel Management, p. 173
² V.P. Michael, Industrial Relations in India and Workers Involvement in Management, p. 162
important consideration for retaining workers and avoiding or reducing industrial dissatisfaction.

"In the organised sector the determination of an employee's wage is governed by a variety of factors, some controlled by the employer and some by the constraints imposed upon him from outside. The table below shows the wage influencing variables in the organised sector of Indian industry."*

---

<table>
<thead>
<tr>
<th>Individual workmen</th>
<th>Collective bargaining (Union push)</th>
<th>Local area going rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Govt. Laws</td>
<td>Tribunals courts</td>
</tr>
<tr>
<td></td>
<td>wage boards</td>
<td></td>
</tr>
<tr>
<td>Mutually decide on</td>
<td>Price for the job</td>
<td>Employers wage and</td>
</tr>
<tr>
<td>the wage for the job</td>
<td></td>
<td>components</td>
</tr>
<tr>
<td></td>
<td>Philosophy of mgmt. towards wages</td>
<td></td>
</tr>
<tr>
<td>Employer</td>
<td>Region-cum-industry settlements</td>
<td>Internal pricing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>through job evaluation</td>
</tr>
</tbody>
</table>

Intermixture of these variables in a particular organisation context results in the wage structure in a particular plant.

* Arun Monappa, Industrial Relations, p. 69
Thus it can be seen that a variety of factors govern the determination of wages of employees in a particular industry. These can be divided into internal and external factors. Under the former decisions on wages are made mainly on region-cum-industry settlements, estimation of its own capacity to pay, internal pricing through job evaluation and the philosophy of management towards wages. External factors include government wage policy (including labour legislation on wage fixation), the strength of trade unions and their bargaining capability, local area going rates as well as decisions of courts and tribunals pertaining to industrial disputes.

Though the plywood industry in Assam had been functioning since the early 1940s, it was not until 1963 that the government appointed a committee for advising on the fixation of minimum wages for the plywood industry in the state of Assam. Thus the committee recommended pay increases of upto 62.5% in the case of unskilled workers and 33.33% in the case of clerks over the existing pay structure. The proposed recommendations were as under:

<table>
<thead>
<tr>
<th>Class of worker</th>
<th>Existing wage</th>
<th>Proposed wage</th>
<th>% increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Unskilled</td>
<td>Rs. 2.00 per day</td>
<td>Rs. 3.25 per day</td>
<td>62.5%</td>
</tr>
<tr>
<td>2. Semi-skilled</td>
<td>Rs. 2.50 per day</td>
<td>Rs. 3.75 per day</td>
<td>50%</td>
</tr>
<tr>
<td>3. Skilled</td>
<td>Rs. 3.00 per day</td>
<td>Rs. 4.25 per day</td>
<td>41.67%</td>
</tr>
<tr>
<td>4. Clerk</td>
<td>Rs. 90.00 per month</td>
<td>Rs. 120.00 per month</td>
<td>33.33%</td>
</tr>
</tbody>
</table>

Source: Note of Dissent of Shri K.K. Kela, Member of the minimum wage committee for advising on the fixation of minimum wages for the plywood industry in the State of Assam. (Calcutta 29.3.1965)
However, the above rates of increase were sharply criticized by one of the members of the minimum wage fixation committee on the ground that there could be no comparison between the wages of "the plywood industry located in the remote areas of Assam to highly specialised Engineering Industries located in the highly industrial areas like Calcutta" and therefore in his opinion were "unjustified and illogical."

Wage Settlement through Tripartite Agreements:

However, since then, through regular tripartite negotiations, wages have been fixed every three years in the plywood industry, after taking into consideration various factors like completion of a certain number of days or years of continuous work in the factory and increase or decrease in consumer price index. Thus periodically we see that agreements have been signed by the various unions and the APMA (representing the management) with regard to wages in the plywood industry.

Thus by an agreement dated 8.1.1971 between the management and the unions, the following wages were agreed to for a new entrant:

<table>
<thead>
<tr>
<th>Class of worker</th>
<th>From 1.1.71</th>
<th>From 1.1.72</th>
<th>From 1.1.73</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unskilled</td>
<td>Rs. 3.12 per day</td>
<td>Rs. 3.37 per day</td>
<td>Rs. 3.62 per day</td>
</tr>
<tr>
<td>Semi-skilled</td>
<td>Rs. 3.50 per day</td>
<td>Rs. 3.78 per day</td>
<td>Rs. 4.02 per day</td>
</tr>
<tr>
<td>Skilled</td>
<td>Rs. 4.00 per day</td>
<td>Rs. 4.31 per day</td>
<td>Rs. 4.60 per day</td>
</tr>
</tbody>
</table>
Minor and children were to be paid 50% of the above rates. Also those completing 240 days on 1.1.71 would be granted the following increase in their existing consolidated wages.

<table>
<thead>
<tr>
<th>Class of workers</th>
<th>From 1.1.71</th>
<th>From 1.1.72</th>
<th>From 1.1.73</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unskilled</td>
<td>.20 paisa per day</td>
<td>.15 paisa per day</td>
<td>.15 paisa per day</td>
</tr>
<tr>
<td>Semi-skilled</td>
<td>.25 paisa per day</td>
<td>.20 paisa per day</td>
<td>.20 paisa per day</td>
</tr>
<tr>
<td>Skilled</td>
<td>.30 paisa per day</td>
<td>.25 paisa per day</td>
<td>.25 paisa per day</td>
</tr>
</tbody>
</table>

It was also agreed that in case where wages were already higher than the above rates, this clause would not operate and that children and minors would be granted 50% of the above rates.

Another point agreed to by both parties was the increase in the consumer price Index published by the Government of India. (Base Year 1960). "That it is agreed to by and between the parties that in case the Consumer Price Index published by the Government of India (Base 1960) records a rise or fall beyond 10 points over and above the average Consumer Price Index for the year 1970, then the existing consolidated wages shall be increased or decreased by Rs. 1.25p. per month per 2 points of such rise or fall over 10 points. Provided further that any increase or decrease in the wages because of adjustments based on rise or fall of the Consumer Price Index over 10 points shall not exceed at
any time a sum of Rs. 5/- per month. Provided further that such revision based on such Consumer Price Index shall be once in each year commencing from 1.1.72 and that the average Consumer Price Index for the relevant year shall be taken as the basis for such revision."

Thus it can be seen that a provision for increase of wages based on Consumer Price Index in the immediate future was also made by the employers and employees subject to a maximum of Rs. 5/- per month. (The full text of the Memorandum of settlement is given in Annexure 1).

The wage settlement of 1984 brought about certain changes not only in the wages of the workers but it also took into consideration the total length of their services in the organisation for which an extra payment in the form of "Fitment benefit" was to be paid to them. This memorandum of settlement was finally arrived on the 17th of August, 1984 after three previous meetings had failed to settle the issue. The main clause of the settlement sought to increase the wages of the workers at the following rates:

* Clause No. 4 of Memorandum of Settlement between Employers Representatives and workers representatives and Conciliation Officer dated 8.1.71.
<table>
<thead>
<tr>
<th>Class of worker</th>
<th>From 1.4.84</th>
<th>From 1.4.85</th>
<th>From 1.4.86</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skilled</td>
<td>Rs. 1.35p per day</td>
<td>Rs. 0.60p. per day</td>
<td>Rs. 0.60p. per day</td>
</tr>
<tr>
<td>Semi-skilled</td>
<td>Rs. 1.30p per day</td>
<td>Rs. 0.60p. per day</td>
<td>Rs. 0.60p. per day</td>
</tr>
<tr>
<td>Unskilled</td>
<td>Rs. 1.20p per day</td>
<td>Rs. 0.60p. per day</td>
<td>Rs. 0.60p. per day</td>
</tr>
</tbody>
</table>

Thus the total wages as on 1.4.84 would be:

1) Rs. 13.46p. for unskilled worker per day
2) Rs. 13.96p. for semi-skilled worker per day duly merged in the above wages
3) Rs. 14.11p. for skilled worker per day.

Another notable feature of this settlement was the "element of V.D.A. (Variable Dearness Allowance) in future, in accordance with the rise in consumer price index." This was to be paid as Re. 1.00 per point per month for basic wages of Rs. 300/- p.m. or above. Further "V.D.A. shall be adjusted at the above rates with the rise and fall with the All India Average Consumer Price Index of Industrial workers (Base 1960-100) to a maximum of 30 points per annum based on price index of March, 1984."* The V.D.A. was to be raised every six months, the first revision being made with effect from 1st October, 1984.

The agreement also fixed the minimum wage for the new

* Clause No. 2(1) of Memorandum of Settlement between the Management of the Plywood Industry and their workmen represented by various Trade Unions dated 17.8.84
entrant at Rs. 12.26p per day with an yearly increment of 0.60p. as well as V.D.A. at the rates paid to the old workmen. This agreement was to be valid for a period of three years effective upto 31st March, 1987. (Copy of agreement shown in Annexure 2).

As mentioned earlier, this settlement introduced what is known as 'fitment benefit' being paid to old workmen. What was to be the length of service and rate of payment to be made, was left solely on the discretion of the Labour Commissioner, Assam for his arbitration/decision and which was to be binding on both the parties.

The Labour Commissioner vide his order dated 20th September 1984, gave the following decision on the subject:

"The 'Fitment' issue is a new concept in this industry, which was not raised earlier. ...... that Government Department follow weightage for services rendered for certain years, which yield effective result in quality. ...... I am inclined to conclude that the concept of 'Fitment' benefit though new in this industry, is ethical, and the workmen are entitled to the same."

Thus for the first time, a new benefit in the form of 'Fitment' was introduced in the plywood industry, based on the total number of years or length of service in a particular organisation. This was the argument put forward by the representative of the workmen, but this was sought to be opposed by the representative of the managements that for want of old records, the
length of service of particular workmen could not be determined. At this the workers representative put forward the argument that from the gratuity payments made, the date of joining and length of service could be determined which argument was upheld by the Labour Commissioner. "Resultant effect is that I am induced, under circumstances to decide the aforesaid points, in accordance with the principle of natural justice and equity as I am restrained to take other course which, if followed will hit the concept of naked discretion."

Thus taking the above into account, 'Fitment' benefit was to be given to eligible workmen, who had completed seven years, at the rate of increment of thirty paisa, "as a token and a beginning of new concept in the concerned industry, which will presumably be conducive to industrial harmony and peace." (Decision of Labour Commissioner shown in Annexure 3).

The latest charter of demands presented by the All Assam Veneer Plywood and Saw Mill Mazdoor Union representing the largest number of workers in the plywood industry in Assam proposed the following:

M) **WAGE**:

1) A minimum wage of Rs. 25.00 per day or Rs. 750.00 per month
ii) Variable Dearness Allowance @ Rs. 2.00 per point rise or fall of All India Consumer Price Index (Base 1960-100) without any ceiling on price index.

iii) A minimum annual increment of Rs. 2.00 per day.

iv) Fitment process to be on point to point basis.

B) ALLOWANCES:

i) House rent allowance @ 15% of gross emolument to workers not provided with residential accommodation.

ii) Shift duty allowance at specific rates.

C) FRINGE BENEFITS:

i) Leave Travel Concession as per practice in the State Government.

ii) Uniforms for workers.

iii) Leave - annual, Casual and National and Festival holidays.

(Details of the charter of Demands shown in Annexure 4)

Many discussions were held on the above charter of demands but no consensus could be arrived at. Then in the meeting held on the 10th and 11th May, 1968 at the Labour Commissioner's chamber at Guwahati, a new controversy was raised by the management side. They wanted to change the whole system of fixation of wages and declined to accept the methods followed earlier. The unions were adamant and insisted that the traditional
method of wage fixation which was also time bound, be followed. The managements insisted on a new formula thus leading to a stalemate over the wage negotiations and no settlement could be found.

All efforts at persuasion on the part of the Labour Commissioner could not change the adamant attitude of the managements and thus no settlement could be arrived at.

However, the Government of Assam issued a notification on the 18th of July, 1988 proposing the following rates to be paid to the workers in the plywood industry:

<table>
<thead>
<tr>
<th>Category of Employment</th>
<th>Minimum Rates of Wages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unskilled worker</td>
<td>Rs. 20.80p per day</td>
</tr>
<tr>
<td>Semi-skilled worker</td>
<td>Rs. 20.90p. per day</td>
</tr>
<tr>
<td>Skilled worker</td>
<td>Rs. 21.00p. per day</td>
</tr>
</tbody>
</table>

"Besides this, the workers would be entitled to get V.D.A. at the rate of Rs. 1.25p. per point per month over the rise of Index point on which the rates of wages are laid down in All India Consumer Price Index for Industrial Workers (Base 1960-100) subject to a maximum of 30 points per annum on six monthly review basis." The above rates were to be applicable from the date of publication in the Assam Gazette. But in reality no action was taken on this notification by the managements and

* Govt. of Assam Notification No. CLR.259/74/198 dated 18th July, 1988 (Annexure-5).
the workers were being paid on the basis of the wage agreement made in 1984.

On the 6th of January, 1989 the Government of Assam came out with another notification whereby it fixed the wages of the workers in the Plywood industry as below:

<table>
<thead>
<tr>
<th>Category of Employment</th>
<th>Minimum Rates of Daily Rates</th>
<th>Wages Monthly rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Skilled worker</td>
<td>Rs. 26.00 per day</td>
<td>Rs. 780.00 per mont</td>
</tr>
<tr>
<td>2. Semi-skilled workers</td>
<td>Rs. 25.00</td>
<td>Rs. 750.00</td>
</tr>
<tr>
<td>3. Unskilled workers</td>
<td>Rs. 24.00</td>
<td>Rs. 720.00</td>
</tr>
</tbody>
</table>

The rates of V.D.A. remained the same at Rs. 1.25p per point. Any employee getting more than the rates prescribed above would continue to get wages at higher rates. This notification came into effect from the date of publication in the Assam Gazette.*

The A.P.M.A. then wrote to the Chairman, Minimum Wage Advisory Board (Annexure 7) and pointed out irregularities in the new notification and approached the High Court with a writ petition on the matter.

The Gauhati High Court, passed an order in favour of the management keeping in abeyance Government notification No. GLR 259/74/341 dated 6th January, 1989. (A copy of the order of the Gauhati High Court is enclosed in Annexure 8).

* Govt. of Assam Notification No. GLR 259/74/341 dated 6th January, 1989 (Annexure 6).
Thus wages are a contentious issue in the plywood industry and a source of constant conflict in the plywood industry in Assam. In fact, way back in 1977 the Employment Review Committee constituted by the Government of Assam had noted "that the plywood mills in the state are giving wages at differential rates to the semi-skilled and unskilled workers. Some plywood mills are giving wages according to tripartite agreement between the employees union, employers and State Government representatives..... In the opinion of the Committee, these wages are very much on the low side and are reported to be not linked with the Consumer Price Index. Because of low rate of increment, the employees with long period of service are not benefitted."*

The Labour Department also came in for criticism as the Committee felt that the department was not strict enough in supervising and actually seeing that the wage agreement was being implemented or not. "The committee also stressed the need for strict supervision by the officials of the Labour Department as regards wage implementation of the tripartite agreement."**

It is, therefore, seen that the question of wages is perhaps one of the most important factor of conflict leading to frequent disputes in the industry.

** Ibid, p. 123.
Collective Bargaining: In its simplest form collective bargaining can be called "Group negotiations". As the name suggests, it is a technique adopted by a group of workers (as opposed to individual worker) negotiating for their rights, thereby playing a very significant role in resolving conflicts. According to the Encyclopaedia of Social Services, collective bargaining is "a process of discussion and negotiation between two parties, one or both of whom is a group of persons acting in concert. The result bargain is an understanding as to the terms and conditions under which a continuing service is to be performed .... More specifically, collective bargaining is a procedure by which employers and a group of employees agree upon the conditions of work."

The ILO has defined collective bargaining as "negotiations about working conditions and terms of employment between an employer and a group of employees or one or more employees organisation with a view to reaching an agreement wherein the terms serve as a code of defining the rights and obligations of each party in their employment relations with one another, fix a large number of detailed conditions of employment, and during its validity, none of the matters it deals with can in normal circumstances be given as a ground for a dispute concerning an industrial worker."
Collective bargaining may be defined as a "Process of negotiations and other related pressure tactics (like threats, counter threats) adopted by the employers and the organised workers represented by their union in order to determine the terms and conditions of employment."*

The need for collective bargaining arises most when serious problems have to be solved with regard to an undertaking or of an industry as a whole. To solve major problems, Employers and workers Organisation get together to thrash out a solution. In this context, "Collective agreements provide a climate for smooth progress. The agreement spells out the working relationship between employers' and workers' organisations in which a synthesis between the demands from one side and concessions from the other can be given a practical shape."**

Collective bargaining from the Trade Unions point of view, ensues that no decisions are taken unilaterally by the management. It builds in the individual worker a sense of security and responsibility. It also secures the workers' economic and non-economic goals.

From the managements point of view, collective bargaining helps them in maintaining control of the enterprise and managing with greater flexibility and efficiency.

* Dynamics of Industrial Relations in India, C.B. Manorla, p. 307

** Ibid. p. 510
Prof. Dunlop is of the opinion that collective bargaining is:

i) A system which establishes, revises and administers many of the rules which govern the worker's place of work;

ii) A procedure which determines the quantum of compensation which employees should receive and which influences the distribution of economic ills; and

iii) A method of settling disputes during the pendency of an agreement and of determining, after its expiry, whether a dispute should be re-opened and whether a strike should be resorted to or not.

Thus we see that collective bargaining is a process of negotiation between managements and their workers regarding the various aspects of service and mutual relations. Participants usually negotiate on behalf of their respective parties and its outcome affects not just an individual but all members of the parties concerned.

In the previous chapter means of collective bargaining, i.e., negotiation, mediation and conciliation, arbitration and adjudication have been discussed. Here we will refer to some collective agreements signed by the various parties in the plywood industry, in the state, i.e., between individual managements and unions.
BIPARTITE AGREEMENTS : A FEW CASE STUDIES :

(A) **Terms of Settlement between the management of M/S Plyboards India, Chotahapjan, and their workmen represented by the All Assam Veneer Plywood and Saw Mill Mazdoor Union, (AAVPSMMU), Tinsukia :**

This settlement arrived at between the management and workers of the above mentioned unit concerned various aspects relating to wages, provident fund, proper categorisation of workers, holidays, leave, permanency, etc. and for which a dispute had been raised by the workers from time to time. Therefore on 22nd June, 1979, after discussions and negotiations both parties came to the following settlement :

(i) That categorisation of workers as skilled and semi-skilled would be completed within 15 days from the date of signing the agreement and that back wages would be paid to such workers from 1st of April, 1979.

(ii) That the provident fund act would be implemented and workers who had completed one years' service or more shall come under the purview of the act.

(iii) That the Employees State Insurance Scheme would be fully implemented and that arrears would be recovered from the E.S.I. authorities.
(iv) That a vehicle would be provided to pickup and drop the workers of the night shift from their houses to the factory and back.

(v) That workers shall be entitled to 12 days festival leave and 6 days casual leave per year. Also earned leave with wages were to be given from 1st January 1978 and that in future the provisions of the Factories Act 1948 would apply. Overtime wages, double the rate of ordinary wages were to be paid as per section 59 of the Factories Act. Arrear minimum wages for the year 1979, would be paid from 1st April 1979, and the tripartite agreement on wages to be implemented.

(vi) That workmen completing 100 days of work during the period 1978-79 to be made permanent after the management obtaining a No objection certificate from the Employment Exchange office.

(vii) That the demand for quarter allowance was to be dropped for the time being. Dresses were to be provided for Boiler, D.D. saw and gluing sections.

(viii) That a restroom to be provided with proper lighting and fan and adequate seating facilities.

(ix) That a canteen would be provided within 4 months from the date of signing this agreement.
(x) That proper sanitary arrangements would be made and a sweeper appointed to maintain the same.

Thus, from the agreement it will be seen that it covered practically all aspects ranging from wages and allowances to personnel and social welfare schemes. It also showed the maturity of the management in conceding the legitimate demands of the workers, especially those provided under the Factories Act 1948, thereby averting what could have snowballed into a potential dispute. The workers too showed a healthy attitude by settling their differences through collective bargaining and in the process making a beneficial deal for themselves and their co-workers. (Terms of settlement in detail is shown in Annexure 9).

(B) Terms of settlement arrived at on 20th March, 1965 between the management of Woodcraft Products Ltd., Jeypore, Assam and their workmen represented by the All Assam Veneer Plywood & Saw Mill Marodoor Union (AAVP&SMMU):

This settlement between the management and workers of Woodcraft products Ltd., Jeypore was signed in response to the Charter of Demands raised by the workers on the 14th of September, 1984 and again on 16th of October, 1984. The workers had raised various demands including categorisation into different classes, permanency, Festival leave and National holidays, promotion, provision and repair of quarters, improvement of sanitary facilities, allowances and productivity, etc. The following were the
main points of agreement between the two parties:

(i) That 100 workers would be made permanent in a phased manner, selection being made on the basis of seniority, performance and good conduct.

(ii) That where workers had not been classified, the same would be looked into.

(iii) That workers would be entitled to get 11 days Festival leave and 8 days casual leave in one year.

(iv) That since the tripartite agreement of 17.8.1984 (regarding wages) was already implemented, the point was being dropped. As regards 'fitment benefit', the line of action adopted by other units and members of APMA would be followed.

(v) That the management would complete the construction of 20 numbers of quarters at the earliest as a result of the demand for quarter allowance would be dropped. Repairs of quarters would be attended to as and when needed and white washed in June 1985, and thereafter once in two years.

(vi) That the Job Contract System in certain sections would continue as it was not possible to abolish the same and hence the demand was dropped.

(vii) That the existing workers would be eligible for promotion to fill up vacancies of monthly hands provided they are qualified and competent for the post.
(viii) That in future more workers would be covered under the Provident Fund Scheme. As regards Family Pension Scheme the matter would be taken up directly with the Government by the Union.

(ix) That sanitary conditions in labour lines would be improved and more latrines and bathrooms constructed.

(x) That the workers would report for duty on time. Late coming on duty by 10 minutes twice a month would however be ignored by the management. Workers would not leave their place of work without proper permission, and work wholeheartedly till the end of their shift.

(xi) That prior approval shall have to be obtained to avail earned leave. In case of absence the worker shall inform in writing to the management within 24 hours the reasons for his remaining absent to avail casual leave and within 48 hours in case of sickness as per standing orders.

(xii) That the demand for childrens park and school bus were being dropped and since a school was being constructed near the factory with the aid of the company, this demand too was met by the management.

(Detailed terms of settlement given in Annexure 10)

It is seen from the above agreement that disputes raised can be settled peacefully provided both the parties — management and the union have a single minded approach towards the
problem. It is also an indication of a good and positive approach of the management as well as the workers resulting in good and harmonious industrial relations which ultimately leads to industrial peace in the unity.

Other clauses of terms of settlement relating to social Security and Labour Welfare arrived at between the parties hereto above are discussed in the subsequent chapter.