

**Course Name: Labour Welfare and Industrial Relations**

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**Week – 01**

**Lecture – 04**

#### **Lec 4: Employers' Federation and their role in IR**

Hello learners, welcome back to the course on labor welfare and industrial relations. Today we move to the fourth lecture of the first module where we look into employers, federation and the role in IR.

I'm Dr. Abraham Cyril Issac, I'm a faculty at the School of Business, Indian Institute of Technology, Guwahati. So in the previous lecture, if you recollect, we had looked into the trade union specifically, how trade unions are critical for the employee, how the voice of the employee should reach the employer and how effective collective bargaining should happen. We had a clear discussion on workers participation also.

how the workers' participation can be enhanced, what are the different forms, how it is manifested in different forms, not only in terms of trade union, but also in other representations, worker participation could happen. Today, we look into the other side of the coin, which is employers' federation and their role in IR. Now, let me go to the background of Employers' Federation. The Employers' Federation specifically, the formation in India happened back around 1875. So, it has a certain vast experience, not like Federation of Employer is something which has come up new.

Seeing the strength of trade unions, it has emerged or something like that. It has a certain background, but more... Importantly, employers organizations were actually initially more of certain organization whereby commercial aspects could have been taken into consideration or commercial aspects were boosted. The formation of employers

organization in India categorically dates back to 1875. There is no doubt about it that Employers Federation is not something that has come up new, seeing the emergence of trade union.

But more than that, the understanding or inherent understanding should be that Employers Federation was initially established not a mandate or not a critical body which actually looked into the synthesis of both the employees and employers or the synergy of both the employees and employers. So when we look into the Employers Federation, its background, the formation of Employers Organization or Federation in India dates back to 1875. But later on, employers, organizations were established in respect of other industries like cotton textiles, engineering, tea, sugar, cement, paper, etc. Now, all these industrial associations or employers, federations were formed to safeguard the commercial interest of industrialists.

It was not coming in or it has not sprung up as an antidote to a trade union in the initial level at least. It was more of safeguarding the commercial interest of the people, what we call them as industrialists and businessmen in general. But when the labor issues kept on increasing, it had to take some proactive steps, which we will look into in detail fashion. In the 20th century, exactly the number of factors that led to the realization on the part of employers that they must also coordinate their efforts. They cannot simply rest when the trade unions and the employee representations are so active and so massive in number.

So the common objective of employers organization came up as to promote and protect the interest of employers engaged in trade and industry. So from a commercial interest, the employers federation or the employers organization changed itself or transformed itself into More of a holistic agenda, which was to look into the general interest of the employer rather than simply specifying or sitting on the commercial interest of the employer. It was more holistic now that as the industrial representations. The number of industrial representations categorically increased, they had to also act in a combined fashion.

So the liaison between the government also brought in an idea directly and to initiate activities that are mainly representative and legislative in nature for their employees. So

this was an attempt to bring their relevance into picture. So what is this Employers Federation? Let's understand.

We have exhaustively looked into what is an Employers Federation or something like the existence or the emergence of trade union. But when you look into Employers Federation, Employers Federation is an organization that represents the collective interest of employers which we have already communicated to you within a particular industry, region, countries so hardly do you see there are cross national or cross cultural employers Federation there are now bodies which actually represent transnational and multinational business bodies are there but that said when you're looking into a specific region specific territory and I'll add to this that when the industry relations especially the labor laws are part of the concurrent list in India where both the state government as well as the central government can dictate the terms and conditions or bring in laws, there is a possibility that it is more or less restricted within a particular region. So please do understand.

When you are talking about employers federation, it is more pronounced with respect to an industry. It is more pronounced with respect to maybe a region or country. These federations specifically play a very critical role in representing the interest of businesses in various aspects of economic and social policy making. So they act as a body which is specifically having some weightage. So when you see the government of India making a significant decision or taking in for a significant decision, they'll call some stakeholders, especially the Employers Federation, undoubtedly will be a part of those delegations whereby they will have close discussions and deliberations of the topic under consideration.

These are some of the natural ways and means of exchanging thoughts and ideas because they are essentially the industrialists. They are essentially the business people who actually try to boost the economy. So the government, as we have already established, is one of the significant partner in the industrial relations and they will always try to bring in or take on board the Employers' Federation and its views and opinions. So this is what makes the Employers' Federation all the more powerful and significant specifically in the Indian context.

That said, we have to also acknowledge and appreciate the fact that Employers' Federation are context-specific. I have already mentioned that it is industry, it could be industry-specific, it could be region-specific. It is also context specific. We cannot have employers federation on a very generic term because that would defeat the very basic purpose why employers federation have come into picture or have thrived and evolved into a better unified setup. So context specific means there are

Some regions or some industries which do come together or they have a certain conglomerate or they perform in such a way that there is a certain level of federation existing between them and they have their own inherent interest, commercial as well as general interest whereby they have to run their company online. accordingly and get to maximum benefit or productivity so this is what the whole relevance of employers federation is and specifically i'm trying to underscore what employers federation is totally now when you look into employers federation we have to understand the functions of employers federation the first and the foremost one would be definitely to have a communication ready to between the particular employee or their union or representation and to have a clear understanding of what is going on. So it is more of a harmonious or increasing the agenda would be or the motto would be to increase the harmony in the working conditions or in the workspace or maybe in the work policies etc., But that said, there are several secondary functions.

Typically, two most important one would be they inform their members for new proposals for legislations intended by the government, the decisions of tripartite meetings and other related matters. So as I said, The Employers Federation happens to be one of the key decision makers or at least a key decision stakeholder in those decision making bodies. And there is always a scope that the government will bring in the concerned Employers Federation because that particular body will carry its own weight. And the government also would be keen to look into that.

The advices and recommendations of Employers Federation. That's it. Employers organizations play an important role in various committees set up by government. So when there are some committees to work or to study on a particular requirement of any law or requirement of any amendment of law, just as a hypothetical example. They will

definitely bring in some employer federation who can actually give very clear information or have or bring in a different perspective altogether.

So they act as a very significant body in the legislation or the lawmaking process. Now, when you are looking into Employers Federation, there are different levels. One at the local organization, second at the regional organization and third at the Apex organization. So these three levels essentially identify the Employers Federation specifically. Now, when you are actually looking into the different forms of organizations pertaining to employer organization,

we'll see that there are separate legal forms available in respect to the various employers organization. The several levels as we have seen can be registered into several categories as company, maybe as a society or as a trade union. So under the Companies Act 1956 section 25, it enables non-profit organizations to register. When it is looked up as a society or when the when the intention is to register it as a society, the Society Registration Act 1980 enables a chamber to register and carry on its activity. And similarly, there could be trade union emerging as employers federation.

And the Trade Unions Act 1926 is the third alternative that is available to an employer organization. So please understand, you cannot simply say Employers Federation and say that it's a collective body. There are different forms in which it exists. The first and foremost one would be to exist as a non-profit organization under the Companies Act.

It could also manifest itself into a society by registering under the Society Registration Act 1980 and also we see manifestations of that as trade union and that would be registered obviously under the Trade Unions Act of 1926. Now I would like to look into a particular body which signifies or embodies what we are discussing now which is something like Federation of Indian Chambers FICCI was established in 1927 as the national forum through which the affiliated units could collectively present their views on the current economic problems. So when there is a possibility or when there are some issues, the FICCI emerges as one of the essential stakeholder or body which actually represents and tried to mitigate those problems at least put forward the suggestions towards that particular problem.

FICCI now represents over 250,000 companies and over 335 chambers and associations across the country. When we consider FICCI, the highest authority in federation is vested in the general meeting consisting of all affiliated members. There are three types of activities specifically when we look into FICCI, which is representative, legislative and promotional. Please note, when you are looking into the representative activity, it would be more of a representation of the employer in the particular sector. When you're looking into the legislative form of activity, it would be more to put forward a white paper, let's say, hypothetically on the economy of the country or maybe with respect to some particular industry, the economic conditions or maybe some status reports or some DBRs.

All these happen to be the contribution or some of the way how FICCI actually brings in its influence over the legislative process and also it can collectively bring in some promotional aspects especially towards some particular industry or some particular sector. Now a similar organization would be All India Organization of Employers. It was founded in 1953 and its objectives are specifically almost related to FICCI to promote and protect the industrial development of India. Now it has two types of members, individuals and association.

It has a three-tiered organization where we have the general body, the executive committee and the secretary. The primary source of income is annual subscription from individual and association members. So we see another example of such an employers' federation which is All India Organization of Employers. So when you are a student of industrial relations, you should know the significant players in the game. In our class itself, we have looked into now as part of the Employers Federation, we have looked into FICCI.

Now we are looking into All India Organization of Employers. Again, the Employers Federation of India, EFY. EFY aims to safeguard the interest of employers. who are engaged in trade, commercial and industrial activities. So gone are the days when the concern was only as a peripheral organization to just look into the condition or look into some of the aspects of the employer.

Now, if we look into the case of organizations like the Employers Federation of India, we see that they are engaged in trade, commercial and industrial activities across the country. It has three types of members, association members, ordinary members and honorary members. So these are the three segments or three categorized members within EFI. The EFI's activities are carried on by four regional committees and a central body.

So the main activity of EFI is to inform its members of new proposals for legislation or other developments affecting them. So specifically, this happens to be another significant federation of employer. Now there is CII, Confederation of Indian Industries. Quickly looking into CII, it was conceived and formed to support the growth of Indian industry by partnering the industry and government and by providing advisory and consulting services. So the CII membership again is somewhat again to the previous organization.

It is open to any company or firm in India engaged in manufacturing industry. activity or providing consultancy services are present in the services sector. So there are certain factors or there are certain factors of production, which actually CIA membership is looking for. So in many ways, the Confederation bridges the gap between policymakers and industry leaders.

Now, when we looked into the employees organizations, especially something like trade union, the way they came together to represent themselves to get something done. We had certain understanding of it because there was some need which we could associate or understand easily understand too but employers federation is a different topic altogether whereby the employers have come together not only to look into their commercial interests but overall it's a holistic arrangement whereby the commercial the economic the human manpower whatever could be related to the organization That or maybe the sector or maybe the region, everything could be looked into in greater detail. So we have seen that as the industrial relations, specifically the labor laws are part of a concurrent list.

We can see that they have their own span over both the central and the state governments. Now, this makes it the employer's. critical to have their own federations that have their own organizations. We have looked into a couple of such organizations. The whole motto is to have a consolidation of the employers within the particular region maybe or maybe

within the particular industry that will give them a better edge, that will give a better representation over the other stakeholders of industrial relations, be it the government, be it the employee. So this is where we stop this lecture. We try to understand the Employers' Federation from this perspective. We'll look into greater details of industrial relations in the next class. Till then, take care.

Bye-bye. Amen.