

0-735 ✓

NATIONAL COMMISSION ON LABOUR

NCL.REF.NO. WB-X.2

Replies to the Questionnaire from Dr. Subrathesh
Ghosh, Department of Economics, Jadavpur University,
Calcutta.

<u>Sl.No.</u>	<u>Qn.No.</u>	<u>Page No.</u>	<u>Points for elucidation</u>
1.	27	1.	Will you specify the area in which Indian Trade Union Act, 1916, is found inadequate?
2.	30(a)	3	In reply to Qn. 29, you mentioned that basic attitudes of mutual antipathy and distrust between labour and management have not undergone any change and you desire a change in attitudes of employers and employees for the procedure suggested in Qn. No 30 to be workable. Will you suggest a way to achieve this?
3.	30(b)(i)	3	You recommend one union at industry level with local branches of the industrial union concerned at the unit level. Will you elaborate the arrangement?
4.	30(b)(iii)	4	Should workers who are not members of any trade union also have the right to vote in secret ballot?
5.	33(c)(ii)	6	If parties fail to name an agreed arbitrator, should the Government be empowered to nominate an arbitrator?
6.	60	8	Should minority unions be given the right to take up individual grievances of their members?
7.	61	8	Why should employer bear the cost of elections?
8.	158	17	Could you suggest some range of maxima and minima of remuneration for different categories of skilled and specialised jobs for industrial, commercial and administrative employees?

Replies to the Labour Commission's Questionnaire

by

Dr. Subratish Ghosh

(Dept. of Economics, Jadavpur University, Calcutta)

III. Trade Unions and Employers' Organizations

26. The following factors appear to have substantially influenced the development and organizational pattern of trade unions since independence.

(1) Growth of the country's economy and general industrial development since independence. As a result of this, the size and concentration of the labour force increased at the plant as well as at the level of the industry. This factor, together with the workers' natural desire to share in the fruits of economic progress, resulted in their greater union-mindedness.

(2) Impact of the rising cost of living due to inflationary price-rise and the workers' desire to protect their real earnings.

(3) Changed political climate after independence and comparatively more tolerant Government attitude towards the labour movement.

(4) Growth of the strength of left-wing political parties and spread of socialist ideals in different forms among the masses.

(5) Growing aspirations for a better standard of living on the part of the workers who expected a better deal and better life under the national Government.

(6) Favourable labour legislations passed by the Parliament and the State Legislatures.

27. Legislative provisions have considerably helped the growth of trade unions in India. Although inadequate in several respects, the Indian Trade Union Act, 1926, had actually contributed much in developing the trade union movement in India. There were only a few unions before the passing of the Act in 1926, but since then the number of unions and also their membership started growing. Similar has been the experience in many other countries. For example, after the enactment of Industrial Peace Act, 1953, in the Philippines, the total membership of the registered trade unions doubled within a year and this process of growth continued afterwards, due to the favourable provisions encouraging growth of collective bargaining in the Act. Another well-known example is that of the growth of trade union membership after the enactment of Wagner Act in the U.S.A. in the thirties.

28. It appears that there have been some, but not highly significant changes in the modus operandi of the trade unions during the last decade. As compared with the forties there has been greater recourse to collective bargaining in the

SUBRATESH GHOSH, M.A., D. Phil.

Lecturer in Economics,
Jadavpur University,
Calcutta-32.

Residence:

"NILAYA"
3, JADAVPUR SOUTH ROAD,
(Near Jadavpur H.S. School)
CALCUTTA-32.

September 7, 1967

To

~~The Member-Secretary,
National Commission on Labour,
Government of India,
D-27, South Extension, Pt. II,
New Delhi-16.~~

Subject: Replies to the Questionnaire

Dear Sir,

With reference to the letter No. 10(3)/67-NCL dated the 8th June, 1967, from the Joint Director of the National Commission on Labour requesting me to send replies to the Commission's Questionnaire, I beg to send herewith my replies to topic numbers (iii) to (v) of the same.

I express my regret for the inability to send my replies by the prescribed date (i.e., August 31, 1967) due to heavy pressure of work. I hope you would excuse me for that and accept the replies.

Yours faithfully,

Sd/-

(SUBRATESH GHOSH)

Encl.: As above.

BEDI

fifties and early sixties, more particularly bipartite settlement through negotiations resulting in the birth of collective agreements. It appears that there has been also greater growth of industrial rule-making on a national scale through tri-partite decision-making. Of course, strikes still retain their significance as the most important weapon of trade unions for gaining their demands, but in recent years there has grown also been search for new weapons. One such new weapon which has been used on a fairly extensive scale is "gherao". It also appears that during the last decade, there has been some change in labour's attitude towards adjudication. Although trade union movement is not yet unanimous on it, there is an influential section in the movement which is no longer quite enthusiastic about the use of the adjudication machinery.

some awareness of other possibilities. There has

29. Probably the basic attitudes of mutual antipathy and distrust between labour and management have not undergone any basic change. However the number of employers who have come to accept trade unions as something inevitable (although not welcome) appears to have increased. Of course, there are some employers who have been willing to develop a relationship of genuine labour-management co-operation through regular in-plant machineries and collective agreements. But they are still exceptions.

The union attitude towards the employers has not changed at all. Most of them have only distrust and suspicion for management.

The employers' attitude towards the Government appears to remain resentful on account of the view held by many employers that the labour legislations and intervention of the Government in industrial matters constitute only interference with their own jurisdiction.

Labour's attitude towards the Government appears to have changed to some extent. So far the section of the labour movement under the I.N.T.U.C. is concerned, it was all along friendly to the Government and still continues to be largely so. But even the left-wing section of the movement under the influence of AITUC, UTUC and HMS appears to be less antagonistic to the Government now as compared to the late forties and early fifties (1947 - 1951).

30. (a) The trade unions and employers' organizations should immediately seek to establish at the plant as well as industry level regular bi-partite consultation and bargaining and grievance settlement machineries. Such machineries should be strengthened and their scope extended when they are already in existence; in the units and industries where they are not yet in existence, steps should be taken for their early establishment.

For settling the cases of disputes that could not be settled through the bi-partite machineries mentioned above, there should be provision for voluntary arbitration. The procedure for voluntary arbitration should be spelled out in collective agreements and parties should give undertaking to abide by the decision of the arbitration agency constituted under the agreement.

The parties should voluntarily avoid taking recourse to strikes and lock-outs, although there should be no legal ban on them. The reliance on Governmental adjudication also should be lessened.

It is expected that adoption of such a procedure would develop a better spirit of co-operation and understanding between the parties and would minimise work-stoppages thus encouraging the increase of production and would help in raising the growth potential of the economy. So far equitable distribution is helped by greater production in an expanding economy, such a procedure would be conducive to the growth of a socialist society.

(b) For successful adoption of the policy outlined above (30 a), it is necessary that there should be radical changes in the attitudes and organizational pattern of trade unions and employers' organizations. As regards attitude, the employers should accept trade unionism as something indispensable in the industrial relations set-up and should seek trade union co-operation in every possible way in bettering the labour management relations and also in raising the level of labour productivity. The trade unions, in their part, should adopt a responsible role and should take recourse to strikes etc. only when peaceful negotiations over their demands fail. In short, each should try to understand the others' point of view and should be genuinely interested in mutual co-operation for raising the level of output for the purpose of fulfilling the planned targets.

For achieving the objective of establishing a socialist society, attainment of a suitable rate of economic growth is indispensable. For attaining such a growth rate, trade unions, and employers associations have definite roles to play. (Please see answers to (c) and (d) under the same question.) But the existing organizational patterns of trade unions and employers' associations in India are not helpful for enabling these organizations to play their respective roles. Hence organizational changes are indispensable both for the unions as well as employers' organizations.

For trade unions the following changes are strongly recommended.

(i) The most prevalent system of organization of trade unions in India runs along the 'one-shop' (i.e., one union for one establishment) line at the plant level and loose federation at the industry level. This should be substituted by genuine industrial unionism (i.e., one union for one industry) at the industry level with local branches of the industrial union concerned at the unit level. This would strengthen the industrial unions as well as the locals financially and would make it possible for the unions to implement the collective agreements in a better way. The present system is by no means helpful for the development of responsible trade unionism. The alternative system suggested above would be far better in this respect.

The industrial unionism would also be helpful for the operation of pre-Plan industrial bargaining system for the wage-determination as outlined in (d).

(ii) The trade unions should try to develop the shop steward system. This would strengthen the roots of the unionism and would make the settlement of grievances through regular grievance procedure more effective.

(iii) To avoid the problem of several rival industrial unions competing with each other for employers'/government recognition there should be a system of free and fair election by secret ballot to be conducted by the Union or State Ministry of Labour for ascertaining the representative character of the unions. The union getting the highest vote should be recognised as the representative union. Other industrial unions may be allowed to exist, but would be given no recognition for bargaining with employers at the industry level.

Similarly, the employers' associations also should be reorganized on 'one association for one industry' basis and there should be election to ascertain the representative nature of an employers' association in an industry.

(c) In the field of workers' education the trade unions may organize their own programmes for training workers in understanding their civic, social and economic rights as well as responsibilities. The trade unions also may educate workers about the benefits of small savings and also about the availability of institutional facilities for that.

(d) (i) In the following fields the trade unions and the employers' organizations may function in co-operation in the interests of planned economic development.

PERIODIC PRE-PLAN WAGE AGREEMENTS: To ensure wage stability during the full period of a plan (which would be helpful in stabilizing prices and maintaining the real content of the planned estimates unchanged), the national union in each industry would bargain and enter into a wage agreement with the employers in each industry. These wage-agreements would set down the wage relativities and minimum scales for different categories of employees; these would also provide for escalation clauses based on rise in cost of living (if any) and improvement factor (i.e., rate of pay-increase as related to the increase in labour productivity of the industry or economy). The industrial union would guarantee that there would be no fresh demand for wage revision during pendency of the agreement (which would cover the whole period of the plan concerned). The employers' association for the industry concerned, on the other hand, would undertake to see that the employers strictly observe the terms of the agreement.

It is to be mentioned, in this connection, that for giving effect to this suggestion the trade unions and employers organizations should be re-organized along the line suggested in 30(b).

For a detailed discussion on this suggestion please see my book "Trade Unionism in Underdeveloped Countries, Ch. 14, PP. 383-384"

JOINT MACHINERIES FOR INDUSTRIAL CO-OPERATION AND LABOUR PARTICIPATION IN MANAGEMENT: The trade unions and employers' associations may establish suitable joint machineries for the matters affecting their mutual interests (e.g., joint-management councils for giving workers some scope to participate in the administration of labour welfare, safety and similar matters, joint grievance machinery at the plant and industry level for tackling individual or group grievances, joint productivity council for raising productivity).

(ii) In the following fields trade unions and employers' associations may jointly function with the Government.

TRI-PARTITE DECISION MAKING ON MATTERS OF NATION-WIDE INTEREST AND FORMULATION OF THE OUTLINES OF THE NATIONAL LABOUR POLICY: Subject to the objectives of planned economic development, the labour representatives, employers' representatives and Government representatives may continue to discuss in tri-partite bodies matters of national interest and may make decisions on labour matters. They may thus participate in formulation of the national labour policy subject to the ratification by the Planning Commission, Parliament and other appropriate organs of the state. In other cases, where decisions have been made on some specific aspects of the labour policy by the organs of the state, the tri-partite bodies may seek to find out ways and means to implement these decisions. They may also, if necessary, suggest alternations or additions to such policy matters, which must be given due consideration by the Parliament and other organs of the state.

32. Maintenance of a high level of employment, of course, greatly depends on the national economic policy of the state. But the trade unions and employers' organizations also have responsibility in this respect.

As the excessive increase in labour costs above the level of marginal productivity of labour may induce the employers to seek possibilities of substituting labour with capital the trade unions in a particular industry before demanding wage-increase should themselves scrutinise the scope of such labour substitution and should judge the wisdom of demanding the wage rise at that moment from that angle. In other words, by persuing a realistic and responsible wage-policy the trade unions may help, in individual industries, to maintain a high level of employment.

The employers' organizations in their turn may educate their members in assessing more realistically their factor-combinations and making optimum decisions thereon. For example, in some cases it may be found that additional capital costs involved in introducing more sophisticated labour-saving devices plus the sum of additional operating expenses plus the additional maintenance costs over a certain period (say 5 years) may be higher than the costs of operating the old machines with greater labour intensity and these excess costs may not be covered by the value of the additional output obtained from altering the technique of production. The so-called more productive device thus may

turn out to be less productive in the long run from the industrialists' point of view. Although all cases of modernization do not fall under this category, these are not rare. Avoidance of such uneconomic decisions may help in stabilizing employment and also may better the industrial relations.

33. The following steps may be helpful for promoting bi-partite consultation.

(a) Choice of a single union as the sole bargaining agent for the workers through Government - supervised election and unconditional recognition of that 'sole bargaining agent' by the management.

(b) Establishment of a standing grievance settlement machinery with different levels at each plant through union-management agreement.

(c) Acceptance of a multi-stage procedure for disputes settlement by the representative union and the management for tackling the usual bargaining issues (like wages, hours of work, retrenchment and dismissals etc.) through collective agreements. The steps for this purpose would be as follows.

(i) Bi-partite negotiation between union and the management whenever any matter would be placed for negotiation by the either party.

(ii) If the matter is not settled at that stage the issue may be referred to an arbitrator by mutual agreement; alternatively, if the parties cannot agree over the selection of a common arbitrator and also do not like to refer the dispute to the official adjudication machinery, they may be free to declare a strike or lock-out after giving notice for a minimum period of 14 days.

(d) For matters of common concern to labour and management other than those mentioned above (i.e., individual grievances and usual issues for collective bargaining) there should be standing bodies for joint consultation. These bodies may have functions broadly similar to the joint management councils established in selected undertakings. I suggest that such councils should be compulsorily established in all undertakings above a certain size. A reason for failure of some of these joint-management councils in some undertakings is the lack of seriousness of the employers concerned due to their voluntary establishment. If this suggestion is implemented the existing works committees need not continue as separate bodies. Their functions would then be taken over by these suggested joint councils. The Industrial Disputes Act may be suitably amended to provide for this change.

49. Political parties in many cases have been instrumental in spreading the message of trade unionism among the workers. Thus their contribution in trade union development has been considerable. However, the close link between the political parties and different trade unions have been a very important factor responsible for rival unionism and disunity among the workers. So there are two sides of the picture.

50. In my book Trade Unionism in Underdeveloped Countries I have defined 'outsiders' as persons" who hold some responsible executive post in a labour union, but who were ~~connected~~ connected with the industry or the establishment in which the union functions. ...The former employees of the industry holding a full-time office in the union cannot be placed in the category of outsiders." (P. 133)

The outsiders' influence on the trade union movement of the country has been considerable. In the formative stage of the movement, they played the pioneering role in establishing most of the unions and also in conducting them inspite of the antipathy of the employers and the foreign government then in power. Even to-day, they are playing an important role in many unions.

On the other hand, the outsiders have been greatly responsible for political domination over the trade union movement and also for the disunity among the ranks. Some of them (mostly non-political outsiders) have been found to be engaged in corrupt practices. At times they stand on the way of peaceful settlement with the management because of their political, factional or personal interests.

In spite of such evils associated with outside leadership, it is not be advisable to have legal ban on outsiders. Till the workers' education movement in the country succeeds in developing a capable inside leadership for the entire movement at all stages, the outsiders may still have some role to play in the movement. They should be replaced from inside through a natural course of replacement and there must not be any dictation either from the state or from the employers about their removal from trade union offices.

57. Provisions under the Code of Discipline regarding the recognition of unions appear to be in general satisfactory. However, criterion no. 5 should be amended to provide for free election by ballot under the supervision of the Labour Department of the State Government (in some cases, under the Union Ministry of Labour) in order to choose the union with the largest membership "in cases where more than one union exists in the field. It is desirable that the provisions for the recognition of unions in the Code should be given legal effect by incorporating them in the Trade Union Act by a suitable amendment of the existing Act. However, this would require deletion of the criterion no. 7.

59. Industry-wise unions would be (a) financially stronger than the one-shop (i.e., factory-based) unions; (b) they will be able to formulate their wage and employment policies on broader economic considerations than is possible for one-shop unions; (c) for the workers in comparatively small and medium-sized establishments, the industry-wise unions will be more helpful than the one-shop unions due to the possibility of being able to draw upon more resources during a strike; (d) it would be more convenient for the industry-wise unions to provide more effective welfare facilities to their workers than the small factory-based unions.

There need not be any difficulty in the recognition of an industry-based union. The management of a factory may grant recognition to the industrial union as the bargaining agent for their workers just in the same way as a factory-based union is given recognition. If any employer has any objection to this, he may recognise the local committee (i.e., the establishment committee) of the same union.

As regards demarcation of subjects between the industrial union and its local committee, wages, bonus and allowances, hours of work and other matters on which uniform industry-wide decisions are advisable for fair competition should be decided at the industry level by the industrial union, and industrial association of the employers. On other matters (e.g., leave, holidays, seniority, individual grievances, promotion, standing orders, retrenchment, dismissals and lay-off etc.) the bargaining authority should be left at the plant level.

60.

The practice of a sole-bargaining agent would discourage rival unionism, company unions and mushroom growth of unions in factories where some effective union is already in existence. It might, to some extent create complications regarding the problem of trade union democracy. However, it appears that in India rival unionism being a grave problem stunting the growth of effective and responsible trade unionism, sole bargaining agent system (through election) should be immediately introduced in the country. However, to do justice to such workers or groups whose grievances may not be suitably ventilated by the leadership of the sole bargaining agent, it may be provided that individual grievances may be directly placed before the grievance machinery by the worker concerned if he does not like to present it through the representative union. For other matters that usually come under collective bargaining the management should not take cognizance of any issue raised by any party other than the any recognised bargaining agent.

61.

The election for this purpose (i.e., determining the representative character of a union) should be conducted by the officers of the State Labour Department (in the case of a national union operating in more than one states, by the Union Ministry of Labour) who should be given all reasonable facilities for this purpose by the employers. The costs of the election also should be financed by them. It is advisable that the election should be held at an interval of five years.

IV. INDUSTRIAL RELATIONS

66.

For determining the effectiveness of the Government's industrial relations policy the following criteria may be used:

- (1) The success achieved by the industrial relations system in suitably defining the relative rights and responsibilities of the main parties involved in industrial relations.

viz., management, workers and the state. So far the statutes and conventions directly or indirectly originating from the Government labour policy succeed in defining such rights and responsibilities of the parties concerned and so far the machineries in operation within the system enable them to properly understand and act according to these rights and duties, the industrial relations system would be effective in minimising the frictions arising out of the misunderstandings regarding the respective rights and responsibilities of the participants.

(2) Another criterion is the extent to which the Government industrial relations policy succeeds in creating within the industrial relations system suitable machineries for regulating and directing the responses of workers and management so as to tackle the dislocations, tensions frustration and insecurity inherent in the industrialization process. This criterion also refers to the success achieved in creating suitable standing machineries for regulating day-to-day relations between the management and employees in the fields in which these parties have common interests. The efficacy with which such machineries operate also must be taken into account in this criterion.

(3) The extent of losses arising out of work-stoppages due to industrial disputes, as measured by the industrial disputes severity rate (ratio of man-days lost to total man-days available for work) or by the rate of time-loss per 1000 workers, may be used as one of the criteria. But this has well-known limitations and must not be used as the sole or the main criterion.

Assessment: The Government labour policy, through several labour legislations at the state as well as at the national level, has tried to fulfil its first responsibility and to that extent has partly fulfilled the first condition. However, it does not appear that it has been able to make the workers or the employers to understand their proper rights and responsibilities under the industrial relations set-up envisaged by them. Some attempts in this respect have been made mainly through the tri-partite consultative machineries operating at the national level and also through the workers' education scheme sponsored by the Government. But the extent of success achieved in this respect does not appear to be considerable.

With respect to the second criterion we find the Government's built-in machineries for the purpose. With respect to the latter, greater attention was paid in the late forties and early fifties. But success achieved in preventing the industrial disputes by compulsory arbitration system imposed from outside has remained a subject for controversy. There was some attention to the first aspect (i.e. the internally built-in or automatic arrangements for reducing frictions), but this has not been adequate; the machineries created, despite their success in some units, have also been ineffective in many instances. There are large number of units in which works committees have not been established (in spite of the legal obligation)

for settling
industrial disputes
and also external
regulation machi-
neries

and even where they have been established, they are not functioning well in many cases. The record of achievement of another internal machinery at the plant level (i.e., the joint management council) is far less encouraging.

As regards the third criterion, the industrial disputes since the beginning of planning does not show any uni-directional trend. (Please see my book Indian Labour in the Phase of Industrialization, pp. 116-117 for the position during 1951 to 1961. The trend in the following period also does not differ basically). However, the fact that in some years the severity rate of time-loss for industrial disputes has been quite high indicates that the Government policy has not been very successful even in this respect.

In short, the record of achievements of the Government industrial relations policy presents a mixed picture. It has not been highly successful in fulfilling its role, but neither it should be regarded as a complete failure.

69. The fundamental causes of industrial conflict in India, i.e., the lack of understanding between employers and the employees, shortsighted policy of the employers and their failure to realize the benefits of good industrial relations and the political and/or extra-economic influences on the trade union movement have remained unchanged before and after independence. To a great extent the accentuated inflationary trend has contributed much to the workers' misery and thus caused much unrest. Growing aspirations for a better standard of life and expectations of a better deal after independence have also been contributory factors. In certain cases, the necessity of technological changes felt by the industrialists had caused much uncertainty among the workers about their employment and that also had been responsible for many conflicts.

These basic causes found their expression in the failure of the parties concerned to reach accord on issues like wage-revision, bonus, retrenchment, recognition of unions etc.

For minimising their effects in future, a determined government policy to check inflation must be assigned high priority in national economic planning. For promoting better understanding between the employers and the organized labour, besides adopting the steps suggested in Ans. no. 33 (regarding the promotion of bi-partite consultation), there should be separate programmes for employers' education (conducted in collaboration with employers' associations) and workers' education (conducted in collaboration with trade unions and universities) on industrial relations and constructive aspects of trade unionism. A high powered body to plan, sanction and assist in implementation of programmes for technological changes in the industry with minimum displacement of labour is also recommended.

70. The impact has been extremely adverse. Due to the fear of being dubbed as pro-employer by the rival faction (or rival union) the union leadership is often afraid to follow a constructive approach for improving industrial relations.

- 71. There should be more attention given to the development of internal arrangements for disputes settlement (see answer to Q. 33), collective bargaining, mediation and voluntary arbitration.
- 72. In an underdeveloped country where the public opinion is ill-organised and not much interested about industrial relations, the fact-finding enquiries lose much of their significance. However, for governmental decision-making on specific issues, it has some importance.
- 73. The effect depends on the policy of the union towards the management, the ideological basis (if any) of union leadership, the strength of the union to carry out its obligations and to implement its policy. If the union has no bias against the management, if the leadership is not ideologically committed to create a condition of conflict with the employers and if the union is sufficiently strong and well-knit to carry its members to act according to its policy and obligations, existence of a union may be helpful in maintaining industrial peace. In such a situation, grievances and problems of the employees would be regularly presented for negotiations with the management and there would be less chance of violent outbursts of labour grievances even on small matters. Proper understanding between the union and the management may be helpful in reducing absenteeism, maintaining labour discipline and in securing workers' co-operation for raising labour productivity. All these benefits can be obtained only if the union concerned is strong and commands full allegiance of the workers.

In case of a weak union, there is hardly any possibility that it would be able to make workers act according to the obligations of the union in terms of the collective agreement with the management. It would rather run after cheap popularity among the workers and would accordingly take so-called "militant" measures that may not be always warranted by circumstances.

If the union is non-existent, the employers need not be assured of industrial peace. Spontaneous and unorganized acts of violence, indiscipline and absenteeism may be rather high under such circumstances. There is a possibility that disproportionately even the minor grievances may be magnified in the workers' minds, as there would be no regular channel through which these may be ventilated.

- 85. The extent of prevalence of collective bargaining in this country is not satisfactory. The Indian labour laws have not been much helpful in this respect. Excepting the Industrial Employment (Standing Orders) Act, 1946, no other labour law appears to have contributed much towards promotion of collective bargaining. In fact, the inherent tendency towards compulsory arbitration as contained in Industrial Disputes Act had rather damaged the possibilities of growth of collective bargaining in this country.
- 87. (a) Yes, I agree.
- (b) This is to some extent true. But whether prevention of open industrial conflict itself is sufficiently help-

ful for promoting good industrial relations is a debatable point.

88. (a) Collective bargaining together with mediation and voluntary arbitration should be given free scope for maintaining industrial peace in industries other than public utility services. If this approach, for some time, causes some breach of industrial peace in some cases that need not cause much worry.
- (b) Although adjudication need not be assigned a dominant role in industrial relations in non-public utility industries, in the case of the compulsory adjudication may be assigned due importance. public utility industries

89. The limits should be voluntarily imposed on themselves by the parties concerned who should moderate their own demands in the interest of the planned economic development. Besides this, the parties should limit their bargaining freedom on issues of great importance to national planning (e.g., wages, bonus, major technological changes etc.) in such a way that the issues are decided well in advance of the commencement of a particular plan. This further implies that during the continuation of a Plan, there should be no fresh demand on these issues [Please see the suggestion regarding industry-wide pre-Plan bargaining and agreement in the answer to Q.30, section d(i)]

91. Yes, to a great extent.

92. Although in some cases works committees have worked well, there have been cases of failures as well.

The main factors that appear to have militated against their successful functioning are given below.

(1) Lack of clear conception about the proper functions of the works committees in the minds of workers and the management.

(2) Suspicion and mistrust between employers and the employees.

(3) In some cases the trade unions concerned had the wrong notion that the works committees were created for competing with them for workers' allegiance.

(4) Attempts on the part of the management in some cases to use the works committee as a substitute to the trade union.

(5) Attempts on the part of the trade union to use the works committee as a forum for bargaining (in some cases)

(6) Lack of proper training of the management and labour representatives to the works committee in effective communication across the table.

(7) Trade union and/or management apathy.

93. Yes. In cases where joint management councils have been established, it may be necessary to dissolve the works

committees and to transfer their functions to the joint management councils.

95. Not in all units. But the scheme has great possibilities and should be given more serious trial. For this, there should be some legal compulsion for establishment of these councils at least in the major and better organized industries.

110. No. Temporarily it had some favourable impact. But if appears that, on the whole, it could not bring any lasting improvement in the industrial relations system.

111. The following provisions in the Code of Discipline should be given a legal shape.

Section II, clauses (i) to (iii) and clauses (viii) to (x).

Section III, clauses (i), (ii) and a suitable provision for recognition of the representative union in terms of the answer to Q. 57 (instead of clause vii)

Section IV, clauses (i), (ii), (iii), (iv) and (v).

112... Voluntary arbitration has an important role in promoting industrial peace and good industrial relations by reducing the frequency of avoidable strikes or lock-outs and also by reducing the habit of litigation that may be encouraged by compulsory arbitration.

Central organizations of workers and employers may help in promoting voluntary arbitration by taking appropriate resolutions in its support and also by educating their members about it.

Yes. Incorporation of provisions for voluntary arbitration in all collective agreements would be helpful.

113. In the disputes relating to dismissals, retrenchment, interpretation of collective agreements, seniority, promotion, leave and hours, union recognition, grievances remaining unsettled even after passing through the grievance machinery etc. voluntary arbitration could be preferred. As regards wages and also in the disputes in public utilities, voluntary arbitration may not be the best method. In the former case, the matter should be left to pre-Plan wage bargaining and in the latter case to compulsory adjudication.

115. There can be no definite answer. The virtues of an arbitrator depend more on personal characteristics rather than on the profession. However, it appears that civil servants (judicial) and academic persons may be more acceptable to both the parties.

116. The employers should be required to contribute 50% of the expenses directly. They also should be required to

provide 10% of the total expenses as workers' contribution, but this amount may be deducted from the workers' salary in convenient instalments. The balance (40%) would be provided by the Government as subsidy. The maximum expenditure to be incurred in an arbitration case should be fixed by the Government from time to time by official notifications.

117. No.

122. Yes.

125. Yes.

126. Public utilities should be so broadly defined in the context of planned economic development as to cover the basic industries, defence industries and services as well as the services which provide essential facilities of life to a significant section of the population.

It is desirable that, in general, strikes and lock-outs in public utilities should be prohibited without a prior notice for 30 days. There may be a provision for reference of such a dispute by the Government to a suitable adjudication machinery. The award of the adjudication authority should be automatically binding on the parties concerned.

127. (a) Through elaborate arrangements for collective negotiation and joint consultation on issues of disputes or matters of common interests. In some specific matters (e.g., safety, working conditions, sanitation and ventilation, welfare facilities etc.) Joint management councils may be entrusted with administrative responsibility.

(b) The co-operative sector need not be treated separately from the private. In the latter case, something like the Yugoslav system of workers' control may be established. The co-operative sector concerned is producer's co-operative

128. The answer is affirmative with respect to the public sector and the producers' co-operatives, and negative with respect to other co-operatives.

Section V.

WAGES

131. Low agricultural wages appear to have slowed down the process of wage-rise in the industrial sector. Otherwise, in view of the boom condition that predominated the economic scene from 1957 to 1965, the rise in industrial wages could be steeper.

132. There is no question of allowing it. This is bound to happen unless labour mobility is seriously curtailed.

133. It is the result of all these forces, of course, in

varying degrees. The degree of difference, however, differs from industry to industry. (For a discussion of the impact of these various forces of wage determination in the country, please see my book, Indian Labour in the Phase of Industrialization, pp. 23 - 30.)

134. No. As a concept this is adequate.

140. No.

141. The wage changes should be related to the changes in cost-of-living index computed region-wise. There should be provision for a percentage compensation for a certain extent of rise in the cost of living index. The actual extent of neutralization and other details should be decided through pre-Plan periodic wage -bargaining [in the line of my suggestion in Ans. to Q. 30 (d)].

The index-based change should relate the wage-rates as a whole to the change in the cost of living. The provision for a separate component to absorb price-change (like the D.A. system) is more inflationary than the system in which the whole wage-rate varies with the index-change. In the latter case, with the rise in wages the provident fund contributions of workers and the employers also rise. This tends to take out a part of the additional purchasing power created during inflation. In the index-based D.A. system, there would be no such "compulsory marginal saving."

142. No. The choice should be left to the workers and the employers to be decided through industry-wide bargaining.

143. (a) If the wage changes are made index-based (as suggested in Ans. 141), the appropriate index number for the purpose should be a regional one, determined on the basis of geographical, economic and labour -market factors.

The local index would disturb labour mobility and an all-India index would not be able to take into account economic differences between regions.

(b) The appropriate time period appears to be each year.

(c) The basis of change in the index for the purpose of wage revision should be slabs of 10 points' change. The point by point neutralization as well as 5 point neutralization would cause frequent disturbances in wages.

151. The arrangement for wage-fixation for the future should be as follows.

For all important occupations there should be statutory fixation of minimum wages. For this purpose, different wage-boards may suggest different minimum wages for the industries concerned. These minima should be related to one another by some National Wage Committee, so as to evolve a suitable minimum wage

structure for the whole economy. These minima then may be given legal sanction.

The fixation of actual wage-rates for different jobs in the same industry should be left to the industry-wise collective bargaining that should precede each Plan for signing the pre-Plan wage agreement for the industry. If no settlement can be reached through bargaining and if the parties so desire, the matter may be referred to a voluntary arbitration agency (to be selected by the parties). If they do not desire such reference, the matter may be settled through strikes etc. provided proper notice is given. For the public utilities (as defined in Ans. 126), the failure of the parties to reach agreement should be followed by compulsory adjudication or compulsory reference of the issue to a wage-board to be appointed by the Government. The decision of the adjudication authority or the wage-board should be final and automatically binding on the parties concerned. For this purpose suitable legislation may be enacted.

152. Yes, the emphasis should be on the nation-wide agreement for each industry. The agreements themselves should be so flexible as to allow for local or regional variations. Such variations then be made through regional/local collective agreements between the regional/local committees of the national union and the employers' association concerned.

155. (a) They can be taken into account. But there cannot be any unique formula prescribing weights for these criteria that may be rigidly followed in all cases. These are actually the considerations to be kept in view while fixing up the rates of wages. Broadly speaking, changes in industrial productivity and provision of a need-based wage should be the two basic or deciding criteria. The other^s then may be applied for the purpose of moderating or checking up the practicability of the wage-rates initially suggested by the exclusive consideration of the two above-mentioned basic criteria.

(b) The criticism is basically valid. The situation may be remedied by a requirement that in case or any wage-revision (or revision of any component of it), warranted by increases in the net profit index or the index of industrial productivity above a certain level, the consumers should be given benefit by a certain percentage reduction of the prices of the commodities concerned and then the workers' claim for wage increase on the basis of the new net-profit position should be taken into account. This would have considerable anti-inflationary impact, besides benefitting the workers as consumers together with other sections of people.

157. No. Wage freeze would be definitely inequitable, since despite all endeavours on the part of the Government in the past, the price line could not be held. There is hardly any possibility that price-stabilization would be

possible in the future under the existing market-structures and ownership complexes; moreover, economic development in an underdeveloped country itself would have some destabilizing effect on the price-level (although that may be and should be kept under control). So the wage-freeze, without any effective price-freeze (that may be possible only in advanced economies), would only mean undue expansion of profits. This itself may be inflationary as much of the industrial profits in the private sector are not being used being wasted on conspicuous consumption.

for invest-
ments in the
essential
indust-
ries but
are even

158.

A sectoral balance between the private and the public sectors in regard to their respective wage and salary structure is extremely necessary. At present in several private concerns, far higher scales of pay than the public sector undertakings are offered to certain categories of employees (particularly to the managerial cadre). This tends to affect job-satisfaction and mobility of public sector employees.

For achieving the desired balance in this respect, the Labour Commission (or a separate Wage Commission to be appointed for the purpose) may lay down the maxima and minima of remunerations for different categories of skilled and specialised jobs for industrial, commercial and administrative employees. These maxima and minima should be fixed on regional basis and would reflect the accepted principles for setting optimum differential of pays.

161.

In view of the inadvisability of having a variable component of wages related to price-changes (i.e., D.A.) as mentioned in my answer to Q.141, it is better that there should be two components, viz., the basic wage and another component that would take into account changes in productivity. The suggestion should be made operative through periodic wage-agreements which would provide for the basic wage rates for occupations and also a variable 'improvement factor' related to productivity changes.

Sd/-
7/9/67.

BEDI