

Industrial Disputes Act 1947

Objective of the Act

- There are following objectives of the Act
 1. To promote measures establishing cordial industrial relations between employee and employers.
 2. To minimize the differences and solve the disputes through settlement machineries.
 3. To provide a suitable machinery for investigation and find settlement for industrial disputes.
 4. To prevent illegal strikes and lockouts by employee and employers.
 5. To establish rules and regulation to provide relief to workmen for layoffs, retrenchments.
 6. To set guidelines for fair labour practices.
 7. To promote collective bargaining.

Short title, extent and commencement (Section 1)

- This Act is known as Industrial Disputes Act, 1947.
- There are VII chapters and 40 sections under this act.
- It extends to the whole of India.
- This Act came in to force on the first April, 1947.

Important Definitions (Section 2)

- 2(b) "**award**" means an interim or a final determination of any industrial dispute or of any question relating thereto by any Labor Court, Industrial Tribunal or National Industrial Tribunal and includes an arbitration award made under section 10A.
- 2(g) "**employer**" means-
 - (i) in relation to an industry carried on by or under the authority of any department of [the Central Government or a State Government,] the authority prescribed in this behalf, or where no authority is prescribed, the head of the department;
 - (ii) in relation to an industry carried on by or on behalf of a local authority, the chief executive officer of that authority.

Important Definitions (Section 2)

- 2(j) "**industry**" means any business, trade, undertaking, manufacture or calling of employers and includes any calling, service, employment, handicraft, or industrial occupation or a vocation of workmen.
- This definition was improvised after the Industrial disputes (Amendment) Act 1982 as;
- “Any systematic activity carried on by cooperation between an employer and his workmen (whether such workmen are employed by such employer directly or through an agency, including the contractors) for the production , supply or distribution of goods or services, with a view to satisfy human wants or wishes (not being wants or wished which are merely spiritual or religious in nature).
- Supreme court decision on ***Bangalore water supply company v. A Rajappa*** Played important role in clearing the ambiguity about the definition of industry.
- Some other decisions of supreme court clarified that **Musicality** (D.N. Banerjee v. P.R. Mukherjee), **Hospitals** (State of Bombay v. Hospital Mazdoor Sabha), fall under the definition of industry.

Important Definitions (Section 2)

- 2 (k) "**industrial dispute**" means any dispute or difference between employers and employees, or between employers and workmen, or between workmen and workmen, which relates to the employment or non-employment or the terms of employment or with the conditions of labor, of any person.
- 2(kkk) "**lay-off**" means the failure, refusal or inability of an employer on account of shortage of coal, power or raw materials or the accumulation of stocks or the break-down of machinery [or natural calamity or for any other connected reason] to give employment to a workman whose name is borne on the muster rolls of his industrial establishment and who has not been retrenched.
- 2(l) "**lock-out**" means the temporary closing of a place of employment, or the suspension of work, or the refusal by an employer to continue to employ any number of persons employed by him.

Important Definitions (Section 2)

- 2(oo) "**retrenchments**" means the termination by the employer of the service of a workman for any reason whatsoever, otherwise than as a punishment inflicted by way of disciplinary action but does not include-
 - (a) voluntary retirement of the workman; or
 - (b) retirement of the workman on reaching the age of superannuation if the contract of employment between the employer and the workman concerned contains a stipulation in that behalf; or
 - [(bb) termination of the service of the workman as a result of the non-renewal of the contract of employment between the employer and the workman concerned on its expiry or of such contract being terminated under a stipulation on that behalf contained therein; or
 - (c) termination of the service of a workman on the ground of continued ill-health.

Important Definitions (Section 2)

- 2(p) "**settlement**" means a settlement arrived at in the course of conciliation proceeding and includes a written agreement between the employer and workmen arrived at otherwise than in the course of conciliation proceeding where such agreement has been signed by the parties thereto in such manner as may be prescribed and a copy thereof has been sent to [an officer authorized in this behalf by] the appropriate government and the conciliation officer.
- 2(q) "**strike**" means a cessation of work by a body of persons employed in any industry acting in combination or a concerted refusal, or a refusal, under; a common understanding of any number of persons who are or have been so employed to continue to work or to accept employment.

Important Definitions (Section 2)

- 2(rr) "**wages**" means all remuneration capable of being expressed in terms of money, which would, if the terms of employment, expressed or implied, were fulfilled, be payable to a workman in respect of his employment or of work done in such employment, and includes-

- (i) such allowances (including dearness allowance) as the workman is for the time being entitled to;
- (ii) the value of any house accommodation, or of supply of light, water, medical attendance or other amenity or of any service or of any confessional supply of food grains or other articles;
- (iii) any traveling concession;
- (iv) any commission payable on the promotion of sales or business or both;]

but does not include-

- (a) any bonus;
- (b) any contribution paid or payable by the employer to any pension fund or provident fund or for the benefit of the workman under any law for the time being in force;
- (c) any gratuity payable on the termination of his service.

Important Definitions (Section 2)

- 2(s) "**workman**" means any person (including an apprentice employed in any industry) to do any manual, unskilled, skilled, technical, operational, clerical or supervisory work for hire or reward, whether the terms of employment be express or implied, and for the purposes of any proceeding under this Act in relation to an industrial dispute, includes any such person who has been dismissed, discharged or retrenched in connection with, or as a consequence of, that dispute, or whose dismissal, discharge or retrenchment has led to that dispute.

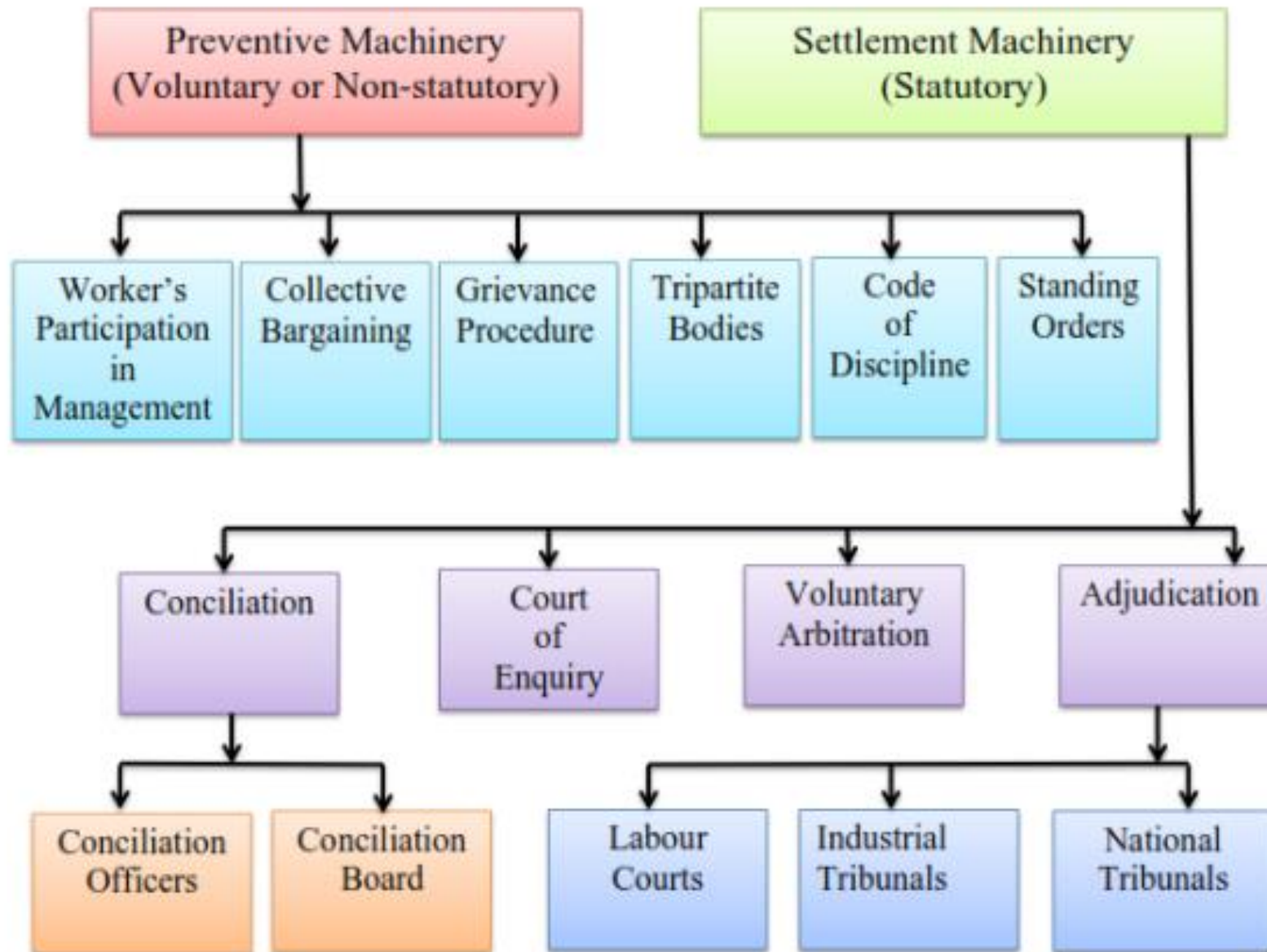
But does not include any such person-

- Personnel of Army, Navy and Air force, Police services.
- who is employed mainly in a managerial or administrative capacity.

Authorities Under the Act

- **Works Committee**—Joint Committee with equal number of employers and employees' representatives for discussion of certain common problems. **Sec.3**
- **Conciliation**—is an attempt by a third party in helping to settle the disputes. **Sec.4**
- **Board of Conciliation**- A two or four members, as government thinks fit, appoint as board of conciliation. **Sec 5**
- **Arbitration** – Appropriate government can appoint a court of inquiry as an ad hoc body. **Sec 6**
- **Adjudication** – Labour Court, Industrial Tribunal or National Tribunal to hear and decide the dispute. **Secs.7,7A & 7B**

Machinery for Industrial Dispute Settlement



Notice of Change (Section 9A)

- A notice of 21 days should be given by an employer to workmen about changing the conditions of service.
- No employer, who proposes to effect any change in the conditions of service applicable to any workman in respect of any matter specified in the Fourth Schedule, shall effect such change,-
- (a) without giving to the workmen likely to be affected by such change a notice in the prescribed manner of the nature of the change proposed to be effected; or
- (b) within twenty-one days of giving such notice.

Power of Labour Court to give Appropriate Relief

- Labour Court/Industrial Tribunal can modify the punishment of dismissal or discharge of workmen and give appropriate relief including reinstatement. **Sec.11A**
- Where an industrial dispute relating to the discharge or dismissal of a workman has been referred to a Labor Court, Tribunal or National Tribunal for adjudication and, in the course of the adjudication proceedings, the Labor Court, Tribunal or National Tribunal, as the case may be, is satisfied that the order of discharge or dismissal was not justified, it may, by its award, set aside the order of discharge or dismissal and direct reinstatement of the workman on such terms and conditions.

Duties of Various Authorities

- Section 12: Duties of conciliation officers
- Section 13: Duties of Board
- Section 14: Duties of Courts
- Section 15: Duties of Labour Courts, Tribunals and National Tribunals.

Publication of report and award (Section 17)

- (1) Every report of a Board or court together with any minute of dissent recorded therewith, every arbitration award and every award of a Labor Court, Tribunal or National Tribunal shall, within a period of **thirty days from the date of its receipt** by the appropriate government, be published in such manner as the appropriate government thinks fit.
- (2) Subject to the provisions of section 17A, the award published under sub-section (1) shall be final and shall not be called in question by any court in any manner whatsoever.

Right of a Workman during Pendency of Proceedings in High Court

- Employer to pay last drawn wages to reinstated workman when proceedings challenging the award of his reinstatement are pending in the higher Courts. **Sec.17B**
- **PROVIDED** that where it is proved to the satisfaction of the High Court or the Supreme Court that such workman had been employed and had been receiving adequate remuneration during any such period or part thereof and the court orders that no wages shall be payable under this section for such period or part, as the case may be.

Persons Bound by Settlement (Section 18)

- (1) A settlement arrived at by agreement between the employer and workman .
- (2) An arbitration award which has become enforceable shall be binding on the parties to the agreement who referred the dispute to arbitration.]
- (3)] A settlement arrived at in the course of conciliation proceedings or an arbitration award in a case where a notification has been issued under sub-section (3A) of section 10A] or an award of a Labor Court, Tribunal or National Tribunal] which has become enforceable shall be binding on-
 - (a) all parties to the industrial dispute;
 - (b) all other parties summoned to appear in the proceedings as parties to the dispute;
 - (c) where a party referred to in clause (a) or clause (b) is an employer, his heirs, successors or assigns in respect of the establishment to which the dispute relates;
 - (d) where a party referred to in clause (a) or clause (b) is composed of workmen, all persons who were employed in the establishment or part of the establishment.

Period of Operation of Settlements and Awards (Section 19)

- A settlement shall come into operation on such date as is agreed upon by the parties to dispute or a period as agreed by the parties.
- If no such period was fixed the settlement shall come into operation within the six months form the date of signing of settlement.
- An award will remain in operation for one year after its enforcement.

Prohibition of strikes and Lockouts (Section 22)

- 22 (1) For going on legal strike workmen should give a notice to the employer, within six weeks before going on strike. There must be no strike within 14 days of giving such notice. This means a notice should be given at least 14 days before the date of strike.
- 22(2) Same time period should be applicable in the case of lockouts.
- Strike is used as weapon to pressurise the employer while lockout is used by employer as weapon to pressurise employees.
- No strike or lockout can be done during the pendency of any conciliation proceedings before a conciliation officer and seven days after the conclusion of such proceedings.
- General prohibition has been discussed under **section 23** which says, during pendency before any board, tribunal or court no strike or lock out can be done as discussed above.

Illegal strikes and Lockouts (Section 24)

- Any strike or lockout shall be considered as illegal if;
 - 1. If violate section 22 and 23
 - 2. Where a strike or lock-out in pursuance of an industrial dispute has already commenced and is in existence at the time of the reference of the dispute to a Board, Arbitration, court or Tribunal.
 - 3. A lock-out declared in consequence of an illegal strike or a strike declared in consequence of an illegal lock-out shall not be deemed to be illegal.

Layoff

- Lay-off means the failure, refusal or inability of an employer on account of shortage of coal, power or raw materials or the accumulation of stocks or the break-down of machinery [or natural calamity or for any other connected reason] to give employment to a workman whose name is borne on the muster rolls of his industrial establishment and who has not been retrenched.
- Sec 25 (C): Whenever a workman whose name is borne on the muster rolls of an industrial establishment and who has completed not less than one year of continuous service under an employer is laid-off, whether continuously or intermittently, he shall be paid by the employer for all days during which he is so laid-off. Casual workers are excluded from this provision.
- Compensation which shall be equal to fifty per cent, of the total of the basic wages and dearness allowance shall be given to laid off workers.
- Section 25(M): In general cases no worker can be laid off without prior permission from the government.

Retrenchment

- Retrenchments" means the termination by the employer of the service of a workman for any reason whatsoever, otherwise than as a punishment inflicted by way of disciplinary action.
 - Section 25(F) No workman employed in any industry who has been in continuous service for not less than one year under an employer shall be retrenched by that employer until-
 - (a) the workman has been given one month's notice in writing indicating the reasons for retrenchment and the period of notice has expired, or the workman has been paid in lieu of such notice, wages for the period of the notice.
 - (b) the workman has been paid, at the time of retrenchment, compensation which shall be equivalent to fifteen days' average pay [for every completed year of continuous service] or any part thereof in excess of six months; and
 - (c) notice in the prescribed manner is served on the appropriate government [for such authority as may be specified by the appropriate government by notification in the Official Gazette]
- Section 25 (N) explains various conditions precedent to retrenchment of workmen.

Retrenchment of Workmen Compensation & Conditions

- Workman must have worked for 240 days.
- Retrenchment compensation @ 15 days' wages for every completed year to be calculated at last drawn wages should be paid to the workmen.
- One month's notice or wages in lieu thereof should be given to the workmen.
- Reasons for retrenchment should be clearly mentioned in the notice being given to the workmen.
- Retrenchment should be implemented with principle of 'last come first go'.

Prohibition of unfair labour practice either by employer or workman or a trade union as stipulated in fifth schedule (Section 25-T)

- Both the employer and the Union/workmen can be punished if practice any kind of unfair labour practice.
- Unfair labour practices have been explained under the fifth schedule of the Act.
- This schedule explains fair labour practices for the employer to not to exploit the rights of the workers and promote collective bargain. These guidelines also direct the employers to not to interfere in the matter of labour unions.
- There are guidelines for the workers and unions as well to protect the rights of the employers as well.

Closure of an Undertaking

- 60 days' notice should be given to the labour authorities for intended closure in Form QA. **Sec.25FFA**
- A Prior permission should be taken at least 90 days before in Form O by the Government when there are 100 or more workmen during preceding 12 months (in UP 300 or more workmen) **Sec.25-O**

Conditions of service etc. to remain unchanged under certain circumstances during pendency of proceedings (Section 33)

- During the pendency of proceeding no condition of service can be altered by the employer.
- A permission in writing of the concerned authority is required in case of any punishment is indented to be given to the disputed workmen for misconduct.
- To seek approval of the authority by paying one month's wages before altering condition of service, dismissing or discharging or punishing a workman.
- We can conclude it like, employer can not change conditions of service during the pendency of proceeding without written permission form the competent authority.

Penalties

Sl.	Penalties	Offence	Punishment
1	Sec 25-U	Committing unfair labour practices	Imprisonment of up to 6 months or with fine up to Rs.3,000.
2	Sec 26	Illegal strikes and lockouts	Imprisonment up to one month or with fine up to Rs.50(Rs.1000 for lock-out) or with both.
3	Sec 27	Penalty for instigation (Incite others to take part in illegal strike or lockout)	Imprisonment up to 6 months or with fine up to Rs.1,000
4	Sec 28	Giving financial aid to illegal strikes and Lockouts	Imprisonment for 6 months or with fine up to Rs.1,000
5	Sec 29	Breach of settlement or award	Imprisonment up to 6 months or with fine. On continuity of offence fine uptoRs.200 per day
6	Sec 30	Disclosing Confidential information	Imprisonment up to 6 months or with fine up to Rs.1,000
7	Sec 31-A	Closure without notice	Imprisonment up to 6 months or with fine up to Rs.5,000
8	Sec 31	Penalty for other offences (contravenes the provisions of section 33)	Imprisonment up to 6 months or fine up to Rs.1,000. Fine up to Rs.100



Thank You