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## INDUSTRIAL DISPUTES IN INDIA - AN ANALYSIS

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### Abstract

*Industrial relations refer to all types of relationship between all the parties concerned with industry. There are three main parties in an industry viz., employee including their trade union leaders, employer, and the government, each assuming a significant role. The economic advancement of any nation is closely related to its industrial progress. Men, machine, materials are the most important factors for the growth of industries. Of these, the human factor stands foremost and constitutes the basis for successful working of any undertaking. Hence, maintenance of good labor management relations is essential, without which the industrial machinery will slow down and come to a grinding halt.*

**Keywords:** labor management, economic advancement, Industrial disputes, industrial unrest, anti-workers policy, strike

### Introduction

Industrial relations have special significance in a developing country like India especially in the public sector.

With this background, the present paper seeks to address the following issues are as follows:

- 1 Causes and consequences of Industrial disputes.
- 2 Empirical evidence on industrial unrest.
- 3 Industrial Dispute Mechanism
- 4 Need to re-examine the existing labor legislation.

### Causes and Consequences of Industrial Disputes

There are two types of causes of industrial disputes viz., economic and non-economic causes. The economic causes include issues related wages, bonus, allowances and other importance matters which affect the interest of the workers, viz., victimization of the workmen, denial of the recognition of workers union, denial of workers' rights and privileges, anti-workers policy, lack of communication between the management and the workers, excessive workload, inadequate welfare facilities and lack of definite wage policy which affect the workers both directly and indirectly leads to confusion, hat redness, opposing and distrust the management. The non economic factors will include victimization of workers, ill treatment by staff members, sympathetic strikes, political factors, workers indiscipline etc.

### The Consequences of Industrial Disputes Are

- Disturb the economic, social and political life of the country.
- Losses of output in an industry which is directly affected by a dispute, but other industries are also affected.
- Strike reduces the demand for the goods and services of other industries also.
- Great amount of wage loss to the workers during the strike period.
- Increase the indebtedness among the workers.
- Loss of health of the family members due to strike and temporary loss of a job.

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- A great amount of loss to the consumers as non-availability of goods in the market due to continuous strike.
- A great amount of financial instability to the employers who invested crores of rupees without a proper flow of return of income.
- Fail to maintain a good atmosphere in the industries due to strike and lockout.
- Strike creates many kinds of violence which obstruct the growth of the economy.

**Empirical Evidence on Industrial Unrest**

Many manufacturing, textile, automobile and auto auxiliary industries during 2008-11 witnessed the industrial unrest in India like Hyundai, Honda, Nokia, Bosch, Pricol, Maruti Suzuki etc. Here worth mentioning is the calamitous case of Maruti Suzuki India Ltd., one of the largest automobile manufacturing company in India. The strike at Maruti's Manesar Plant started in 4<sup>th</sup> June, 2011 and continued for the whole the year in three phases which affected adversely the company's production as well as the state revenues. In response to this industrial unrest, the Haryana state government declared the strike as illegal and referred the matter to the local labor court. During this period, Maruti Suzuki made a loss of Rs. 400 million or roughly \$9 million a day in revenue with 1,200 vehicles a day in lost output. The striking workers demanded for the registration and recognition of a new union at the Manesar plant along with retaining contract laborers for the two upcoming new inside the complex and withdrawing disciplinary action against the 11 office laborers of new union. In this way, the strike not only affected Maruti Suzuki but also affected the supply chain of vendors who were supplying auto-parts directly to Maruti. Over 100 units suffered a virtual shutdown, while 300-odd manufactures, which were indirect vendors were reported a daily loss to the tune of 15-20 percent.

Moreover, there were numbers of strikes that took place throughout the country during 2011. About 900 workers launched a wildcat strike on 16 March that continued for more than a month at General Motor's India Ltd., Halol plant at Gujarat, opposing the working conditions in the factory and demanding wage hikes, making the company suffers a production loss of above 1,500 units. This was the second such incident at Halol in five months.

The leading tyre manufacturer MRF was compelled to declare a lockout at its Kottayam plant in Kerala following labor unrest due to the suspension of the worker on disciplinary ground. The management of the Hindustan National Glass Industries Limited had to issue the suspension of worker for an indefinite period after violence erupted in July at Rishra factory premises in West Bengal over a wage revision demand, leading to close the factory. Tata group Firm Voltas also faced a similar issue with its workers protesting against the company's recruitment policy and wages. The Hindalco Industries, Kochi declared lock-out of its plant for about ten months because of the employees (200) went on strike demanding an upward revision in monthly wages. Workers at Moser Baer's Noida did a weeklong strike in October by demanding a revision in wages and bonuses. Some other automobile companies who suffered from industrial unrest are Automobile Corporation of Goa Limited, Nestle, Mahindra & Mahindra, Hyundai India's Chennai plant, Rico Auto Limited, Honda Motorcycle and Scooter

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India (HMSI), Honda Siel Car's Haldia Dock Complex Kolkata Port Trust, Bosch, Toyota Kirloskar Motors, PepsiCo etc.

Looking into the adverse industrial unrest scenario in the country, some enterprises even planned to shift their base out of the country or to restructure their business operation. As for instance, the Rs.743 crore automotive instruments maker price, which was recovering from a labor strike that claimed the life of a senior executive at its Periyanaickanpalayam unit in Coimbatore. Tamil Nadu in September 2009 was working on a restructuring plan from automotive business. In another case, frustrated with the continues recurring of labor unrest, Japanese auto major HMSI had threatened to shut operations at its wholly-owned two-wheeler plant in Haryana and has petitioned the Punjab and Haryana High court for relief or else it may shut operations in India if the situation persists, Earlier the Honda power had moved out from Uttrakhand and shifted its base to Noida following serious labor problem. Even Toyota Motors, Bangalore in 2006, following a strike, went on to say that it will stall its future investment plans in the state.

**Table 1: Trends in Intensity of Industrial Disputes, 2001-2011**

Year	Disputes (D)	Workers Involved(W)	Mandays Lost(000) (L)	Index of No. of Disputes Base 1993=100	Index of No. of workers Involved Base 1993=100	Index of Mandays Lost Base 1993=100
2001	674	987778	23767	48.38	72.10	117.07
2002	579	1079434	26586	41.56	113.16	130.96
2003	552	1815945	30256	39.63	190.38	149.04
2004	447	2072221	23866	34.24	217.24	117.56
2005	456	2913601	29665	32.74	305.45	146.13
2006	430	1810348	20324	30.87	189.79	100.11
2007	389	724574	27167	27.93	75.96	133.82
2008	421	1579298	17434	30.22	165.57	85.88
2009	392	1625505	13365	28.14	170.41	65.83
2010	425	1059664	17912	30.51	111.09	88.23
2011	91	48156	321	6.53	5.05	3.06

Sources: Indian Labor Statistics Data, 2011

**Industrial Disputes Mechanism**

State intervention in industrial relations is essentially a modern development. The concern of state in matters relating to labor is the product of its obligations to protect the interest of the industrial community, while at the same time fostering economic growth in almost all countries. The state has assumed powers to regulate labor relations in some degree or the other. In 1947, the Government of India passed the Industrial Disputes Act under which

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machinery for the prevention and settlement of the disputes was outlined. The Act was amended in 1956 with a set up machinery for settlement of disputes.

**The Works Committee**

In case of any industrial establishment in which 100 or more people are employed or have been employed on any day in the preceding 12 months, the appropriate Government may by general or special order require the employer to constitute in the prescribed manner a Works Committee consisting of representatives of employer and employee engaged in the establishment. It shall be the duty of the Works Committee to promote measure for securing and preserving amity and good relation between the employer and employee and, to that end to comment upon matters of their common interest or concern and endeavour to compose any material difference of opinion in respect of such matters. The Committees attempt to remove causes of friction between employers and workers in the day-to-day working of the factory. They provide a forum for negotiations between employers and workers at the factory level.

**Grievance Redressal Machinery**

The Industrial Disputes (Amendment Act), 2010 had substituted a new chapter for Chapter II-B.

1. Every industrial establishment employing 20 or more employees shall have one or more GRC for the resolution of disputes arising out of individual grievances.
2. The GRC shall consist of an equal number of members from the employer and workmen.
3. The chairperson of the GRC shall be selected from the employer and from among the employee alternatively on a rotation basis every year.
4. The total number of members of the GRC shall not exceed more than six. Provide that three shall be, as far as practicable, one women member if the GRC has two members and in case the numbers of members are more than two, the number of women members may be increased proportionately.
5. Notwithstanding anything contained in this section, the setting up GRC shall not affect the right of the workman to arise industrial disputes on the same matter under the provision of this Act.
6. The GRC may complete its proceedings within 30 days on receipts of a written application by or on behalf of the aggrieved party.
7. The employee who is aggrieved of the decision of the GRC may prepare an appeal to the employers against the decision and the employer shall, within one month from the date of receipt of such appeal, dispose of the same and send a copy of his decision to the workman concerned.
8. Nothing contained in this section shall apply to the employee for whom there is an established GRC in the establishment concerned.

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### Duties of the Conciliation Officers

- The Conciliation Officers is required to submit his report within 14 days of the commencement of the conciliation proceedings; it may be extended further based on the written request of the parties to the disputes.
- Where a settlement is not reached, the appropriate Government, after considering the report of the Conciliation Officer, may refer the dispute to a Board of Conciliation or Labor Court or Industrial Tribunal or National Tribunal.
- A Conciliation Officer may take appropriate steps for including the parties to a fair and amicable settlement of the disputes.
- In case no settlement is arrived at, the Conciliation Officer is required to send the full report of the steps taken by him to resolve the dispute, and the reasons on account of which a settlement could not be arrived at to Government.

### Board of Conciliation

Section 5 of the Industrial Disputes Act, 1947 provides for creations of Board of Conciliation which is simply an extension of conciliation officer's work. Unlike a Conciliation Officer, the board may not be a permanent body and can be set up as the occasion arises. It comprises of two or four members representing parties to the dispute in equal numbers and a chairman who has to be an independent person. The Board has the status of a civil court and can issue summons and administer oaths.

### Court of Inquiry

The appropriate Government is empowered to constitute a "Court of Inquiry" as occasion arises, for the purpose of inquiry in to any matter appearing to connect with or relevant to an industrial disputes. Generally Court of Inquiry is constituted when no settlement is arrived at as a result of efforts made by Court Inquiry is new in this Act and has been borrowed from the British Industrial Court Act, 1919. The Government can refer any single or more matter connected or relevant to the disputes or can refer whole to the Court which can be set up irrespective of consent of parties to disputes.

### Labor Court

Labor Court is one of the adjunction authorities set up under the Industrial Disputes Act, 1947. Setting up a Labor Court is the discretion of the Government. It is the main Court presided over by a person who hold earlier a judicial position in India. The function of labor court is to adjudicate on matters referred to it is listed in the Schedule II appended to the Act, which includes:

1. The propriety or legality of order passed by an employer under the standing orders
2. Discharge or dismissal of workmen including re-instatement of or grant relief to workmen wrongfully dismissed
3. Withdrawal of customary concession or privilege and
4. Illegality or otherwise of strike or a lock-out.

**INDUSTRIAL DISPUTES IN INDIA - AN ANALYSIS****Industrial Tribunal**

An Industrial Tribunal may be set up by the appropriate Government on a temporary or permanent basis for a specified disputes for industry. As a whole the tribunal comprises of one person only. Industrial disputes of major importance or industrial disputes which are important to the industry as a whole are referred to the industrial tribunals. Thus appropriate Government may constitute one or more Industrial disputes relating to any matter as specified either in the second schedule appended to the Industrial disputes Act, 1947 which includes;

- a. Wages, including the period and mode of payment;
- b. Contribution paid or payable by the employer to any provident or pension fund or for the benefit of the workmen under any law for the time being in force;
- c. Compensatory and other allowances;
- d. Hours of work and intervals;
- e. Leave with wages and holidays;
- f. Starting alternation or discontinue;
- g. Classification by grade;
- h. Withdrawal of any customary concession or change usage;
- i. Introduction of new rules of discipline or alteration of existing rules, except in so far as they are provided in standing orders;
- j. Rationalization, standardization or improvement of plant or techniques which is likely to lead retirement of workmen;
- k. Any increase or reduction in the number of person employed in any occupation or department or shift not occasioned by circumstance over which the employer has no control.

**National Tribunal**

National Tribunals can be set up by the Central Government which involve questions of national importance industrial establishments situated in more than one State. If the matter under adjudication of National Tribunal is pending before a Court or Tribunal the proceedings relating to that matter which is pending before them will be deemed to have been quashed. State Governments are debarred from referring the matter under adjudication of National Tribunal to any Labor Court or Industrial Tribunal. The National Tribunal consists of one person only to be appointed by the Central Government.

**Need to Revise the Existing Labor Legislation**

India is perhaps the only country, where the requirement of strike notice, barring public utility service is totally lacking. Therefore, Section 23 of the Industrial disputes Act, 1947 should be suitably amended to provide at least a compulsory three week strike notice. Further, to democratize the function of trade unions, the strike ballot should be supported by at least 75 percent of the workers working in the enterprises. Even the Second National Commission on Labor in its report suggested that strike should be called only by the recognised negotiating agent and that too only after it had conducted a strike ballot among all the workers, of whom at least 51 percent support the strike.

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Go slow and works to rule are the most pernicious forms, even worse than strike. The Economic loss caused by go slow is far graver than strike. It has not yet been prohibited in our legislation. It should be recognized as a strike. To make illegal strikes more deferent, it can be proposed to provide for 8 days deduction of wages for each day of illegal strike.

The Trade Union Act, 1926 provides for the registration of trade union and in certain aspects defines the law relating to registered trade union but it does not provide for recognition of trade union for the purpose of collective bargaining. Provision for recognising Bargaining Agent under the Trade Union Act, 1926 may be introduced to strengthen the collective bargaining machinery. A union with 51 percent membership should be recognized as the Sole Bargaining Agent. In case, no single union has 51 percent, the top 2 to 3 union with more than 25 percent membership may come together to form joint Bargaining Council. A union less than 25 percent membership should not have a right to challenge a collective agreement nor raise a collective dispute.

The number of outsiders in the Trade Union Executive should be restricted to a maximum of two people as against 50 percent in the legislation. Out of the two positions of 'President' and 'General Secretary' at least one post should be held by the internal employee. Section 22 of the Trade Union Act should be amended accordingly and adequate arrangement should be done including amending Section 16 of the Trade Union Act, 1926 to insulated trade unionism form politics. Even though union density is gradually lower by international standards, India loses more days every year as a result of strike and lockouts than any other country. However, the number of workers involved in strike and lockout is considerably lower in India than Brazil, Italy or Spain compare to other countries. This raises the classic question of whether conflict reflect existence of union or representation of workers. Therefore, a provision for verification of membership of Trade Union through the "Check off" system and all critical decisions affecting the operation of the industry should be taken by "Secret Ballot".

Strikes can never be hoped to yield any satisfactory solution to pressing Labor problems. In fact, if handled without proper care, they could only compound the problems. Given this context, Labor would be well-advised to choose from crafty negotiation skilled or arbitration for sterling their outstanding issues with management.

### Conclusion

Industrial conflict is one of the parts of the industrial relation system. The emergence of disputes is giving a bad signal not only to the industries but also to the nation at large. Hence, in the interest of the workers, industries, society and the nation both the workers and the management have to understand the situation and try to minimise their conflict at the lowest level.

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