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# INDUSTRIAL RELATIONS, TRADE UNIONS AND LABOUR LEGISLATION

P.R.N. Sinha | Indu Bala Sinha  
Seema Priyadarshini Shekhar

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# Industrial Relations, Trade Unions, and Labour Legislation

Third Edition

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# Industrial Relations, Trade Unions, and Labour Legislation

Third Edition

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*This Edition is Dedicated to*

*Late Dr. Ram S. Tarneja, M.A. (Virginia), Ph.D. (Cornell), USA  
(Eminent Management and HR Management Professional)*

[Recipient of Knighthood, First Class of the Lion of Finland, conferred by President, Republic of Finland; Former Managing Director, Bennett Coleman & Company Ltd.; Honorary President, Asian Association of Management Organisation; Director, Graduate Department of Business Administration, Dequesne University, Pittsburgh, USA; President, All India Management Association; President National Institute of Personnel Management; and actively associated with the Management of IIMs and other Management and Education institutions, and Boards of Directors of quite a few companies of repute]

As a token of reverence, and for his outstanding contributions in the fields of Management and Personnel Management and Industrial Relations.

P.R.N. Sinha  
Indu Bala Sinha  
Seema Priyadarshini Shekhar



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# BRIEF CONTENTS

Preface to the Third Edition	xxv
Preface to the Second Edition	xxvii
Preface	xxix
About the Authors	xxxi
<b>1. TRADE UNIONISM</b>	<b>1</b>
<b>2. STRUCTURE AND GOVERNMENT OF TRADE UNIONS</b>	<b>31</b>
<b>3. THE TRADE UNION MOVEMENT IN GREAT BRITAIN</b>	<b>47</b>
<b>4. TRADE UNION MOVEMENT IN INDIA UPTO 1949</b>	<b>81</b>
<b>5. TRADE UNION MOVEMENT IN INDIA: 1950 ONWARDS</b>	<b>110</b>
<b>6. SIZE AND FINANCE OF INDIAN TRADE UNIONS</b>	<b>147</b>
<b>7. STRUCTURE AND GOVERNMENT OF INDIAN TRADE UNIONS</b>	<b>162</b>
<b>8. INDIAN TRADE UNIONS, POLITICAL PARTIES AND PROBLEMS OF LEADERSHIP</b>	<b>176</b>
<b>9. TRADE UNION RIVALRY AND RECOGNITION</b>	<b>197</b>
<b>10. INDUSTRIAL RELATIONS — MAIN ASPECTS, MODELS AND DEVELOPMENTS</b>	<b>215</b>
<b>11. INDUSTRIAL DISPUTES AND STRIKES</b>	<b>236</b>
<b>12. METHODS OF SETTLING INDUSTRIAL DISPUTES</b>	<b>267</b>
<b>13. COLLECTIVE BARGAINING AND GRIEVANCE PROCEDURE</b>	<b>294</b>
<b>14. LABOUR—MANAGEMENT COOPERATION/WORKERS' PARTICIPATION IN MANAGEMENT</b>	<b>332</b>
<b>15. PRINCIPLES OF LABOUR LEGISLATION</b>	<b>363</b>
<b>16. FACTORY LEGISLATION</b>	<b>379</b>
<b>17. PAYMENT OF WAGES LEGISLATION</b>	<b>413</b>
<b>18. MINIMUM WAGE LEGISLATION</b>	<b>429</b>

<b>19. EQUAL REMUNERATION LEGISLATION</b>	<b>449</b>
<b>20. TRADE UNION LEGISLATION</b>	<b>460</b>
<b>21. LEGISLATION CONCERNING SETTLEMENT OF INDUSTRIAL DISPUTES</b>	<b>477</b>
<b>22. INDUSTRIAL EMPLOYMENT (STANDING ORDERS) LEGISLATION AND PROBLEM OF DISCIPLINE IN INDUSTRY</b>	<b>513</b>
<b>23. EVOLUTION AND GROWTH OF SOCIAL SECURITY LEGISLATION IN INDIA</b>	<b>539</b>
<b>24. WORKMEN'S COMPENSATION LEGISLATION</b>	<b>556</b>
<b>25. MATERNITY BENEFIT LEGISLATION</b>	<b>577</b>
<b>26. EMPLOYEES' STATE INSURANCE ACT, 1948</b>	<b>593</b>
<b>27. PROVIDENT FUND LEGISLATION</b>	<b>622</b>
<b>28. PAYMENT OF GRATUITY ACT, 1972</b>	<b>646</b>
<b>29. CHILD LABOUR (PROHIBITION AND REGULATION) ACT, 1986</b>	<b>656</b>
<b>30. SHOPS AND ESTABLISHMENTS ACTS</b>	<b>676</b>
<b>31. LABOUR ADMINISTRATION</b>	<b>690</b>
<b>32. INTERNATIONAL LABOUR ORGANIZATION</b>	<b>713</b>
<b>33. LABOUR POLICY IN FIVE-YEAR PLANS AND NITI AAYOG</b>	<b>744</b>
Appendix	779
Name Index	783
Subject Index	785

# CONTENTS

Preface to the Third Edition	xxv		
Preface to the Second Edition	xxvii		
Preface	xxix		
About the Authors	xxxi		
<b>1. TRADE UNIONISM</b>	<b>1</b>		
<i>Chapter Objectives</i>	1		
<i>The Birth of a Trade Union</i>	1		
Definition	3		
Origin of Trade Unions	3		
Emergence of Trade Unionism	5		
Theories of Trade Union Movement	6		
Legal and Other Handicaps of Early Trade Unions	14		
Objectives of Trade Unions	14		
Methods of Trade Unions	16		
Legitimacy of the Methods	19		
Trade Union Activities	20		
Determinants of the rate of Trade Union Growth	21		
<i>Summary</i>	26 • <i>Questions for Review</i>	27 • <i>Key Terms</i>	27 •
<i>References</i>	28 • <i>Case Study</i>	30	
<b>2. STRUCTURE AND GOVERNMENT OF TRADE UNIONS</b>	<b>31</b>		
<i>Chapter Objectives</i>	31		
<i>There are Variations in Union Organization and Administration</i>	31		
Bases of Organization	32		
Craft Versus Industrial Unions	33		
Trade Union Federations	36		
Problems of Government and Administration	37		
Compulsory Unionism	39		
Agency Shop	40		
<i>Summary</i>	43 • <i>Questions for Review</i>	44 • <i>Key Terms</i>	44 •
<i>References</i>	45 • <i>Case Study</i>	45	
<b>3. THE TRADE UNION MOVEMENT IN GREAT BRITAIN</b>	<b>47</b>		
<i>Chapter Objectives</i>	47		
<i>Changing Status of British Trade Unions</i>	47		

Early years	48
The Period 1830–49	50
The Period 1850–79	51
The Period 1880–99	54
Trade Unions During Early Twentieth Century	54
The First World War Period	55
The Inter-War Period	56
The Second World War Period	58
The Post–Second World War Period	58
Membership, Size and Density	58
The Trades Union Congress	63
Relationship Between the TUC and the Labour Party	64
Salient Features of Legislation Relating to Trade Unions and Labour Relations	68
Employment and Employment Relations Acts	73
<i>Summary</i>	75
<i>Questions for Review</i>	77
<i>Key Terms</i>	77
<i>References</i>	77
<i>Case Study</i>	79

#### **4. TRADE UNION MOVEMENT IN INDIA UPTO 1949** **81**

<i>Chapter Objectives</i>	81
<i>Establishment of All India Trade Union Congress (AITUC)</i>	81
Early Years	82
The First World War Period	83
1920–29	84
1930–39	89
1940–49	95
<i>Summary</i>	106
<i>Questions for Review</i>	107
<i>Key Terms</i>	108
<i>References</i>	108
<i>Case Study</i>	108

#### **5. TRADE UNION MOVEMENT IN INDIA: 1950 ONWARDS** **110**

<i>Chapter Objectives</i>	110
<i>Political Parties and Formation of Central Federations of Trade Unions</i>	110
Growth of Labour Force and its Occupational Distribution	111
Industrial Policy Resolutions	112
Growth of Trade Unions	113
Extent of Unionization in Different Industries	116
State-Wise Picture of Trade Unions	121
Growth of Trade Union Federations	125
Central Federations of Trade Unions/Central Trade Union Organisations	126
Industrial Disputes from 1950 to 2013	132

Impact of Industrial and Economic Policies on Trade Unions	135
General Strikes Since 1991	136
Trade Union Cooperation and Consultative Machinery	140
Measures to Strengthen the Trade Union Movement in India	141
Summary	142 • Questions for Review 144 • Key Terms 144 •
References	144 • Case Study 145
<b>6. SIZE AND FINANCE OF INDIAN TRADE UNIONS</b>	<b>147</b>
Chapter Objectives	147
Why is the Average Size of Indian Trade Unions Small and Their Financial Position Poor?	147
Size	148
Frequency Distribution	148
Factors Responsible for the Small Size of Indian Unions	151
Consequences of the Small Size of Trade Unions	152
Finance	152
Sources of Income	155
Ways of Improving Finance	156
Summary	159 • Questions for Review 160 • Key Terms 160 •
References	160 • Case Study 161
<b>7. STRUCTURE AND GOVERNMENT OF INDIAN TRADE UNIONS</b>	<b>162</b>
Chapter Objectives	162
What is Special About the Structure and Government of Trade Unions in an Industrial Centre in India?	162
Structure	163
Primary Unions at the Base	164
Industrial Federations	167
Central Federations/Central Trade Union Organisations	168
Government	169
Government of Primary Unions	169
Government of Industrial Federations	171
Government of Central Federations/Central Trade Union Organisations	172
Summary	173 • Questions for Review 174 • Key Terms 174 •
References	174 • Case Study 174
<b>8. INDIAN TRADE UNIONS, POLITICAL PARTIES AND PROBLEMS OF LEADERSHIP</b>	<b>176</b>
Chapter Objectives	176
Political Rivalries and Formation of Trade Unions in India	176
Indian Trade Unions and Political Parties	177

Domination by Political Parties	178		
Advantages of the Domination	179		
Disadvantages of the Domination	181		
Proper Relationship	183		
Problem of Leadership	183		
Adverse Consequences of Outside Leadership	185		
Emergence of Sectarian and Unconventional Leadership	187		
Factors Responsible for the Persistence of Outside Leadership	188		
Distinction Between an Outsider and an Insider	191		
National Commissions on Labour on Outside Leadership	191		
Role of Workers' Education	192		
Futility of the Controversy	192		
<i>Summary</i>	193 • <i>Questions for Review</i>	194 • <i>Key Terms</i>	194 •
<i>References</i>	195 • <i>Case Study</i>	195	

## **9. TRADE UNION RIVALRY AND RECOGNITION** **197**

<i>Chapter Objectives</i>	197		
<i>Status of Collective Bargaining in India</i>	197		
Code of Conduct and Trade Union Rivalry	198		
Should Recognition be Made Compulsory	199		
Which Unions to be Recognized?	200		
Recognition of Majority Union and Problems Involved	202		
Criteria to Determine the Representative Character of Unions	203		
Levels of Recognition	207		
Rights of Recognized Versus Minority Unions	209		
<i>Summary</i>	211 • <i>Questions for Review</i>	212 • <i>Key Terms</i>	212 •
<i>References</i>	213 • <i>Case Study</i>	213	

## **10. INDUSTRIAL RELATIONS — MAIN ASPECTS, MODELS AND DEVELOPMENTS** **215**

<i>Chapter Objectives</i>	215
<i>Significance of Tripartite Resolutions for Maintaining Harmonious Industrial Relations</i>	215
Definition of Industrial Relations	216
Evolution of Industrial Relations	217
Dominant Aspects of Industrial Relations	217
Some Approaches to Industrial Relations	219
Some Models of Industrial Relations	221
Development of Industrial Relations in India and Changing Roles of the Parties	225
Employers' Organizations and Industrial Relations	226
Employers' Federations at the National Level	227

Employers' Federations at the Industry Level	228
Regional and State Level Employers' Federations	229
Salient Features of the Role of Employers' Federations in Industrial Relations	230
Salient Features of Industrial Relations in India	231
<i>Summary</i>	232 • <i>Questions for Review</i>
	233 • <i>Key Terms</i>
	234 • <i>References</i>
	234 • <i>Case Study</i>

## **11. INDUSTRIAL DISPUTES AND STRIKES** **236**

<i>Chapter Objectives</i>	236
<i>Complexities of Industrial Disputes and Strikes</i>	236
Industrial Disputes	237
Specific Causes of Industrial Disputes	237
Interests and Rights Disputes	237
Strike	239
Forms of Strike	244
Factors Conditioning the Outcome of Strikes	248
Effects of Strikes	252
An Evaluation of the Right to Strike	262
<i>Summary</i>	263 • <i>Questions for Review</i>
	264 • <i>Key Terms</i>
	264 • <i>References</i>
	264 • <i>Case Study</i>

## **12. METHODS OF SETTLING INDUSTRIAL DISPUTES** **267**

<i>Chapter Objectives</i>	267
<i>Importance of Collective Bargaining and Voluntary Conciliation and Arbitration as Methods of Settling Industrial Disputes</i>	267
Settlement without State Intervention	268
Settlement under the Influence of the State	271
Adjudication or Compulsory Arbitration in India	276
Adjudication/Compulsory Arbitration Versus Collective Bargaining	276
Different Methods of Dispute Settlement in India	279
Machinery for the Prevention and Settlement of Industrial Disputes in India	279
Statutory Machinery	281
Non-statutory Bodies	281
First National Commission on Labour (1969) on the Methods of Settling Industrial Disputes	286
Recommendations of the Second NCL (2002)	289
<i>Summary</i>	291 • <i>Questions for Review</i>
	292 • <i>Key Terms</i>
	292 • <i>References</i>
	292 • <i>Case Study</i>



### **13. COLLECTIVE BARGAINING AND GRIEVANCE PROCEDURE 294**

*Chapter Objectives* 294

*Emergence of Collective Bargaining* 294

Meaning of Collective Bargaining 295

Importance of Collective Bargaining 297

Theories of Collective Bargaining 298

Units and Levels of Collective Bargaining 300

Factors Influencing Bargaining Units and Levels 301

Subject Matters of Collective Bargaining 303

Productivity Bargaining 303

Growth of Collective Bargaining in India 308

Collective Agreements 312

Hurdles to Collective Bargaining in India 315

Grievance and Grievance Procedure 317

Grievance Procedure in Selected Industrial Establishments in India 323

Grievance Procedure in the United States 325

Desirable Features of a Successful Grievance Procedure 327

*Summary* 327 • *Questions for Review* 329 • *Key Terms* 329 •

*References* 329 • *Case Study* 331

### **14. LABOUR—MANAGEMENT COOPERATION/WORKERS' PARTICIPATION IN MANAGEMENT 332**

*Chapter Objectives* 332

*Advent of Whitley Councils* 332

Meaning 333

Goals 334

Traditional Forms of Control and Management  
of Enterprises under Capitalism 335

Different Degrees and Forms of Labour—management  
Cooperation/Workers' Participation in Management 336

Schemes of Workers' Participation in Management in India 338

Works Committees (1947) 339

Joint Management Councils (1958) 341

Board-Level Participation (1970) 345

Workers' Participation under Old 20-Point Programme (1975) 345

Unit Councils and Joint Councils in Commercial and Service  
Organizations in the Public Sector (1977) 347

Some Subsequent Developments 349

Scheme of Employees' Participation in Public Sector  
Undertakings (1983) 350

Joint Councils in Government Service 351

Joint Councils in Railways, Posts and Telegraphs, and Defence Establishments	352
Workers' Participation in the Private Sector	353
Participation of Workers in Management Bill, 1990	356
Main Provisions of the Bill	357
Recommendations of the Second NCL (2002)	358
Hurdles to Workers' Participation in Management in India	359
<i>Summary</i>	360
<i>Questions for Review</i>	361
<i>Key Terms</i>	361
<i>References</i>	361
<i>Case Study</i>	362

## **15. PRINCIPLES OF LABOUR LEGISLATION 363**

<i>Chapter Objectives</i>	363
<i>Pervasiveness of Social Legislation</i>	363
Social Legislation and Labour Legislation	365
Forces Influencing Modern Social and Labour Legislation	366
Forces Influencing Social and Labour Legislation in India	367
Indian Constitution, and Social and Labour Legislation	369
Principles of Modern Labour Legislation	371
Types of Labour Legislation	376
<i>Summary</i>	377
<i>Questions for Review</i>	377
<i>Key Terms</i>	377
<i>References</i>	378
<i>Case Study</i>	378

## **16. FACTORY LEGISLATION 379**

<i>Chapter Objectives</i>	379
<i>Factory Legislation in the United Kingdom</i>	379
Growth of Factory Legislation in India	380
Some Important Definitions	385
Approval, Licensing and Registration of Factories	386
Inspecting Staff	386
Certifying Surgeons	386
Health	386
Safety	388
Dangerous Operations	392
Provisions relating to Hazardous Processes	393
Welfare	395
General Provisions on Health, Safety and Welfare	396
Working Hours of Adult Workers	398
Employment of Young Persons	400
Annual Leave with Wages	401
Penalties	402
Cognizance of Offences	402

Other Provisions 404  
Working and Assessment 404  
Recommendations of the Second NCL (2002) 409  
*Summary* 410 • *Questions for Review* 410 • *Key Terms* 411 •  
*References* 411 • *Case Study* 411

**17. PAYMENT OF WAGES LEGISLATION 413**

*Chapter Objectives* 413  
*Truck Acts in Great Britain* 413  
Objectives of Payment of Wages Legislation 414  
Payment of Wages Act, 1936 415  
Recommendations of the Second NCL (2002) 426  
*Summary* 426 • *Questions for Review* 427 • *Key Terms* 427 •  
*References* 427 • *Case Study* 428

**18. MINIMUM WAGE LEGISLATION 429**

*Chapter Objectives* 429  
*Objectives of Governmental Regulations of Wages* 429  
Objects and Reasons of the Minimum Wages Bill, 1946 432  
Minimum Wages Act, 1948 432  
Recommendations of the Second NCL (2002) 445  
*Summary* 446 • *Questions for Review* 446 • *Key Terms* 447  
*References* 447 • *Case Study* 448

**19. EQUAL REMUNERATION LEGISLATION 449**

*Chapter Objectives* 449  
*Emphasis on Equality Between Sexes in Matters of Wages and Conditions of Employment* 449  
Equal Remuneration Act, 1976 450  
An Assessment 455  
*Summary* 456 • *Questions for Review* 457 • *Key Terms* 457  
*References* 457 • *Case Study* 458

**20. TRADE UNION LEGISLATION 460**

*Chapter Objectives* 460  
*Trade Union Legislation in the United Kingdom* 460  
Background 462  
Efforts at Amendments 463  
Trade Unions Act, 1926 464  
An Assessment 471  
Recommendations of The Second NCL (2002) 473  
*Summary* 474 • *Questions for Review* 474 • *Key Terms* 475 •  
*References* 475 • *Case Study* 475

## **21. LEGISLATION CONCERNING SETTLEMENT OF INDUSTRIAL DISPUTES 477**

*Chapter Objectives* 477

*Industrial Disputes Legislation Preceding the Enactment of the Industrial Disputes Act, 1947* 477

Industrial Disputes Act, 1947 479

Basic Elements of Public Policy 480

Industrial Disputes Act, 1947 481

Authorities and Reference of Disputes 484

Miscellaneous Provisions Relating to Procedures, Powers of Adjudication  
Authorities and Awards 490

Prohibition of Strikes and Lock-outs 492

Lay-off, Retrenchment and Closure 493

Special Provisions Relating to Lay-off, Retrenchment  
and Closure 496

Unfair Labour Practices 498

Other Provisions 498

Special Provision for Adjudication of Disputes Relating to Change  
of Conditions of Service 501

State Laws 504

An Assessment 505

Recommendations of the Second NCL (2002) 509

*Summary* 509 • *Questions for Review* 510 • *Key Terms* 510 •

*References* 511 • *Case Study* 511

## **22. INDUSTRIAL EMPLOYMENT (STANDING ORDERS) LEGISLATION AND PROBLEM OF DISCIPLINE IN INDUSTRY 513**

*Chapter Objectives* 513

*Importance of Standing Orders in Industrial Establishments* 513

Part I 514

Industrial Employment (Standing Orders) Act, 1946 514

Model Standing Orders Under the Central Industrial Employment  
(Standing Orders) Rules 518

Model Standing Orders on Additional Items Applicable  
to all Industries 524

An Assessment 526

Recommendations of the Second NCL (2002) 529

Part II 529

Industrial Discipline and Disciplinary Procedure 529

Penalties or Punishments 531

*Summary* 535 • *Questions for Review* 536 • *Key Terms* 537

*References* 537 • *Case Study* 537

## **23. EVOLUTION AND GROWTH OF SOCIAL SECURITY LEGISLATION IN INDIA 539**

*Chapter Objectives* 539

*What is Social Security?* 539

Evolution and Growth of Social Security in Selected Countries 540

ILO on Social Security 541

Evolution and Growth of Social Security Legislation in India 541

Professor Adarkar's Report 544

Further Developments 545

Employees' State Insurance Act, 1948 545

Provisions for Old Age 546

Provision Against Unemployment 546

Gratuity 546

Existing Social Security Laws 546

Recommendations of the Second NCL (2002) 546

Need for a Comprehensive Social Security Scheme 552

*Summary* 553 • *Questions for Review* 554 • *Key Terms* 554

*References* 554 • *Case Study* 554

## **24. WORKMEN'S COMPENSATION LEGISLATION 556**

*Chapter Objectives* 556

*Employers' Defences Under the Common Law to Escape Liability for Payment of Compensation in the Event of Disablement or Death of Their Workmen Caused by Industrial Injuries* 556

Workmen's Compensation Legislation in India 558

Employees' Compensation Act, 1923 (Main Provisions) 559

Some Important Definitions 559

Employer's Liability for Compensation 561

Arising 'Out of' and 'In the Course of' Employment 561

Occupational Diseases 562

Amount of Compensation 563

Medical Examination 566

Claims Before Commissioner 567

Other Provisions 567

Working 570

An Assessment 572

*Summary* 573 • *Questions for Review* 574 • *Key Terms* 574

*References* 575 • *Case Study* 575

## **25. MATERNITY BENEFIT LEGISLATION 577**

*Chapter Objectives* 577

*Objectives of Maternity Benefit Legislation* 577

Growth of Maternity Benefit Legislation in India 578

Maternity Benefit Act, 1961 (Main Provisions) 579

Working	584	
An Assessment	588	
Summary	590	• Questions for Review 591 • Key Terms 591
References	591	• Case Study 592
<b>26. EMPLOYEES' STATE INSURANCE ACT, 1948</b>		<b>593</b>
Chapter Objectives	593	
Enactment of the Employees' State Insurance Act, 1948, and Subsequent Amendments	593	
Scope	594	
Some Important Definitions	595	
Contributions	595	
Benefits	598	
Miscellaneous Provisions Pertaining to Benefits	606	
Administration	607	
Adjudication of Disputes and Claims	611	
Penalties	611	
Other Provisions	612	
Working	612	
An Assessment	614	
Recommendations of the First NCL (1969)	617	
Recommendations of the Second NCL (2002)	618	
Pandit Deendayal Upadhyay Shramev Jayate Karyakram (2014)	618	
Summary	618	• Questions for Review 619 • Key Terms 619 •
References	619	• Case Study 620
<b>27. PROVIDENT FUND LEGISLATION</b>		<b>622</b>
Chapter Objectives	622	
Evolution of Provident Fund Legislation in India	622	
Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (Main Provisions)	624	
Employees' Provident Funds Scheme	626	
Employees' Deposit-Linked Insurance Scheme	627	
Employees' Pension Scheme	628	
Miscellaneous Provisions	629	
Employees' Provident Funds Scheme, 1952	634	
Working	635	
Employees' Deposit-Linked Insurance Scheme, 1976	637	
Employees' Pension Scheme, 1995	637	
An Assessment	640	
Recommendations of the Second NCL (2002)	641	
Pandit Deendayal Upadhyay Shramev Jayate Karyakram (2014)	642	
Summary	642	• Questions for Review 643 • Key Terms 643
References	643	• Case Study 644

<b>28. PAYMENT OF GRATUITY ACT, 1972</b>	<b>646</b>
<i>Chapter Objectives</i> 646	
<i>Concept of Gratuity</i> 646	
Enactment of Payment of Gratuity Act, 1972 647	
Payment of Gratuity Act, 1972 (Main Provisions) 647	
An Assessment 652	
<i>Summary</i> 653 • <i>Questions for Review</i> 654 • <i>Key Terms</i> 654 •	
<i>References</i> 654 • <i>Case Study</i> 654	
<b>29. CHILD LABOUR (PROHIBITION AND REGULATION) ACT, 1986</b>	<b>656</b>
<i>Chapter Objectives</i> 656	
<i>Evolution of Child Labour Legislation</i> 656	
Children (Pledging of Labour) Act, 1933 657	
Employment of Children Act, 1938 657	
ILO's Conventions and Recommendations 658	
Provisions of Constitution 658	
Observations and Recommendations of Commissions and Committees 659	
National Policy for Children, 1974 659	
Committee on Child Labour (Gurupadswamy Committee) 660	
Child Labour (Prohibition and Regulation) Act, 1986 (Main Provisions) 660	
Prohibition of Employment of Children in Certain Occupations and Processes 660	
Regulation of Conditions of Work of Children 665	
An Assessment 667	
Certain Subsequent Developments 669	
<i>Summary</i> 672 • <i>Questions for Review</i> 673 • <i>Key Terms</i> 674	
<i>References</i> 674 • <i>Case Study</i> 675	
<b>30. SHOPS AND ESTABLISHMENTS ACTS</b>	<b>676</b>
<i>Chapter Objectives</i> 676	
<i>Shops and Establishments Laws in India</i> 676	
Main Features of Shops and Establishments Acts in the Country 677	
Bihar Shops and Establishments Act, 1953 (Main Provisions) 678	
Recommendations of the First National Commission on Labour (1969) 686	
Recommendations of the Second NCL (2002) 686	
<i>Summary</i> 686 • <i>Questions for Review</i> 687 • <i>Key Terms</i> 688	
<i>References</i> 688 • <i>Case Study</i> 688	
<b>31. LABOUR ADMINISTRATION</b>	<b>690</b>
<i>Chapter Objectives</i> 690	
<i>Expanding Horizon of Labour Administration</i> 690	
Concept of Labour Administration 691	

Scope or Fields of Labour Administration	691
Importance of Labour Administration	692
Evolution and Growth of Labour Administration in India	693
Labour Administration Machinery of Central Government	696
The Main Ministry (Secretariat)	696
Attached Offices	697
Subordinate Offices	698
Autonomous Organizations	699
Adjudication Bodies	700
Labour Administration Machinery of State Governments	700
Department of Labour and Employment (Secretariat)	701
Office of the Labour Commissioner	701
Chief Inspectorate of Factories	702
Chief Inspectorate of Boilers	702
Office of Chief Inspector, Shops and Establishments	702
Directorate, Employment and Training	702
Directorate, Medical Services (ESI Scheme)	702
Adjudication Authorities	702
Evaluation and Suggestions	703
Role of ILO in Labour Administration	704
Recommendations of the Second NCL (2002)	706
Reforms Contemplated Under Pandit Deendayal Upadhyay Shramev Jayate Karyakram	707
<i>Summary</i>	708
<i>Questions for Review</i>	710
<i>Key Terms</i>	710
<i>References</i>	710
<i>Case Study</i>	711

## **32. INTERNATIONAL LABOUR ORGANIZATION** **713**

<i>Chapter Objectives</i>	713
<i>Establishment of the International Labour Organization—The Background</i>	713
Preamble to the Constitution	714
Fundamental Principles and the Philadelphia Charter	715
Organizational Structure	717
Conventions and Recommendations	718
Major Activities of ILO	719
International Standards of Labour and their Influence on Indian Labour Legislation	723
Conditions of Work	723
Employment of Children and Young Persons	726
Employment of Women	728
Health, Safety and Welfare	729
Social Security	731



Industrial Relations	732		
Employment and Unemployment	733		
Other Special Categories	734		
Influence on Indian Labour Legislation	735		
Conditions of Work	735		
Employment of Children and Young Persons	736		
Employment of Women	736		
Health, Safety and Welfare	737		
Social Security	737		
Industrial Relations	738		
Employment and Unemployment	738		
Other Special Categories	738		
Difficulties in the Adoption of Conventions and Recommendations	738		
Problems of Ratification	739		
<i>Summary</i>	741 • <i>Questions for Review</i>	742 • <i>Key Terms</i>	742 •
<i>References</i>	742 • <i>Case Study</i>	742	

### **33. LABOUR POLICY IN FIVE-YEAR PLANS AND NITI AAYOG 744**

<i>Chapter Objectives</i>	744		
<i>The Five-year Labour Programme of Action, 1946</i>	744		
Labour Policy in the First Five-Year Plan (1951–56)	747		
Labour Policy in the Second Five-Year Plan (1956–61)	749		
Labour Policy in the Third Five-Year Plan (1961–65)	752		
Labour Policy in the Fourth Five-Year Plan (1969–74)	754		
Labour Policy in the Fifth Five-Year Plan (1974–79)	756		
Labour Policy in the Sixth Five-Year Plan (1980–85)	756		
Labour Policy in the Seventh Five-Year Plan (1985–90)	758		
Labour Policy in the Eighth Five-Year Plan (1992–97)	759		
Labour policy in the Ninth Five-Year Plan (1997–2002)	761		
Labour Policy in the Tenth Five-Year Plan (2002–07)	763		
Labour Policy in the Eleventh Five-Year Plan (2007–12)	764		
Labour Policy in the Twelfth Five-Year Plan (2012–2017) and NITI Aayog (2015)	767		
National Institution for Transforming India Aayog (NITI Aayog)	769		
<i>Summary</i>	770 • <i>Questions for Review</i>	775 • <i>Key Terms</i>	775 •
<i>References</i>	776 • <i>Case Study</i>	777	

Appendix	779
Name Index	783
Subject Index	785

# PREFACE TO THE THIRD EDITION

We feel immense pleasure in finalizing the third edition of our book *Industrial Relations, Trade Unions, and Labour Legislation*. The second edition of the book was published in 2013 following a number of reprints of the first edition brought out in 2004. Since the finalization of the script of the second edition, there have been some major changes in the political, economic, industrial and social situations in the country and also in international relationships. The present edition has taken into account the impact of the changes in the fields of industrial relations, trade unions, labour laws, labour administration, social security and other related areas. Some of the specific features of the new edition are:

1. Inclusion of new initiatives of the government in institutional arrangements in relevant areas such as replacement of the 67-year-old Planning Commission with the National Institute of Transforming India Aayog (NITI Aayog), introduction of *Pandit Deendayal Upadhyay Shramev Jayate Karyakram*, *Swastha Bima Yojna* and establishment of certain new agencies for the benefit of both organized and unorganized workers.
2. Incorporation of up-to-date information relating to labour force, industrial disputes, trade unions, strikes, and working of various labour laws, and their analyses.
3. Thorough revision and modification of tables, charts and diagrams in the light of new figures added and making these more attractive and easily graspable.
4. Insertion of latest amendments to labour and social security laws, and up-to-date government orders and notifications relating to them.
5. Inclusion of new governmental schemes in areas such as labour welfare, social security, health insurance, apprenticeship training, skill-development and measures for labour reforms.
6. Coverage of overall industrial relations and labour situations in the country including role of trade unions, employers' organizations and political parties in the context of the fast changing industrial, economic and technological conditions in the country.
7. Re-adjustment of the text-materials with a view to facilitating easier and convenient grasp of the issues and problems.
8. Modification of the index at the end of the book dividing it into two-parts—(i) Name index, and (ii) Subject index with somewhat comprehensive coverage.

We are thankful to the Labour Bureau, Ministry of Labour and Employment, Government of India for providing access to the up-to-date data and materials relevant to various topics dealt within the book. We also acknowledge with sincere thanks the help we received from Tisco, Tata Motors Ltd., Larsen and Toubro Ltd., Powai Works, Telco Workers' Union, and quite a few other organizations for making available useful materials on a few topics.

Dr. Sanjeev Sinha, Professor, NIT, Patna, Rinku Shrivastava, and Neha Chandra were of useful help in the analysis of data and making corrections in the script. Shatakshi Shekhar, Gargi Sinha, Shivangi Sinha and Sanya Sinha were of substantial help and assistance in the re-arrangement of tables, charts and diagrams and on the internet. Ishank Shekhar, Pratyush Padmakar, Subhakshi Sinha, Sanvi Sinha and Prason Pranjal Sinha also extended useful help in various ways. The authors express their sincere thanks to all of them.

The authors not only hope, but are rather confident that students and teachers of post-graduate as well as graduate courses in HR Management, Personnel Management and Industrial Relations, Labour and Social Welfare, MBA, BBA, Commerce and Social Work will adopt this edition with added enthusiasm. This edition will be particularly useful for students appearing in the NET examination conducted by the UGC with HRM/Labour and Social Welfare/PMIR as their subject. Besides, the materials in the new edition of the book will also be of substantial benefit to professionals and functionaries in HR, Industrial Relations and Personnel departments in industrial and other organizations.

P. R. N. SINHA  
I. B. SINHA  
S. P. SHEKHAR

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# PREFACE TO THE SECOND EDITION

We are happy to finally present a revised and enlarged edition of our book *Industrial Relations, Trade Unions and Labour Legislation*. Much of the credit for the completion of this edition goes to our publishers, who have been giving us regular feedback on the additional requirements of students and teachers of HRM, MBA, PMIR, BBA and other allied courses.

Some of the distinctive features of the present edition are as follows:

1. Incorporation of up-to-date data and information from authentic sources
2. Insertion of a separate chapter on labour policy in five-year plans
3. Inclusion of detailed sections, in appropriate chapters, on
  - (a) Theories of labour movement
  - (b) Composition of Indian labour force
  - (c) Measures for strengthening trade union movement in India
  - (d) Approaches to industrial relations and selected industrial relation models
  - (e) Employers' federations in India
  - (f) Theories of collective bargaining
  - (g) Productivity bargaining
  - (h) Grievances and grievance procedures
  - (i) Discipline in industry and disciplinary procedure.

In chapters related to labour laws, apart from incorporating latest amendments, we have cited important court decisions to facilitate understanding of the implications of the provisions of law. We have also supplemented many relevant topics relating to industrial and employee relations by practices in reputed organizations.

Other features of the new edition include:

1. Insertion of chapter objectives and opening vignettes at the beginning of each chapter
2. Provision of margins for explaining key terms and points
3. Insertion of boxes to highlight relevant information
4. Inclusion of summaries and case studies with sufficient number of questions at the end of each chapter with a view to promoting adequate understanding and analytical thinking
5. Incorporation of charts, graphs and diagrams for facilitating quick grasp of the issues.

We would like to acknowledge the cooperation and help we received from a few organizations and individuals. The managements of Tata Motors Ltd, TISCO and TRF Ltd, Jamshedpur; and Larsen and Toubro Ltd, Powai Works, Mumbai, were kind enough to give us access to their standing orders, and collective agreements or settlements. The office-bearers of Telco Workers' Union and Tata Workers' Union also made available useful information and literature on a number of topics. We are truly indebted to all of them.

Sanjeev Sinha, Associate Professor, NIT, Patna; and Sameer Sinha, Area Chief Manager, ACC extended help in formatting tables, charts, graphs and boxes. Dinesh Singh, Deputy Librarian, Patna University, extended willing assistance in locating scarce publications and checking of references. Shatakshi, Gargi, Shivangi and Sanya helped us with the Internet and in typing. Ishank, Pratyush, Shubhakshi, Sanvi and Suryesh also assisted us in one way or another. We express our sincere thanks to all of them.

We are confident that the present edition will prove useful to the students and teachers of HRM, MBA, PMIR, BBA, LSW and allied courses, and that they will adopt it as their textbook. We also hope that the materials in the book will benefit the functionaries of HR and personnel departments of industrial and other organizations.

P. R. N. SINHA  
INDU BALA SINHA  
SEEMA PRIYADARSHINI SHEKHAR

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# PREFACE

This work is designed to serve as a textbook for students and teachers of industrial relations, trade unionism and labour legislation at postgraduate and graduate levels in disciplines such as labour and social welfare, personnel management and industrial relations, MBA with specialization in PMIR or HRM, social work, economics, commerce, sociology and law. It also incorporates substantial portions of the syllabi of the subjects of competitive examinations. Other academic institutions, industrial organizations and functionaries in governmental and other services may also be interested in the contents of the book.

Gathering up-to-date data and material from numerous sources consumed considerable time and involved consistent efforts. The study of these and other useful literature and analyses of factual material took time and required hard work. By the time the final manuscript was ready, the report of the second National Commission on Labour (2002) became available. An attempt had, therefore, to be made to insert the relevant recommendation of the Commission at the appropriate places.

As many features of trade unions, industrial relations, labour laws and social security obtained in the UK, USA, Australia and New Zealand have had a bearing on developments in India, attempts have been made to make references to them at suitable places. Although all the chapters in the book have been comprehensively dealt with, we have paid special attention to certain chapters such as those on the ILO, labour administration, principles of labour legislation, specific trade union problems, and industrial disputes and strikes. The tables in the book contain not only up-to-date data, but also relevant data of a number of years to facilitate understanding in the right perspective. The sections on the working and assessment of particular labour laws are also among the special features of this book.

We are sincerely indebted to our teacher, the late Professor G. P. Sinha, for his invaluable guidelines and contribution in several areas of the study and dedicate the book to his memory. The inspiration of another teacher, the late Professor A. D. Singh, former Head, Department of Labour and Social Welfare, Patna University; Director, Personnel, TISCO; and a renowned personality in the field of industrial relations and personnel management, has profoundly influenced our thinking and approach. We received willing cooperation and help from Dr Ram S. Tarneja, former Managing Director, M/s Bennett Coleman, Mumbai, and Dr G. S. Ram, Adviser, Labour Employment, Ministry of Labour, Government of India. We are indebted to them. We would also like to acknowledge the Labour Bureau, Shimla and Chandigarh, and its personnel for making available authentic data in various areas which have been extensively used in the book. Our thanks are also due to a host of other teachers, officials and professionals from different parts of the country whose valuable cooperation in the collection of material and in other ways has enriched the contents of this volume.

We are especially thankful to Sameer Sinha, M.M.S. (Mumbai University), for his help at various stages of the writing of the book. Thanks also to Shatakshi, Gargi, Shivangi and Sanya for their willing cooperation in many ways.

Finally, we are confident that the book will be well received by students and teachers of the various courses mentioned above.

P. R. N. SINHA  
INDU BALA SINHA  
SEEMA PRIYADARSHINI SHEKHAR

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# Trade Unionism

## CHAPTER OBJECTIVES

This chapter will enable students to explain:

1. The meaning and concept of 'trade union'
2. The factors that led to the emergence and growth of trade unions
3. The major theories of trade unions
4. The legal and other handicaps of early trade unions
5. The objectives of, and methods used by, trade unions
6. The various activities of trade unions
7. The determinants of the rate of growth of trade unions

## THE BIRTH OF A TRADE UNION

The Tata Steel Company was set up on 27 February 1908 on the direction and initiative of **Jamshedji Tata**, and the active involvement of his eldest son **Dorabji Tata** and cousin **Shapoorji Shaktalwala**. The first ingot was produced on 16 February 1912. A number of workers from different parts of the country, particularly Chattisgarh, Shahabad and Saran districts of Bihar came to work at the plant. Around 10,000 workers were employed by the company between 1912 and 1918, and approximately 23,000 between 1924 and 1934.

Consciousness about the importance of organized struggle that started emerging during the First World War also spread amongst workers of Tata Steel. While the company made huge profits, the wages of the workers remained low and stagnant. The prices of essential commodities had increased over the years and this added to the hardships faced by the workers. Most workers at the plant were illiterate and therefore not able to raise an effective voice against the management. But they soon came to learn about workers' organizations in other places—the success of the Russian Revolution, the establishment of the ILO and the spread of communism among workers of the European countries. In January 1920, some of the more active leaders framed a plan to fight the management. They prepared a charter of demands that included a raise in wages, leave with wages, compensation in the event of fatal injury, housing accommodation and the framing

of service rules. **Thakkar Bapa**, Superintendent of the Grain Store, placed the charter of demands before the management of Tata Steel.

When there was no response from the management in over three months, the workers decided to adopt agitational methods. Canvassing and picketing at the gates of the factory began, and workers decided to go on strike from February 1920. In the absence of any formal organization among them, the strike was led mainly by foremen, apprentices and a few dedicated workers.

By that time, a number of eminent Congress leaders of the nationalist movement had also actively associated themselves with the labour movement of the country. Workers at the Tata factory now approached **Byomkesh Chakravarty** for help. They also informed **Mahatma Gandhi**, **Motilal Nehru**, **Pandit Madan Mohan Malviya** and **C. R. Das**. Byomkesh Chakravarty sent his close friend **Surendra Nath Haldar**, a renowned barrister at the Calcutta High Court, to help the workers.

On 25 February, a general meeting was organized in which more than 10,000 workers participated. The then deputy commissioner of the district, **J. E. Scott**, addressed the meeting in the capacity of government representative. In view of the massive response from the workers, the middle and lower level management started paying heed to the workers' demands, but the leaders of the striking workers were now insistent that they would only negotiate with the general manager of the plant, **T. W. Tutwiller**. They also started raising funds to ensure the success of the strike. The management, in turn, had managed to deploy a large number of police to protect the company's property and maintain law and order. Despite this suppression, increasing number of workers started participating in the struggle.

On 26 February, Surendra Nath Haldar, along with his associates, reached Jamshedpur. The next day, he addressed a large meeting of workers before meeting Scott. The same day, Tutwiller reached Jamshedpur. A tripartite meeting was subsequently convened, but did not result in any decisive measure either way.

On 28 February, the administration deployed additional armed forces near the factory premises and in vulnerable areas of the town. This added to the resentment of the workers. That day, another tripartite meeting was convened, in which the management spoke about the concessions it was willing to offer. However, Haldar insisted on a written statement, which the management refused. Thus, the negotiations failed again. In view of the gravity of the situation, Haldar sent a telegram to Mahatma Gandhi with a request for his intervention. Gandhiji sent **Lala Lajpat Rai** and **Shaukat Ali** to Jamshedpur, and these leaders also spoke to the management, but no concrete result came out of it. Meanwhile, Scott requested Haldar to prepare a fresh charter of demands. On 1 March, the new charter was presented to Tutwiller, for forwarding it to the Board of Directors at Bombay.

On 3 March, the management, the local administration and police officials held secret meetings to discuss the volatile situation in the city. On 5 March, a tripartite meeting was again organized, in which Byomkesh Chakravarty played the role of the anchor. The same afternoon, a general meeting of the workers was convened in which he apprised the workers of the inflexible stand of the management. He also proposed the establishment of a trade union for taking up their cause in an organized and effective manner. The **Jamshedpur Labour Association** was thus formed, amidst the clapping of more than 25,000 people. The union was renamed **Tata Workers' Union** in 1937.

The union has had the privilege of being presided over by such eminent persons as S. N. Haldar, **Deenbandhu C. F. Andrews**, **Netaji Subhas Chandra Bose**, **Prof. Abdul Bari** and **Michael John**. Mahatma Gandhi, **Jawaharlal Nehru**, **Rajendra Prasad**, **Motilal Nehru**, C. R. Das and many other national leaders have actively associated themselves with the union in one way or the other. The initial period of the union witnessed widespread victimization of the workers: *lathi-charge*, police firing and other suppressive measures. But it ultimately secured for itself a prestigious and powerful status, and has since succeeded in entering into a number of notable collective agreements with the management.

## DEFINITION

Numerous authors and books have discussed the origin, growth, structure and functions of trade unions without formulating a formal definition of the term. Of all the definitions of a trade union, the one by **Sidney and Beatrice Webbs** is the most outstanding and oft-quoted. According to these two, also popularly referred to as the Webbs, 'A trade union, as we understand the term, is a continuous association of wage-earners for the purpose of maintaining or improving the conditions of their working lives'.<sup>1</sup> **Clyde E. Dankert** formulates a comprehensive general definition: 'A *Trade Union* is a continuing organization of employees established for the purpose of protecting or improving, through collective action, the economic and social status of its members'.<sup>2</sup> According to **G. D. H. Cole**, 'A Trade Union means an association of workers in one or more professions carried on mainly for the purpose of protecting and advancing the members' economic interest in connection with their daily work'.<sup>3</sup> In **J. Cunnison's** view, 'The special features of a trade union are that it is a monopolistic combination of wage-earners who as individual producers are complementary to one another but who stand to the employers in relation to dependence for the sale of their labour, and even for its production; and that the general purpose of the association is, in view of that dependence, to strengthen their power to bargain with the employers'.<sup>4</sup>

A comparison of the definitions shows that while the Webbs and Cunnison have used the expression 'wage-earners', Cole and Dankert have preferred 'workers' and 'employees', respectively. Whereas the Webbs and Cole have used the expression 'association', Dankert has used the word 'organization' and Cunnison 'combination'. The definitions of Dankert and Cunnison mention collective action or collective bargaining as a method of trade union, but the Webbs' and Cole's definitions are silent about such methods. The purposes behind establishing

trade unions have been dealt with in all the definitions, but the authors have opted for different words. As there are numerous differences in the structure, objectives, methods, types and conditions of membership of organizations going by the common name of trade union, it is difficult to evolve a definition that covers all unions in all their distinguishing features. Ultimately, a union is 'what it does'<sup>5</sup> and unionism is 'what it is'.<sup>6</sup>

### Trade Union

A continuous association of workers/employees for the protection and promotion of the economic, social and other rights, and interests of its members.

## ORIGIN OF TRADE UNIONS

Authors and students of the trade union movement may differ with regard to the proper functions, objectives, roles and methods of trade unions, but they all agree that the trade union movement is the result of modern industrialization. Though attempts have been made to trace the ancestry of trade unions to the period between 1000 and 1450 AD in England and its neighbouring countries, they have not been convincing.

Institutions grow to meet the needs of a particular time and place. Trade unions have grown in response to the peculiar needs and problems that wage-earners have had to face in the course of industrialization under the capitalist economic system. What are the features of the process of industrialization that necessitated trade unions?

## Separation Between Capital and Labour

Nascent trade unions can be traced back to the second half of eighteenth-century England. During this period, the economic system of England was undergoing rapid changes. An economic order, commonly known as capitalism, emerged. New industries based on iron and coal came into existence; they underwent rapid technological changes, and large-scale production replaced the small workshops of the past. In pre-industrial society, the worker-producer owned the tools, provided their own raw materials, worked in their own home and kept the final product mostly for their own consumption and occasionally for sale in the market. The worker was one's own master, own provider of capital and own seller. But under the new economic system, which demanded a large accumulated capital and congregation of a large number of workmen at one place, capital and labour came to be supplied by two different groups.

### Memorial for Karl Marx and Frederick Engels in Berlin



The capitalist mode of industrialization involved separation between the ownership of capital and labour, both of which were necessary for the production of goods and services. As a matter of fact, the modern factory system was preceded by the creation of a class of landless labourers—the *proletariat*—which had no other means of livelihood except the use of its labour power. The capitalists, with large aggregates of capital at their disposal, came to the labour market to buy labour power and to put it to productive use. As buyers, the capitalist employers were interested in paying the lowest possible price and, as suppliers of labour, the labourers were interested in securing the highest possible price. Thus, the two classes with divergent interests came in contact, giving rise to a conflicting relationship.

The capitalist economic order is based upon the notion that the pursuit of self-interest by every individual leads to the establishment of an economic and social order that serves best the interests of all concerned. It is an order that is supposed to accommodate all pervading conflicting interests.

Capitalists and the entrepreneurs are motivated by the goal of profit maximization. This drive of profit-making led to excesses in the early phases of wide-scale industrialization. Overlong hours of work, insanitary working and living conditions, overcrowding, employment of young children, infliction of corporal punishment for the maintenance of industrial discipline, competitive lowering of wages and unemployment were the main features of industrialization under early capitalism. The working of an unbridled competitive economy resulted in widespread poverty and misery. Workers tried to protect their economic interests and status by submitting petitions to kings, courts and parliaments for the implementation of protective regulations, but they were unsuccessful.

### Philosophy of *Laissez-faire*

The dominant philosophy of *laissez-faire* and economic liberalism prevented the state from coming to the rescue of the suffering industrial workers. In the eyes of the law, the workers and the employers were equal and had equal claims to legal protection. Their relationship was supposedly based upon contracts freely and voluntarily entered into. The disgruntled, dissatisfied and oppressed workers were, allegedly, free persons: free to choose their employers, occupations and place of work, and free not to work under terms and conditions they did not like. The terms and conditions were further supposed to be determined by bargaining between the individual worker

and their employer on an equal footing. In reality, however, the employer dictated the terms and conditions of employment. The state remained silent, and its policy of non-intervention in the economic life of the community further heightened the degree of exploitation and suffering of the working class.

### *Laissez-faire*

A French term widely prevalent in European countries during the second half of the eighteenth century and the greater part of the nineteenth century, emphasizing development of private businesses without governmental control.

## Lack of Bargaining Power on the Part of Workers

Contrary to the position and status of industrial workers in the eyes of the law, an individual workman was a tool in the hands of the employers. Being economically dependent on the employer, they had neither the bargaining skill nor the trade acumen to have their demands met. The freedoms of the labour market were illusory. In the battle of unequals, it was the employer that had the upper hand. They unilaterally determined the wage-rates, hours of work and other conditions of employment. The worker had the choice of either accepting the job or remaining unemployed. It is no surprise that workers chose the former option. During periods of mass unemployment, replacing defiant workers was by no means a difficult task for employers.

## Individual Dispensability but Collective Indispensability

However, there remained one ray of light and hope for the working class. The individual workman was dispensable to the employer, but workmen, collectively, were indispensable. The employer could easily get rid of the services of a few workmen, but could not dispense with the services of all the workmen and readily replace them. This realization of their collective indispensability was a watershed in the history of the working class. In it lay the roots of collective bargaining that later resulted in trade unionism. Thus 'labour's organizations and concerted efforts owe their inception and growth to one of the most basic of the problems of social life, the struggle for possession of material things, and to some of the most powerful of human motivations'.<sup>7</sup>

## EMERGENCE OF TRADE UNIONISM

It was under these conditions that workers' organizations first started. Workers, serving under a common employer, and faced with common problems and common tasks, developed common sentiments. They developed group interpretations and reactions to the external environment, and their social and economic situations, and tried to organize themselves into associations that could meet the employers on an equal platform.

There were hurdles to be crossed before the inchoate labour organizations could develop into full-fledged and stable trade unions. There were internal dissensions, persistent and determined opposition from the employers, merciless persecution and suppression by the state, and full-throated condemnation of trade unionism by the advocates of free competition and *laissez-faire*. The incipient labour organizations survived the many-pronged attacks against them and succeeded in overcoming formidable obstacles. They have finally come to occupy an integral and prominent place in the economic and social life of today. This shows that trade unions have acquired sufficient strength to meet the changing needs of time and new challenges.

The foregoing few pages give a brief outline of the processes of economic, social and political changes that led to the emergence of the trade union movement. Of these processes of change, the state's attitude of utter indifference towards the sufferings and privations of the working masses under the capitalist system stands out prominently. It was this indifference that induced and forced workers to rely on their own strength when they felt helpless and desperate in the face of deepening capitalist exploitation.

There have been varied opinions regarding the cause of labour movement. Some have opined that the machine is the cause and the labour movement the result,<sup>8</sup> while others felt that trade unionism appeared as a group interpretation of the social situation in which workers found themselves, and as a remedial programme in the form of aims,

policies and methods.<sup>9</sup> Another opinion is that trade unionism arose from job consciousness and the scarcity of job opportunities.<sup>10</sup> It could also be contended that labour organizations, perhaps, would not have emerged but for the attitude of the state which exhibited, in the early periods of modern industrialization, a callous disregard to the sufferings and the needs of the toiling masses. It is possible to argue that had the state shown even a modicum of responsibility for the protection and welfare of the working class, labour organizations might not have come into existence, or might not have taken the form they do today.

## THEORIES OF TRADE UNION MOVEMENT

We have broadly touched upon some of the basic approaches explaining the emergence of trade unions. It will be relevant here to discuss in some detail a few of the oft-quoted theories of trade unionism put forward by eminent figures in the field.

### Webbs' Theory

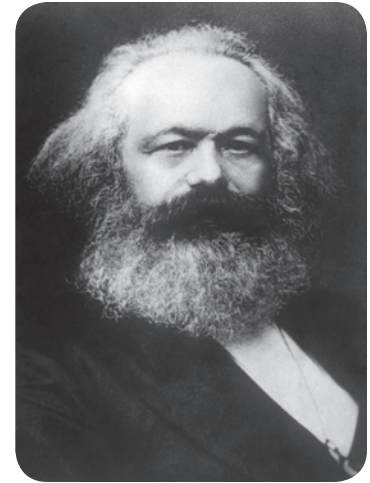
Sidney and Beatrice Webbs have been pioneers in studying, both extensively and intensively, various facets of trade unionism. Their books, *The History of Trade Unionism* (1894) and *Industrial Democracy* (1897), are often regarded as bibles of trade unionism. Lenin was so impressed by their work, *Industrial Democracy*, that he himself translated it from English into Russian. These books contain significant ideas and statements pertaining to assumptions, purposes, objectives and methods of trade unions, many of which hold good even today. Some of their oft-quoted views and assertions are as follows:

1. A trade union is a continuous association of wage-earners for the purpose of maintaining or improving the conditions of their working lives.<sup>11</sup> Trade unions spring not from any particular institution, but from every opportunity for the meeting together of wage-earners of the same occupation.<sup>12</sup>
2. Trade unions are born simultaneously with capitalism because capitalism requires the kind of labourers who are free from both owning the means of production and selling their labour power as they want. Trade unionism can occur both under capitalism, when there is private ownership of the means of production, and socialism, when there is social ownership of the means of production.<sup>13</sup>
3. The fundamental objective of a trade union is 'the deliberate regulation of the conditions of employment in such a way as to ward off from the manual-working producers the evil effects of industrial competition'.<sup>14</sup> The objective of work, is no mere increase of wages or reduction of hours. It comprises nothing less than an idea for the reconstruction of society, by eliminating from it the capitalist profit-maker who lives merely by owning.
4. The special function of a trade union is in the democratic administration of the industry. For short-term aims, the workers should be organized functionally into trade unions, and for the long-term aim, into political parties.
5. The labour organization utilizes the methods of mutual insurance, collective bargaining and legal enactment.
6. It is the primary duty of trade unions in a democratic state to maintain and progressively raise the 'national minimum' for the entire wage-earning class. The national minimum wage represents the 'living wage' which is supposed to secure a minimum standard of education, sanitation, leisure and wages for every grade of worker in every industry. Uniform minimum standards of common rule should be established for each firm. The device of common rule envisages the gradual improvement of these minimum standards of wages and conditions. It is the duty of labour organizations to strive perpetually to raise the level of the common rule.

### Criticism

1. The Webbs have not paid adequate attention to the specific factors and forces contributing to the emergence of labour organizations.

2. Their writings do not specify the conditions providing stimulus to the development of trade unions and determining the pattern of their growth.<sup>15</sup>
3. With regard to the ultimate goals of trade unions, the Webbs have laid emphasis on their being instruments of democratization of both the work community and society as a whole. They have thus not foreseen other goals which the trade unions also adopt and which have been emphasized by other theorists.



Karl Marx (1818–1883)

## The Marxian Theory

**Karl Marx** has explained the emergence and growth of trade unionism as a result of the rise of two opposed classes—the capitalist, termed by him as the *bourgeoisie*, and free labourers, whom he called the *proletariat*. His theory of trade unionism is based on the conflict inherent between these two classes.

Although Marx's ideas about the origin, growth and role of trade unions in such a system is found in most of his writings, these are particularly found in his work *The Poverty of Philosophy* (1847), *The Communist Manifesto* (1848), *The Inaugural Address of the First International Workingmen's Association* (1864) and his correspondence with **Friedrich Engels** and others.

After the industrial revolution, when the usage of machines started for the production of commodities, concentration of free labourers under one roof happened on a large scale. At that time, the labourers received merely subsistence wages which too were nibbled at by the *bourgeoisie*. In order to resist this, the *proletariat* had no alternative but to make a common stand. This gave birth to trade unions. Initially, they had to combine to stop competition among themselves for obtaining more wages. Later, when the sense of unity strengthened and solidarity took strong roots among them, they started industrial struggle against the *bourgeoisie* which ultimately took the shape of a political struggle.

Marx has said that the struggle was first carried on by individual labourers, then by work-people of a factory, and at last by the operatives of one trade and one locality against the individual *bourgeois* who directly exploited them. At this stage, the labourers were still an unorganized mass scattered over different parts of the country, with their solidarity broken up by mutual competition.<sup>16</sup>

In the next stage along with the development of industry and growth in labourers' numbers, they started clubbing together and formed permanent associations. According to Marx, the real fruit of their battle lay not in the immediate result, but in the ever expanding unions of workers. The formation of permanent associations was necessary for

### The Bourgeoisie

Used primarily in Marxism, it refers to the part of society, including employers and people who run large companies, that owns most of the wealth.

### The Proletariat

Used mainly in Marxism, it refers to the class of people who do unskilled job in industry and own little or no property.

## BOX 1.1

Without organization, workers competed with each other for available employment. The trade union developed originally out of the spontaneous attempts of the workers to do away with this competition, or at least to restrict it for the purpose of obtaining at least such contracted conditions as would raise them above the status of bare slaves.

Karl Marx



centralizing the numerous local struggles and transforming them into a collective struggle. Marx accepted that competitions among labourers for immediate gains would occasionally weaken their solidarity, but he was confident that their organization would ultimately become symbolic of their class and would become stronger, firmer and mightier. Thus, in Marx's view, the birth of trade unions has been the result of struggle between the two classes, that is, the *bourgeoisie* and the *proletariat*.

Marx held that in its confrontation with the *proletariat*, the *bourgeoisie* mobilizes not only economic might but political might as well. According to him, in a class society, the state is dominated by the people owning the means of production. In order to counteract this dominance of the *bourgeoisie*, the *proletariat* also has to launch a political struggle against the state. Thus, the political action of trade unions is indispensable. 'If the trade unions by the very nature of their economic demands are propelled to take to political action, the political activities themselves become the means to invigorate the trade union movement. One is dependent on the other'.

In participation in political movement, the workers must make a conglomeration of such people as are exploited by the capitalist system. The alliance of industrial workers with agricultural workers and other suppressed and exploited people is needed to add new strength to the working class movement. 'By considering themselves champions and representatives of the whole working class, and acting accordingly, the trade unions must succeed in rallying round themselves all workers still outside their rank'.<sup>17</sup>

The capture of political power would be their next immediate task. 'The consolidation of workers' forces attained in the economic struggle will also have to serve as a lever in the hands of this class for the struggle against the political power of its exploiters. In view of the fact that the owners of the land and capital always utilized their political privileges to guard and perpetuate their economic monopolies and to enslave labour, the conquest of political power comes to be the great task of the *proletariat*'.<sup>18</sup>

### Criticism

1. It is rather futile to expect a display of complete solidarity and unity from different categories of workers with varying degrees of skill and levels of employment. The goals of skilled workers and craftsmen might not be identical with the goals of unskilled workers. As such, the conditions as envisaged by Marx as conducive to the formations of unions are not replicable across time or cultures.
2. The relation between labour and capital does not always contain elements of conflict. Rather, it is the element of cooperation that makes possible the smooth running of industrial and other enterprises. Of late, trade unions in almost all countries of the world have associated themselves with tripartite deliberations and have cooperated with both the state machinery and the employers in the formulation and execution of governmental labour policy.
3. Marx's assumption that the state always sides with the capitalist class is also not always tenable. In all democracies, the state has protected the interests of labour when needed, and has been adopting measures to regulate relations between employers and trade unions, keeping in view the interests of the community or the nation.
4. In many countries, trade unions have refrained from political struggle for ameliorating the conditions of labour. Many trade unions have come to rely on economic and industrial action to protect the interests of labour. Their direct participation in politics is not a usual phenomenon.

### Perlman's Job Consciousness Theory

Selig Perlman's theory of trade union movement, also known as Job Consciousness Theory, is primarily based on his examination of labour movements in the United States, Great Britain, Germany and Russia.

According to Perlman, the trade union is the outcome of the pessimistic outlook of a 'manualist' worker. This outlook emerges when the worker becomes conscious of the scarcity of job opportunities. In order to protect the limited job opportunity, the worker starts uniting with fellow 'manualists'. Perlman contends that job scarcity has been true not only for workers under the medieval guild system of European countries, but also of modern industrial

labour. 'Just as to the guildsman opportunity was visibly limited to the local market, so to the industrial wage-earner it is limited to the number of jobs available, almost always fewer than the number of job seekers'.<sup>19</sup>

After studying the American situation, Perlman says that during periods of expansion of the economy, the American worker had the consciousness of abundance, but this phenomenon existed only for a few years. 'The optimism of the period of plenty was superseded by the pessimism of scarcity'. The moment such a situation emerged, trade unions also emerged. However, as a result of the continuing inertia of abundance and a prevailing class fluidity, American workers did not acquire the 'class consciousness' that the workers of Europe did. European workers also developed the sense of scarcity of job opportunities and formed trade unions to protect the limited opportunities they had. However, the feeling of future job scarcity led them to develop a certain class consciousness. Perlman holds, 'Unionism ... first became a stabilized movement in America only when the abundance consciousness of the pioneer days had been replaced in the mind of labour by a scarcity consciousness—the consciousness of job scarcity'.<sup>20</sup> Perlman holds that labour movement in any country is shaped by three basic factors: (i) the resistance power of capitalism, determined by its own historical development, (ii) the degree of dominance over the labour movements by the intellectuals' mentality which overestimates the labour's will to radical change and (iii) the degree of maturity of a trade union's mentality. Perlman held that the goal of 'organic' labour crystallized out as 'communism of opportunity' and divided by the intellectuals into 'ethical', 'efficiency expert' and 'determinist-revolutionary'.

According to Perlman, genuine trade unionists are 'bread and butter' trade unionists and genuine trade unions are inherently 'bread and butter' trade unions. If they go beyond that it is because some outside influence wants them to do so. In the American setup, the trade unions have demonstrated how free they are from those outside influences. The American trade unions have not become class conscious political trade unions like the European ones. Perlman holds that capitalism is 'a social organization presided over by a class with an effective will to power, thus, implying its ability to defend its power against all comers.'

### Criticism

1. Perlman's proposition that trade unions emerged mainly from 'job consciousness' is not tenable in all situations. In a number of countries, workers are faced with the problem of job scarcity and job insecurity, but they do not take recourse to trade unionism. This is particularly true of small and scattered industries or employments.
2. Perlman has underestimated the influence of outsiders, particularly intellectuals, on the trade union movement. In a number of countries, ideologists have exercised potent influence on the growth of trade union movements. The influence of Marxism, guild socialism and syndicalism on trade unions is well known. In India, it has been mainly due to the efforts of eminent social and political leaders including **N. M. Lokhande**, **B. P. Wadia**, **N. M. Joshi**, **Subhash Chandra Bose**, **V. V. Giri**, **Mahatma Gandhi**, **S. A. Dange** and several others that trade unions came to be formed and were nurtured.
3. It is also misleading to say that genuine trade unionists are 'bread and butter' trade unionists and genuine trade unions are inherently 'bread and butter' trade unions. It is difficult to adopt a norm for identifying unions which are genuine and which are not. Trade unions everywhere in the world have been espousing the political and social cause of their members. Many trade unions have been instrumental in the establishment of pro-labour political parties or exerting pressure on the state to achieve pro-labour legislative measures.
4. Trade unions have been instrumental in the overthrow of capitalism and establishment of socialism in countries like Russia and China. Perlman's theory does not explain such a phenomenon.

### Hoxie's Socio-psychological Theory

**Robert F. Hoxie** has presented a socio-psychological approach to trade unionism in his book *Trade Unionism in the United States* (1920). According to him, trade unions grew out of the 'social psychological' environment of the workers. He has said that 'workers who are similarly situated economically and socially, closely associated and not