



## INDIAN GOVERNMENT POLICY ON INDUSTRIAL RELATIONS: AN OVERVIEW

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### *Abstract:*

*Industrial relations constitute one of the most delicate and complex problems of the modern industrial society. This phenomenon of a new complex industrial set-up is directly attributable to the emergence of 'Industrial Revolution. Maintaining smooth industrial relation is not an easy task. Almost all the industrialized countries of the world are facing the problem of establishing and maintaining good management worker relationships in their industries. Thus industrial peace is considered as an essential factor. This paper analyses the concepts relating to the industrial relations, factors effecting new industrial policy and Indian Government policy regarding industrial relations. In the heading of Government policy, various issues like The Legal Arrangement: Industrial Disputes Act, 1947, conciliation and adjudication of the Industrial Disputes Act, Lay-off, Retrenchment and Closure, Settlement of Grievance, unfair labour practice, the voluntary arrangement, code of discipline and industrial truce resolution, Industrial Truce Resolution, 1962, regulation of wages, Industrial Employment Standing Orders and, Trade Unionism in industrial relations.*

### 1. Introduction

Industrial relations constitute one of the most delicate and complex problems of the modern industrial society. This phenomenon of a new complex industrial set-up is directly attributable to the emergence of 'Industrial Revolution". Thus industrial peace is considered as an essential factor. This paper analyses the concepts relating to the industrial relations, factors effecting new industrial policy and Indian Government policy regarding industrial relations. In the heading of Government policy, various issues like The Legal Arrangement: Industrial Disputes Act, 1947, conciliation and adjudication of the Industrial Disputes Act, Lay-off, Retrenchment and Closure, Settlement of Grievance, unfair labour practice ,the voluntary arrangement, code of discipline and industrial truce resolution:

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,regulation of wages, ,Industrial

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### 2. Factors effecting new industrial policy

Industry today is neither viewed as a venture of employers alone nor profit if considered as its sole objective. It is considered to be a venture based on purposeful cooperation between management and labour in the process of production and maximum social good is regarded as its ultimate end and both management and employees contribute in their own way towards its success. Similarly, labour today is no more an unorganized mass of ignorant works ready to obey without resentment or protest the arbitrary and discretionary dictates of management. The management has to deal with employees' today nto as individuals but also as members of organized social groups who are very much conscious about their rights and have substantial bargaining



strength. Hence, the objective of evolving and maintaining sound industrial relations is not only to find our ways and means to solve conflicts to resolve differences but also to secure the cooperation among the employees in the conduct of industry.

But maintaining smooth industrial relation is not an easy task. Almost all the industrialized countries of the world are facing the problem of establishing and maintaining good management worker relationships in their industries. Industrial conflict still arises and therefore establishment and maintenance of satisfactory industrial relations forms an important plank in the personnel policies of modern organization. Each country has sought to find our solution, depending upon its economic, social and political environment.

As we know that globalization is followed by huge investments of capital, technology and ideas, so one of the major aspect on which globalization survives is Competitiveness. If India wants to leverage its potential in the classic age of globalization, Indian companies need to be highly competitive. The role played by the Government agencies varies in degree. It ranges from only formulation of rules for the observance of the two parties-employers and the workers-to direct intervention when the Government agencies regulate the terms of bargain and intervene in industrial disputes to fasten their settlement. India is being rapidly transformed from a state-driven economy into a market-driven economy committed to privatization, liberalization, and globalization. At the regional level, the states are forced to enter the rat race of liberalization among them to attract funds for investment and development.

### **3. GOVERNMENT POLICY AND LEGAL ARRANGEMENTS**

India's industrial relations policy has had the following two basic objectives: (I) prevention and peaceful settlement of disputes, and (ii) promotion of good industrial relations via labour-management cooperation. Let us consider below some of the statutory and voluntary arrangements devised for the prevention and settlement of industrial disputes in India. We have already discussed the government policy on the issue of bonus. Below we discuss the various other measures adopted by the government from time to time.

#### **3.1.The Legal Arrangement towards Industrial relations Industrial Disputes Act, 1947**

A major step towards accomplishing the first objective was taken in 1947 itself with the passing of the Industrial Disputes Act, 1947. The object was to pre-empt industrial tensions, provide a mechanism for the settlement of disputes and set up the necessary infrastructure. The Act provides for the settlement of industrial disputes through conciliation, arbitration or adjudication. It lays down the preconditions for the legality of strikes and lockouts. Provision is also made for payment of compensation for lay-off and retrenchment. The Act has been amended vide the Industrial Disputes (Amendment) Act, 2010 and enforced with effect from September 15, 2010.

#### **Conciliation and Adjudication of the Industrial Disputes Act .**

The Act empowers the government to appoint conciliation officers for bringing about settlement of disputes through conciliation. If attempts at conciliation fail, the government can refer the



disputes for adjudication if it so wishes. However, it is compulsory to refer a dispute for adjudication if the parties to the dispute jointly or separately apply for it or if the dispute relates to some public utility service and there is a notice of strike or lockout. 'Disputes' which have not occurred but are apprehended, can also be referred for adjudication. National Tribunals tackle questions of national importance and those that affect establishments situated in more than one State. The parties can, by agreement, refer a dispute for arbitration before it has been referred to a Labour Court or an Industrial Tribunal or a National Tribunal for adjudication.

#### **Lay-off, Retrenchment and Closure.**

The special provisions relating to lay-off, retrenchment and closure are applicable to establishments employing 100 or more workmen on an average per working day. The Act also provides for protection in the shape of retrenchment compensation and notice to the workmen who have completed 240 days continuous service in the establishment in the preceding 12 months before effecting retrenchment, closure etc.

#### **Settlement of Grievance.**

The amendment in 1982 introduced a new chapter providing for the setting up of Grievance Settlement Authority (GSA). The GSA is concerned with the settlement of all individual disputes in an establishment coming within its purview. An important feature of this machinery is that no reference to a Tribunal/Labour Court is to be made by the appropriate government till such time the dispute is heard by this authority and its decision becomes unacceptable to any of the parties to the dispute.

#### **Unfair Labour Practice.**

Another chapter introduced by the amendment in 1982 related to unfair labour practices on the part of the employer and workman as well as penalty thereof. The chapter says that no employer or workman or a trade union whether registered under the Trade Union Act, 1926 or not is to commit any unfair practice. Any person who commits such a practice is punishable with imprisonment or with fine or both. The amendment empowered the Registrar to verify the membership of any union and to cancel the registration of any union which 'calls' or 'participates in' an illegal strike.

#### **3.2. The Voluntary Arrangement: Code of Discipline and Industrial Truce Resolution:**

##### ***Code of Discipline.***

A Code of Discipline was adopted in 1958 by all the central organisations of employers and workers aimed at preventing and settling industrial disputes on a voluntary basis. The Code lays down that there should be no strike without notice; no unilateral action should be taken in connection with any industrial matter; no deliberate damage should be done to plant or machinery; acts of violence, intimidation, coercion or instigation should not be resorted to; there should be no recourse to go-slow tactics and normal work should not be disturbed; in case of disputes, the existing machinery should be utilised with the utmost expedition; the employers should recognise the majority union in the establishment and frame a grievance procedure; the management should take prompt action for the settlement of grievances and should implement the awards and agreements speedily, etc.



#### **Industrial Truce Resolution, 1962.**

The Code of Discipline was strengthened by an Industrial Truce Resolution adopted in November 1962 by the central organizations of employers and workers. It laid down that there would be no interruption or slowing down of production; on the other hand, production will be maximized and defence effort promoted in all possible ways. A standing committee was set up in August 1963 to review the working of the Truce Resolution. This has since been merged with the Central Implementation Evaluation Committee.

#### **4. OTHER MEASURES**

##### ***Regulation of Wages***

The payment of wages is governed by the Payment of Wages Act, 1936, and Minimum Wages Act, 1948, as amended from time to time. The Payment of Wages Act, 1936 was enacted with a view to ensure that wages payable to employed persons covered by the Act are disbursed by the employers within the prescribed time limit and that no deductions other than those authorised by law were made. The Act covered only those workers whose wages were below ₹ 1,600 per month. However, the wage ceiling has been raised subsequently in stages. With effect from September 11, 2012, the wage ceiling has been fixed at ₹ 18,000 per month.

The Minimum Wages Act, 1948 provides for fixation, review, revision and enforcement of minimum wages by the Central government and the State governments in respect of scheduled employments in their respective jurisdiction. There are 45 scheduled employments in the Central sphere whereas the number of these employments in the States' sphere is

1,596. To protect the wages against inflation, the government introduced Variable Dearness Allowance (VDA), which is linked to Consumer Price Index. The VDA is revised every six months. So far, 26 States/Union Territories have already adopted VDA as a part of minimum wage.

In the absence of a uniform national minimum wage, the concept of a national floor-level minimum wage (NFLMW) was mooted by the Central Government in 1996 based on the recommendations of the National Commission on Rural Labour in 1991 and subsequent increase in the price level. It was last revised to ₹ 115 per day from April 1, 2011. At present NFLMW is a non-statutory measure.

##### **Industrial Employment Standing Orders.**

Model rules were framed by the Government under the Industrial Employment (Standing Orders) Act, 1948, for adoption by the industrial establishments employing 100 or more workers to ensure industrial peace. Amendments to the Act were made in 1961 and 1963. The Central Government by notification on May 19, 1982, extended the Act to all industrial establishments under the control of the government for which it is the appropriate government and all mines, wherein 50 or more but less than 100 workers are employed.

##### **Equal Remuneration for Equal Work.**

The Equal Remuneration Act, 1976, provides for payment of equal remuneration to men and women workers for "the same work or a work of similar nature" and for the prevention of discrimination against women in matters of employment. The provisions



of the Act have been extended to all employments.

**Trade Unionism -The Trade Unions Act was passed in 1926.**

It provides for registration of trade unions of workers and in certain respects, it defines the law relating to registered trade unions. It confers legal and corporate status on registered trade unions. Prior to amendment in January 2002, the Act allowed any 7 or more members of a trade union to apply for registration of their union. After the amendment only such trade union can be registered which has at least 10 per cent or 100 (whichever is less) members.

**CONCLUSION:** The present paper analyses the concepts relating to the industrial relations, factors effecting new industrial policy and Indian Government policy regarding industrial relations. It can be said that the role played by the Government agencies varies in degree. India is being rapidly transformed from a state-driven economy into a market-driven economy committed to privatization, liberalization, and

globalization. Thus, there is a need of hour to effective industrial policy to achieve developmental goals of the country.

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