

INTERNATIONAL JOURNAL OF LAW MANAGEMENT & HUMANITIES

[ISSN 2581-5369]

Volume 6 | Issue 2

2023

© 2023 *International Journal of Law Management & Humanities*

Follow this and additional works at: <https://www.ijlmh.com/>

Under the aegis of VidhiAagaz – Inking Your Brain (<https://www.vidhiaagaz.com/>)

This article is brought to you for “free” and “open access” by the International Journal of Law Management & Humanities at VidhiAagaz. It has been accepted for inclusion in the International Journal of Law Management & Humanities after due review.

In case of **any suggestions or complaints**, kindly contact Gyan@vidhiaagaz.com.

To submit your Manuscript for Publication in the **International Journal of Law Management & Humanities**, kindly email your Manuscript to submission@ijlmh.com.

Industrial Dispute Act and Its Impact on Industrial Development in India

KARUNA DALAL¹ AND KARTIKEY RAWAT²

ABSTRACT

In February 2009, the Rajya Sabha introduced the Industrial Disputes (Amendment) Bill, 2009. There are a few provisions in the Industrial Disputes Act, 1947, which are to be amended by the bill. In 1947, the Industrial Disputes Act provided for the resolution of industrial disputes. A definition of relevant terms is provided in the Act, which also defines Industrial Disputes, Industries, and the mechanism of settlement of disputes. The aim of this study is to discuss the industrial dispute act and its impact on industrial development in India. It was made for the purpose of examining and resolving industrial disputes, as well as for other purposes. Central Government-controlled industries or any such controlled industries that the Government may indicate for this purpose are covered under this Act. Industrial disputes are mediated and adjudicated by statutory machinery under the Act.

Keywords: *Impact, industrial dispute, industrial development.*

I. INTRODUCTION

The Latin word 'Industria' means 'work'! Isn't the term 'Industry' equivalent to this? Industrial activities commonly employ mechanical, chemical, and power-driven machinery, as well as organization and intellectual aids in production as part of their systematic economic activity. The term "industrial dispute" refers to any disagreement in an industrial relationship that results in a dispute³. A 'industrial relationship' refers to the interaction between the employer and the employees; it also refers to the relationship between the employees and the employer. Conflicts or disputes can result from conflicting interests in such relationships, leading to dissatisfaction in either party. Among these disputes there may be protests, strikes, demonstrations, lockouts, retrenchments, dismissals, etc⁴. The industrial dispute act 1947 is the main legislation which enumerates an industrial unit can be closed under certain circumstances, when a strike or lockout can be lawfully resorted to, when they can be declared illegal or unlawful, when it is

¹ Author is a Research scholar at School of Law, MVN university, Palwal, Haryana, India.

² Author is an Advocate at Delhi High Court, New Delhi, India.

³ Hyman, Richard. "What is Industrial Relations?." In *Industrial relations*, pp. 9-31. Palgrave Macmillan, London, 1975.

⁴ Pratap SB. Industrial Dispute Act and Its Impact on Industrial Development: An Analytical Study. *SOCRATES: An International, Multi-lingual, Multi-disciplinary, Refereed (peer-reviewed), Indexed Scholarly journal*. 2014;2(1):243-61.

permitted to lay off, retrench, discharge or dismiss a worker, and several other factors affecting industrial employees and employers.

II. INDUSTRIAL DISPUTE

The definition of Industrial disputes is as follows – According to Section 2(k) of the Industrial Disputes Act, 1947 “industrial dispute” is defined as, “Any disputes or differences between employers and employees, or between employers and workmen, or between workmen and workmen⁵, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour, of any person”.

(A) Causes of Industrial Dispute

In general, industrial disputes are caused by two types of factors: economic and noneconomic factors. In addition to unjust layoffs and retrenchments, there will also be issues pertaining to compensation, such as wages, bonuses, and allowances⁶.

Worker victimization, ill treatment by employees, sympathy strikes, political factors, and indiscipline will be among the non-economic factors.

Salaries and allowances: In the face of a rising cost of living index, workers typically bargain for higher wages in order to increase their standard of living. The demand for higher wages and allowances caused 21.4% of disputes in 2002. A percentage of 20.4% was recorded in 2003, and a percentage of 26.2% was recorded in 2004. A total of 21.8% of disputes in 2005 involved wages and allowances.

Retrenchment and personnel: Retrenchment and personnel have also played an important role in disputes. There were 14.1% of disputes caused by personnel in 2002, 2.2% by retrenchment and 0.4% by layoffs. Personnel disputes caused 11.2% of the disputes in 2003, while retrenchments and layoffs caused 2.4% and 0.6%. Retrenchments and layoffs caused 0.4% and 0.4% of the disputes in 2005, respectively.

Violence and indiscipline: The indiscipline has been increasing the number of disputes. There were 29.9% of disputes in 2002 due to indiscipline, and 36.9% in 2003 due to indiscipline⁷. Indiscipline contributed to 40.4% of disputes in 2004 and 41.6% in 2005. The highest

⁵ Arputharaj, M. J., and R. Gayatri. "A critical analysis on efficacy of mechanism to industrial disputes resolution in India." *Int J Curr Res Acad Rev* 2 (2014): 328-44.

⁶ Idemobi, Ellis, Chigbue Donatus Ngige, and Peter Nkeonyeaso Ofili. "Influence of Industrial Relations on the Management of Industrial Dispute (A Study of Selected Private Enterprises in Delta State)." *Management Science and Information Technology* 6, no. 3 (2017): 79-86.

⁷ Edison Anthony Raj, Arul, and V. S. Rajakrishnan. "A study on industrial disputes and its effects: Exceptional reference to Indian industries." *EDUVED International Journal of Interdisciplinary Research* 1, no. 6 (2014): 1-8.

percentage of time-loss was incurred by indiscipline (36.9%) of all disputes in 2003, followed by wage and allowance and personnel (20.4% and 11.2%). Indiscipline accounted for 40.4% of disputes in 2004, following a similar trend.

Bonus: In industrial disputes, bonuses have always played a significant role. As compared to 2004 and 2005, only 3.5% and 3.6% of the disputes involved bonuses in 2002 and 2003.

Working hours and leaves: Industrial disputes have been less influenced by working hours and leaves. The number of disputes related to leave and hours of work increased from 0.5% in 2002 to 1% in 2003. In 2004, leaves and working hours only accounted for 0.4% of disputes.

Miscellaneous: There are a number of miscellaneous factors to consider, including inter/intra-union rivalries, charters of demands, work loads, standing orders/rules/service conditions, safety measures, and non-implementation of agreements and awards.

(B) Industrial Dispute Act, 1947

Among other purposes, this Act examines and settles industrial disputes. It focuses on industries carried out or regulated by the Central Government or by railway organizations, or concerning any controlled industries that might be indicated by the Government for this purpose⁸. An industrial dispute conciliation and adjudication mechanism has been constituted under the Act. This includes the following:

- Under the Act, appropriate Governments can appoint 'Conciliation Officers', whose duties include mediating and promoting settlement of industrial disputes. A specific area, specific industries within a specific area, or one or more specific industries can be the focus of an appointment, either permanently or for a limited period of time. These officers' job is to resolve disputes between employees and employers by bringing both parties together. The appropriate government will receive a report in that regard after the dispute has been resolved.
- The appropriate Government may, when the occasion arises, establish a 'Board of Conciliation' that would consist of a chairman and several other members. In an equal number, the chairman and all other members of the committee shall be independent individuals. The Board is required to investigate a dispute that has been referred to it without delay for the purpose of inducing the parties to settle it fairly and amicably.
- Any matter appearing to be connected with or relevant to an industrial dispute may also

⁸ Fagernäs, Sonja. "Labor law, judicial efficiency, and informal employment in India." *Journal of Empirical Legal Studies* 7, no. 2 (2010): 282-321.

be inquired into by a 'Court of Inquiry' as occasion requires. Within six months of the beginning of its inquiry, it shall report about it to the Government. In cases where there are two or more members, one of them shall be appointed as chairman. Such a court may consist of one independent person or of as many independent persons as the appropriate government deems appropriate.

- A 'Labour Court' may be established by the appropriate Government to resolve industrial disputes involving any matter specified in the second schedule, including standing orders, discharges or dismissals of workers, strikes and lockouts that are illegal or otherwise, withdrawals of customary benefits, etc⁹. In addition, they may perform such other functions as the Act may assign to them. The appropriate government shall appoint only one person to serve on a labour court.
- In addition to adjudicating industrial disputes pertaining to any matter specified in the second schedule or third schedule, the appropriate government may establish a number of 'Industrial Tribunals'. The appropriate Government shall appoint only one person to serve on a tribunal. Wages, bonuses, allowances, retrenchment, and certain other benefits are covered in the third schedule. Other matters include discipline, rationalization, retrenchment, and closure.
- In the event of an industrial dispute of national importance, the Central Government may, by notification in the Official Gazette, establish or establish one or more 'National Industrial Tribunals' to adjudicate it. The dispute may involve industrial establishments located in more than one State or may be of such a nature that it is likely to affect or interest industrial establishments located in more than one state¹⁰. The Central Government is required to appoint only one person to such a tribunal.
- The Act also requires employers to establish a 'Grievance Settlement Authority (GSA)' in industrial establishments with fifty or more employees within the last 12 months. Individual industrial disputes concerning workers employed at this establishment shall be resolved by this authority.

III. IMPACT OF INDUSTRIAL DISPUTE ON INDUSTRIAL DEVELOPMENT IN INDIA

A country's economic, social, and political life can be disrupted by industrial disputes, which

⁹ Gopalakrishnan, Ramapriya, and Lisa Tortell. "Access to justice, trade union rights, and the Indian Industrial Disputes Act, 1947." *International Journal of Comparative Labour Law and Industrial Relations* 22, no. 4 (2006).

¹⁰ Frieden, Jeffrey A., and Ronald Rogowski. "The impact of the international economy on national policies: An analytical overview." *Internationalization and domestic politics* 15, no. 1 (1996).

have far-reaching consequences¹¹. A poor industrial relations situation is characterized by industrial disputes between management and labor. The various industrial engineering techniques cannot be used exclusively to introduce innovation or improve productivity in an organization in the grip of tense industrial relations. Having poor industrial relations within an organization is not only detrimental to it, but it is also detrimental to society at large. As a result of industrial conflicts, the following adverse effects are incurred:

- i. **Disturbing the peace of industry.** In factories with tense industrial relations that result in disputes, plant capacity falls below the optimum level, absenteeism rises, and labour turnover increases.
- ii. **Resistance to Change.** In order to succeed in business, innovations are necessary. It is only through employee cooperation that innovation can be implemented. An organization with poor industrial relations loses its employees' trust in the management, resulting in non-cooperation and resistance to all changes necessary to survive and grow¹².
- iii. **Employee frustration.** It is the goal of employees to satisfy their physical, social, and egoistic needs in a particular organization. However, in an environment where industrial relations are uncomfortable, it is difficult for them to fulfill their needs, especially their psychological and social ones. This, of course, results in frustration and alienation.
- iv. **Increasing social tension.** When employees are frustrated, they lose their cordial relationship with management, which creates social tensions in the industry with far-reaching consequences not only for the affected organization, but also for the entire country¹³.
- v. **Adverse economic effects.** There is a close relationship between industry and economy. There may not be a substantial reduction in output caused by poor industrial relations, but the multiplier effect on the economy as a whole may be staggering.

Therefore, the act can reduce these disputes.

IV. CONCLUSION

It is generally accepted that industrial disputes are harmful, unwelcome, and even dangerous. Employers and employees are in tension because they create unrest in the industry. The

¹¹ Daudkhane, Yogesh. "Industrial disputes in India: Causes and consequences." *International Journal of Scientific Research and Management Studies* 3, no. 11 (2017): 375-384.

¹² Biswas, Wendrila, and Debarun Chakraborty. "Impact of organizational values, compassion, and well-being on industrial disputes: An empirical study." *Prabandhan: Indian Journal of Management* 12, no. 1 (2019): 36-51.

¹³ Chaudhuri, Kausik, and Rupayan Pal. "An empirical analysis of industrial disputes: evidence from Indian states." *Journal of Quantitative Economics* 3, no. 1 (2005): 115-132.

occurrence of such disputes is especially undesirable in developing countries. Unrest and disputes in the industrial sector must be replaced by harmony and peace in the industrial sector. Employee-employer relations are affected by industrial disputes in both private and public organizations. During the period 1986 to 2005, the number of disputes was reduced from 1,458 to 227 as a result of some effective measures taken by the Government of India to reduce the causes of industrial disputes. The major cause of industrial disputes in 1961 was wages and allowances. By 2005, they had been reduced gradually from 30.40% to 21.80%, but discipline disputes had risen from 3.60% to 42.40%. In addition to affecting workers and management (private and public), strike and lockouts have an impact on the economy as well. As a result, the government must focus on resolving the disputes and reducing the industrial conflict in the near future so that welfare measures can be offered to all employees of private and public organizations and to assist in growing the economy.

V. REFERENCES

- Hyman, Richard. "What is Industrial Relations?." In *Industrial relations*, pp. 9-31. Palgrave Macmillan, London, 1975.
- Pratap SB. Industrial Dispute Act and Its Impact on Industrial Development: An Analytical Study. *SOCRATES: An International, Multi-lingual, Multi-disciplinary, Refereed (peer-reviewed), Indexed Scholarly journal*. 2014;2(1):243-61.
- Idemobi, Ellis, Chigbue Donatus Ngige, and Peter Nkeonyeaso Ofili. "Influence of Industrial Relations on the Management of Industrial Dispute (A Study of Selected Private Enterprises in Delta State)." *Management Science and Information Technology* 6, no. 3 (2017): 79-86.
- Edison Anthony Raj, Arul, and V. S. Rajakrishnan. "A study on industrial disputes and its effects: Exceptional reference to Indian industries." *EDUVED International Journal of Interdisciplinary Research* 1, no. 6 (2014): 1-8.
- Fagernäs, Sonja. "Labor law, judicial efficiency, and informal employment in India." *Journal of Empirical Legal Studies* 7, no. 2 (2010): 282-321.
- Gopalakrishnan, Ramapriya, and Lisa Tortell. "Access to justice, trade union rights, and the Indian Industrial Disputes Act, 1947." *International Journal of Comparative Labour Law and Industrial Relations* 22, no. 4 (2006).
- Frieden, Jeffrey A., and Ronald Rogowski. "The impact of the international economy on national policies: An analytical overview." *Internationalization and domestic politics* 15, no. 1 (1996).
- Daudkhane, Yogesh. "Industrial disputes in India: Causes and consequences." *International Journal of Scientific Research and Management Studies* 3, no. 11 (2017): 375-384.
- Biswas, Wendrila, and Debarun Chakraborty. "Impact of organizational values, compassion, and well-being on industrial disputes: An empirical study." *Prabandhan: Indian Journal of Management* 12, no. 1 (2019): 36-51.
- Chaudhuri, Kausik, and Rupayan Pal. "An empirical analysis of industrial disputes: evidence from Indian states." *Journal of Quantitative Economics* 3, no. 1 (2005): 115-132.
