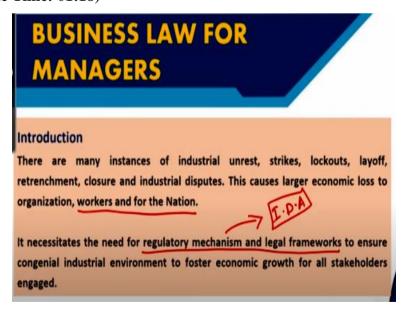
Business Law for Managers Prof. S. Srinivasan Vinod Gupta School of Management Indian Institute of Technology-Kharagpur

Lecture - 38 Industrial Dispute Act

Welcome to lecture 38, third lecture of module 8. And in today's lecture, we are going to discuss about the Industrial Dispute Act and various provisions provided under the Industrial Dispute Act. Primarily, we will be learning about the key aspects of the act. We will discuss on strike, lockout, layoff, what are the compensation and when do you call industrial dispute.

What are the strikes which are classified as an illegal strike, illegal lockouts, legal strikes and legal lockouts which is very important to learn and understand, because we are seeing that this type of strikes are very frequently occurring in many parts of the country, which is very important to understand what is my Industrial Dispute Act is talking about, how a government is trying to regulate these kinds of industrial unrest in the industries?

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So now to understand why this Industrial Dispute Acts have come into place first. See we are seeing that there are many instances of industrial unrest, trades, lockout, layoff, retrenchment, meaning that a termination of large number of employees being terminated from a job, closure of the industries due to various reasons can maybe because of the economic downturn or maybe for various other reasons, companies are

shutting down their operations.

In the last two years, we have seen post COVID many small scale industries have shut

down the industry. So there are closures, what is the requirement from the employer

that you have to pay your employees and we are also seeing lot of industrial disputes

happening. So if you look at these are becoming a very common or recurrent

phenomenon in many parts of the country.

Now why it is becoming important to regulate these kind of an industrial unrest,

because it causes larger economic loss, not only to the organization, it also you know

impacts the workers and you know the nation at large. So that is why it is important to

have a regulatory mechanism under a legal framework. So this is where it gives a

ground to come up with the industrial dispute act IDA.

So Industrial Dispute Act to ensure congenial industrial environment to foster better

economic growth for all stakeholders engaged in this activities. So it is very important

there should be a regulatory mechanism and also a legal framework. Unless otherwise

there is no, in absence of a legal framework, it is very difficult for you to mandate

certain things or demand certain things from the parties engaged in these activities.

It can be either a worker, it can also be a management. That is why Industrial Dispute

Act is very important in this conjuncture to you know regulate any of these industrial

activities to ensure yes, there is a harmony in the industrial activities.

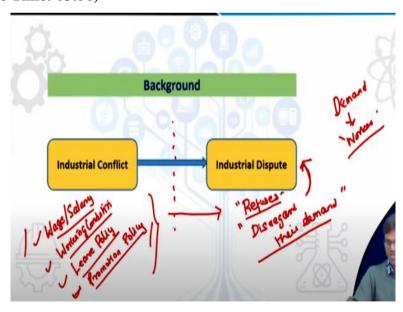
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Now what are we going to discuss in this lecture? We are going to understand the background of the concept of industrial conflict and dispute and we will also see the objectives of this Industrial Dispute Act and what is the industrial dispute. We will learn about the various forms of strikes and we will also learn about the concept of lockout, illegal lockout.

We will also see the causes, what are the important causes for industrial dispute and we also discuss about salient features and principles of this Industrial Dispute Act.

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Now to understand the difference between industrial conflict and industrial dispute, when does a conflict turns out to be an industrial dispute? Not that you know any demands. So there is you know a general assumption from larger section of the

society is that any demand from the worker, any demand from the workers, they

assume it is a dispute. It is not a dispute.

Let us say there is you know a discontent or a disagreement or unhappiness on with

respect to let us say wage or a salary. I am giving an example. Let us say employees

are unhappy, or there is a discontent or a disagreement on the salary payment, or the

working condition. Let us say leave policy or talk about you know promotion policy,

okay. Now see there is a disagreement, discontent.

And you know they are not happy with what has been happening and they are

escalating this. The management is also aware that yes there you know my employee,

certain section of the employees is not happy about the salary, working condition,

leave policy, promotion policy all that. This is actually conflict, that does not become

an industrial dispute, okay.

There is yes between management and employees there is a disagreement, there is an

unhappiness. But does not qualify as an industrial dispute. When does it become an

industrial dispute? When one party, the parties in this particular negotiation they

discuss and other party refuses or disregard their demand okay, then it becomes an

industrial dispute.

Mere existence of dissatisfaction, disagreement, unhappiness is not an industrial

dispute. That is why I am discussing here very clearly what do we call as an industrial

conflict and when do we call an industrial dispute. So the conflict will become a

dispute when other party which refuses or disregard their demands, then it becomes an

industrial dispute, unless otherwise till the time it exists as an industrial conflict.

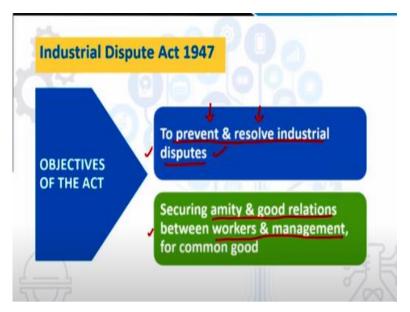
This is a difference which makes between an industrial conflict and an industrial

dispute, okay. Now having understood yes, there is you know refusal from one party

on the demands or they disregarded their opinions or demands, then that become an

industrial dispute.

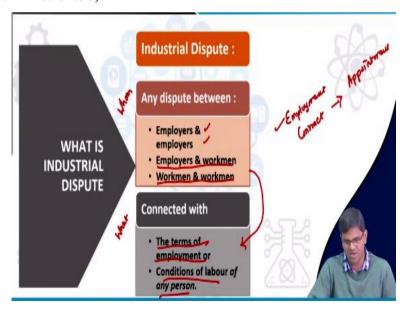
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Now we will understand what are the objective of this particular legislation. There are two primary objectives. One is about to prevent and resolve any industrial dispute. So one first attempt is to prevent any industrial dispute to occur. So it is always better to prevent the industrial dispute rather than settling. In case if the dispute is unavoidable in many industries, yes if the dispute comes, how do we resolve this industrial dispute?

So this act intends to focus on this prevention and also to resolve in this industrial disputes. And it also aims to secure amity and good relations between workers and management for a common good of all the stakeholders of a particular industry. So these are the major objectives of this legislation.

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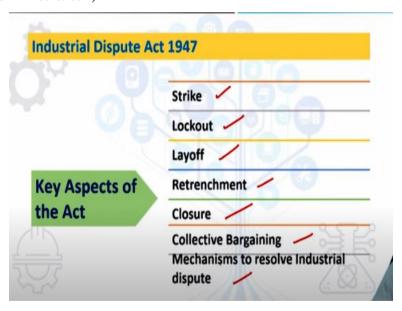


Now what is industrial dispute? So industrial dispute has two important components, okay. First is about the parties in the dispute. Second is about the term or under for what, for what and whom okay, whom and what. These are the two important components which are defining the dispute. So the dispute can be between employers and employers, maybe between two factories.

Or can be between employer and workman, between employees. And it can also be between employees also. Within a factory there can be a possibility the dispute between two set of employees also possible. So dispute which are between employer and employer, employer and employee, employee-employee. So three possibilities are possible.

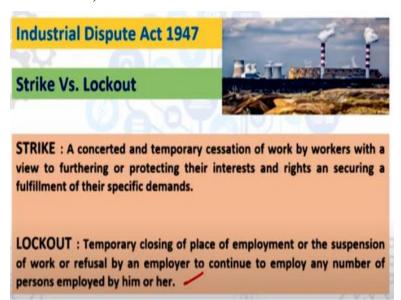
And for not all the conflict between these parties will become an industry dispute. It has to be connected with definitely on terms of employment okay, which may be with respect to employment contract, with respect to whatever been there listed down in the appointment letter. On this there is a disposition or disregard or conditions of labor. It can be based on the working conditions and anything, then it becomes an industrial dispute, okay.

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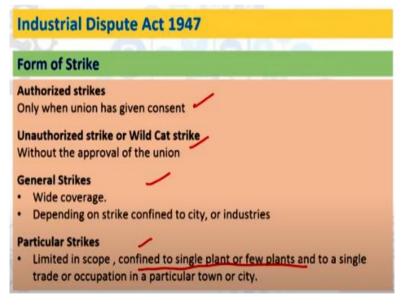
Then, what are the important aspects of this particular legislations? We are going to discuss about this act, specifically talks about strike, lockouts, it talks about layoff, retrenchment, closure, collective bargaining and also talks about various mechanisms to resolve industrial dispute, okay.

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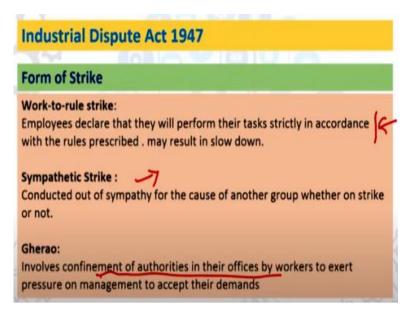
So what is strike? A strike is a concerted effort to the or temporary cessation of the work. So generally strike is nothing but employee stops doing the work. That is called a strike. What is lockout? Lockout is a temporary closure of the place or a factory or institute; that becomes a lockout.

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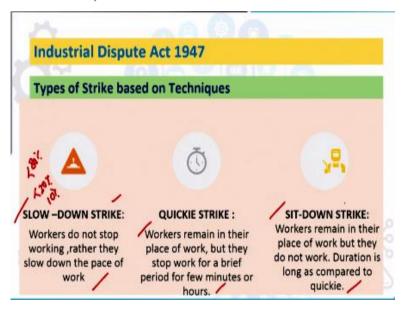
Now what are the different forms of strike available? They are authorized strike. When in union consents to conduct the strike, it is an authorized strike. Unauthorized strike is nothing but do not give a consent, okay. Then general strike, which is carrying wide coverage across regions. Particular strikes are limited to one plant or a few plants.

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Then work to rule. They will not, they will only follow the certain rules. Even if a company demands they will not help to extend their work and go. Sympathetic strikes on the ground of sympathy they do. Gherao is confinement of authorities okay, on the pressure to management.

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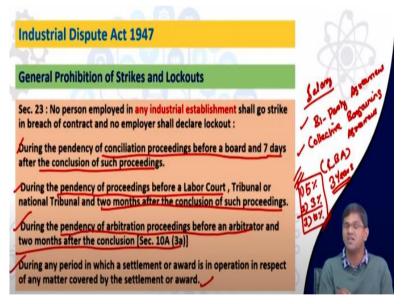
So there are other types of strike based on some techniques. So as we have discussed about gherao, gherao is about confining, you know management representative by the union or workers. Now there are three types of strikes based on the techniques. One is about a slow-down strike. What is the slow-down strikes? So here worker not, essentially they do not stop doing the work.

Rather they will slow down the pace of work. Now they will do not produce much. Their efficiency will be less than the expected. Let us say if the efficiency should be 80%, their efficiency may be 20% or 10%. It is a slow-down work. Rather it means they are not leaving. So they are also entitled to be paid, but their efficiency will be low. And quick strike. Now worker remain in the place but they stop working for a very brief time.

So let us say 15 minutes or 30 minutes, nobody will do anything. And sit-down strikes, worker will not leave the place. They will stay in their worksite and they do not do anything. So this duration may be long compared to the quick. Here there is a difference between a slowdown where their efficiency is low. Whereas in this sit-down strike, they will sit and they work. They never do anything.

So some of us would have seen these type of strikes been existing. So workers may have sought out to different forms of strike.

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Now let us try to understand the prohibition of strike and lockout. What are the condition in which the strike is prohibited? When a worker cannot go on a strike, when an employee cannot go on a lockout?

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STRIKE LOCK OUT

RISUL WIND Employer

Morrison

Demand

So when we said you know strike and lockout, one important thing to learn about the strike and lockout is strike, lockout. If you look at both you know strike is a right given to worker. It is a right to the employer. You will be surprised to look at you know how come a right to be provided? Yes. Legally, workers are provided a right to go on a strike to bring to the notice of the employer of their demands.

A strike is one effort to yes, they wanted to show on what demands they are going on a strike. It is a legally provide a right to worker to go for a strike. Similarly, lockout is a right enshrined to the employer that employer can sought to go for lockout. Meaning that they are shutting down their place of work to know show there, to protect the interest of the employer.

Sometimes you know they might see that the worker may damage the properties. For that reason, the employer can go on a lockout. And also an employer can also go on a lockout in saying that yes whatever your demands are not legally acceptable or to protect my interest employer can go for a lockout. That is why the, you know the strikes and lockouts becomes an important aspect.

Now yes strike and lockout is a legally allowed strike. Now on what condition the strike and lockout can be prohibited. See now the any industrial establishment shall cannot, they cannot go on a strike in breach of the, you know contact or no employer can declare lockout when during the pendency of the conciliation proceeding before a board. Let us say there is a dispute between an employer and employee.

And that is pending before a conciliation board, that time they cannot, both the party, you know employee cannot go for a strike and employer cannot go for a lockout, and or after seven days of the conclusion of such proceedings. So after this, they cannot go on a strike. If they go on a strike in violation of this, it becomes an illegal strike and illegal lockout. During the legal strike they are certain provisions and conditions are protected for worker.

In this illegal strike and illegal lockout there is no protection provided to either of the employee or for the employer. And next is during the pendency of proceeding before a Labor Court. Let us say similar to the conciliation proceeding there may be a, you know dispute between an employer and employee or a group of employee that is pending before a Labor Court or a Tribunal or a National Tribunal and two months after the conclusion of such proceedings.

When that you know Labor Court proceedings are over after the two months, this employee or an employer cannot go for a strike or a lockout. Similarly, when the dispute is pending before the arbitration, before an arbitrator and are two months after the conclusion of such arbitration. In that case also employee cannot go for a strike, same case employer cannot have sought for a lockout.

And also during period in which the settlement or award is in operation in respect to the matter. That time also you cannot go for a strike or a lockout. What is this during the period in an operation or the settlement award is an operation? Let us say salary hike, okay. Now there is a bi-party agreement or collective bargaining agreement. This is bargaining.

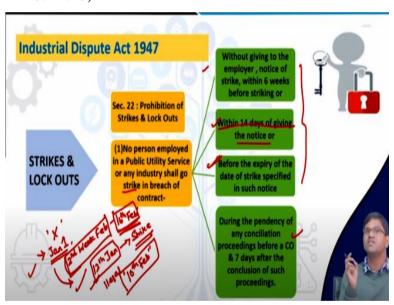
As per this act we can, you know they can have a called CBA collective bargaining agreement or a bi-party agreement. So collective bargaining agreement, both the party or trade union and an employer have discussed that yes, the salary what is the, you know salary increment. And there is an agreement which says okay, the first year we are going to give 5% increment, second year we will give 3% increment and third year we will give another 5% increment.

So they say this, both the party agree to this arrangement of 5% first year, 3% second year and 5% third year and this will be operation for next three years. Now all of them are agreed. During this period, let us say in the second year, the worker's union wanted to go on a strike for increasing or giving salary increment more than 3%.

Then in this case, this strike is illegal. Because there is already a settlement or award or agreement in operations and certain condition, same aspect they are already discussed. Yes, you are all agreed that 3%. Now if you are going for a strike when it is in operation, then it is become an illegal strike. Similar is the case when an employer says you know I do not pay your 3%, there will be 0% increment for you.

Then if they lockout for that particular reason, then it became illegal lockout. Any prohibition is being violated that becomes an illegal strike or an illegal lockout, okay.

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Now we will also learn and understand when this strike or a lockout is also illegal in other aspects, okay. No person or an employer in any public utility service or any industry shall go on strike in breach of a contract. What are those? See, the strike will become illegal strike, in what condition? Without giving an employer notice of strike within six weeks before striking.

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So the first condition is notice to be given within six weeks, okay that we are going to go for a strike. Next aspect if we look at, this strike should not occur within 14 days of such notice. And it should not also occur before the expiry of the date of a strike specified in the particular notice. Now let me explain this clearly, okay. Let us say you are working in a, let us say one employee union working in the particular company called x.

They are giving let us say in the month of January, I assume January 1st, six weeks is let us say you know by February second week they are giving you notice that they are going to go strike after second week of February. Let us even give a date, 16th February. They are saying on January 1st on this conditions we are going to go on strike from 16th of February.

So they are giving a notice. So in case they are not violating they can go on a strike on 16th. Now what will happen? Let us say they have given a notice. If they do not give a notice if they go for a strike it is an illegal strike. Let us say they are given a notice saying that 16th February, they are going to go on a strike.

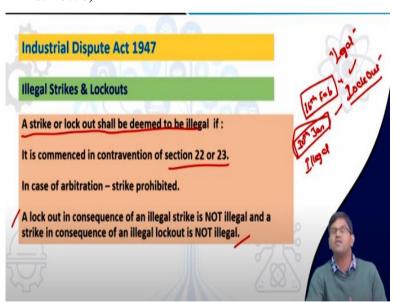
Now after stating this notice to an employer then they are saying they are going on from 12th January they are going on strike. In this case, this activity become an illegal strike because you cannot go on strike within the 14 days of giving such notice. Let us say you have given you know that say from second week of February you are going to go on a strike, okay.

So you said you will be going on strike in second week of February but you are started your strike on 12th of January which is you know not even 14 days from the notice you have given, which is only 12 days. So if some you have given six weeks' notice, but you are engaging in a strike or going for a strike within the 14 days, then it is an illegal strike.

Then also let us say before the expiry of the date, which is specified, let us say you have mentioned that you know 16th of February only you are going to go on a strike, but now you are going on strike on 12th. Or even, let us say even on 10th of February if you are going on strike again it is an illegal saying because you have specified on a notice that you will be going on strike from 16th of February.

So in this case, if any violation happened this has become an illegal strike. And also similarly the same which we have discussed in the previous slide yes you know if it is pending before a conciliation board or Labor Court or before the Arbitration Committee, and then if you are getting into a strike then it will become an illegal strike. Similar thing is also applicable for a lockout also, okay.

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So now when does a strike is become and lockout becomes illegal? When any strike or a lockout will become illegal, if it contravenes the say whatever the points we discussed earlier that you know without giving a notice or before the expiry of the particular date specified or within 14 days of the notice or when there is a dispute

which is pending before a court or pending before a conciliation or an arbitration

process, it is an illegal strike or an illegal lockout.

Now very important point comes here, okay. Lockout in during an illegal strike. Let

us say somebody said 16th of February, but they went on strike by 30th of January. In

account of this factory declares a lockout, they are not giving any notice. In this case

this become a legal activity, it is a legal lockout, it is not an illegal lockout. Because it

is they have entered into an illegal strike.

During this illegal strike factory can declare a lockout. Then it becomes a legal

lockout. It is not an illegal lockout. Similarly, in case factory management says 16th

February onwards they are going on a lockout, but they are going for a lockout on

30th January itself, then during that time worker can declare a strike, it is become a

not an illegal strike, it is a legal strike, okay.

So when an illegal strike, lockout is called for during an illegal strike, it is not illegal.

Similar is the case if you are calling for a strike or sorting for a strike during an illegal

lockout is not illegal. So this is very important to understand, because we see that

many a times the strikes being called as an illegal strike by the employer. You should

understand why are they saying illegal strike.

So illegal strike means when they violate these conditions without a notice or before

the expiry of the period or within the 14 days of notice, these are all qualifying the

strike to become illegal strikes. During the illegal strike they can get the support of the

Labor Court, get the support of the state government to sort out this issue and they

will provide protection to the employer if there is an illegal strike. Similar is the case

for an illegal lockout.

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Industrial Dispute Act 1947

Lay Off

2 (kkk) : Failure , refusal or inability of an employer on

account of:

· Shortage of coal, power or raw material

· Accumulation of stock

· Breakdown of machinery

Natural calamity

Or any other connected reason to give employment to a workman whose name is borne on the muster rolls of industrial

establishment and who has not been retrenched.

Lay off results in temporary unemployment

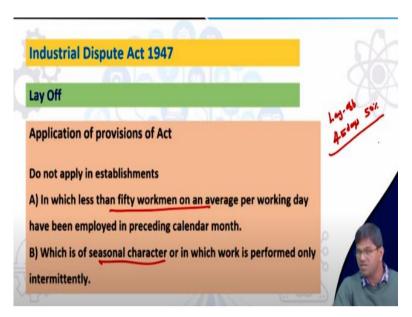
Now we are going to learn about some important concept of layoff. What is layoff? If you remember in the first lecture when I was talking about layoff is a failure or refusal or inability from an organization to provide employment on account of various reasons.

Maybe shortage of raw materials or maybe you know the materials are already accumulated or the you know the produced goods or more in number it is not selling or it is staying in the warehouse or breakdown of machinery, natural calamity or any other reason they are giving a layoff which is a temporary unemployment. They are not going to provide employment for a temporary time.

As I say this is the definition of the layoff. So but the layoff can also become permanent, maybe you know after a few days, if they continue to suffer the same thing they can actually terminate the employee from the job also. But layoff is essentially talking about a temporary unemployment and it is a temporary termination from the job owing to various reasons.

It can be shortage of raw materials, it may be natural calamities or maybe economic slowdown, all this can be attributed to go for a layoff. So we are seeing that you know many companies have laid off their employees during the COVID lockdown, we seen because they suffered lot of huge loss. So they cannot not able to manage these losses. So they went on a lockout, sorry layoff okay.

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Then what is the application, where does this act is applies? It does not apply to any establishment where, in which they employ less than 50 employees on an average you know per any working day in a preceding calendar month. In case if they employ less than 50 employees on an average in the previous calendar year then this Act does not apply to them, this rule does not apply to them.

And which is of a seasonal nature, the job is a seasonal nature, then they are also excluded. Why? This also, this layoff also asks for a compensation. You have to provide, you know salary for your employees, okay at you know for 45 days you have to provide salary at 50% and if it is continuing then you do not need to pay compensation till the time you recall the employees.

Unless otherwise you have to provide salary for you know for your employees during the layoff period, at least 50% of the salary to be paid during the layoff period, you may be called back. Otherwise, if you are permanently terminating them, then you need to pay them a compensation, at least one month's salary to be provided as a compensation or maybe three month's salary as per your employment contract states with the particular employees, okay.

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Industrial Dispute Act 1947

Important causes of industrial dispute

- Workers' demand for higher wages and allowances.
- Workers' demand for payment of bonus and determination of its rate thereof.
- Workers' demand for higher social security benefits.
- Workers' demand for good and safer working conditions, including length of a working day, the interval and frequency of leisure and physical work environment.
- Demand for improved labour welfare and other benefits. For example, adequate canteen, rest, recreation and accommodation facility, arrangements for travel to and from distant places, etc.

So now we are coming into the important aspect of what are the important causes of this industrial disputes. One is worker's demand for higher wages and allowances. We most often we see this being a major reason for industrial dispute, which always accounts around the salary, wage component.

Maybe on payment of bonus and determination of the rate, so the payment of bonus has not been done or the payment, the bonus percentage, they are not happy with the bonus percentage been fixed. On this ground they may go for an industry dispute. Or workers demand for higher social security benefits. You provide more social security benefits, you provide me additional insurance facilities, or health insurances, additional health insurance and family insurances.

On this ground, they may go for an industry dispute. And workers made demand for a better and safer working conditions. Let us say there are some industries which has more risk, health risk or accidental risk for employees. They might ask or sought for a better safe working condition. This can be a reason for their demand. And demand for an improved labor welfare and other benefits.

For example, provide an adequate canteen facility, restrooms, accommodation facilities, arrangements for travel from the facility. For example, your facility is very far from the city, they cannot afford to travel that long. Maybe you know on that ground they might go for, that will become an industrial dispute.

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Important causes of industrial dispute Psychological causes likedenial of opportunity to the worker for satisfying his/ her basic urge for self-expression, personal achievement and Better performance may also result in labour problems. Administrative causes like- poor personnel management; conflicting legislative measure or government policies

What are the other reasons? So there can be a psychological cause like you know denial of opportunity to the worker for satisfying his basic urges. So let us say somebody is, the management is not listening to the worker that can also be a cause for a dispute or poor performance appraisal processes or you know procedural injustice or you know informational injustice.

You are not you know fairly paying, fairly treating their employees. That can also be you know reason for the dispute. Or administrative causes like you know poor personal management, conflicting legislative measures or government policies. That can also serve as a major cause for an industrial dispute to occur.

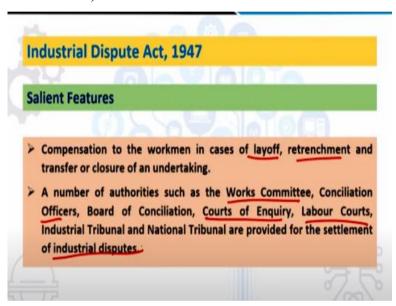
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Industrial Dispute Act, 1947 Salient Features Any industrial dispute may be referred to an industrial tribunal by an agreement of parties to the dispute or by the Appropriate Government if it deems it expedient to do so An award declared the arbitrator shall be binding on both the parties to the dispute for the specified period not exceeding one year. It shall be normally enforced by the government. Prohibition of illegal strikes and lockouts.

And now let us look at the salient features of this act. So the Industrial Dispute Act has a lot of machinery you know or to settle this industrial dispute through national tribunal or industrial tribunal or through you know appointing an arbitrator means third party arbitrator, out of the court settlement and also talking about conciliation process to settle the dispute between the parties.

And it also talks about prohibition of strike, illegal strikes and lockout as we are already discussed, all this aspect of you know the act provides. Specific provisions to prohibit the illegal strikes to occur in the factory premises.

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Similarly, it also talks about a compensation to be paid in case of a layoff, retrenchment or a closure of the facility. In case if a factory is trying to you know terminate large number of employees at one go, what is the compensation they have to be provided, what is the procedure to be followed, all these been listed down in this legislation. Similar is the case in case if a company wants to shut down the factory and what should be done, what is the procedure to be followed.

And they also talk about other you know machineries or you know systems to handle the conflict, such as they talk about Works Committee, Conciliation Officer, Board of Conciliation, Court of Enquiry. Court of Enquiry is nothing but you know arbitrations and Labor Courts, Industrial Tribunal, National Tribunal to settle the industrial disputes. It is talking about various machineries and systems to settle the industrial disputes, okay.

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So these are the references.

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CONCLUSION

Attempt has been made to give all learners an idea about the act including- backgrounds of the act, what is Industrial Dispute, important terms, important causes of industrial dispute, objectives and applicability, salient features and principles

And today's lecture we introduced to the, you know Industrial Dispute Act. We discussed about various provisions with respect to strike and lockout, various forms of strike. And we also discussed about, you know what are the salient features of this act. And you know going forward we are going to discuss about the legal machinery system which are available to settle the disputes between the worker and the management. Thank you.