

REPORT
OF THE
STUDY GROUP ON
INDUSTRIAL RELATIONS
(Southern Region)



NATIONAL COMMISSION ON LABOUR

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O R D

The National Commission on Labour appointed the Study Group on Industrial Relations for the Southern Region comprising Andhra Pradesh, Kerala, Madras and Mysore in its attempt to understand the state of industrial relations in that region since Independence. This was one of the four Study Groups set up for building up a picture of industrial relations in different regions. The Study Group was required to analyse available information and project its thinking on typical labour problems in the area taking into account the possible industrial developments in the region.

The views expressed in the report are the views of the Study Group. In examining them for framing its final recommendations, the Commission will attach due importance to these views coming as they do from knowledgeable persons. In the meanwhile, the report is being published by the Commission with a view to seeking comments on it from persons/institutions interested in industrial relations in the region.

The Commission is grateful to the Chairman and Members of the Study Group individually for completing their work within the time-limit fixed for them. The Commission is also grateful to all persons/institutions who may have helped the Study Group in reaching its conclusions.

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National Commission on Labour
STUDY GROUP ON INDUSTRIAL RELATIONS
(Southern Region)

R E P O R T

INTRODUCTION

The Study Group's survey covered the States of Andhra Pradesh, Kerala, Madras and Mysore. The Group met on six occasions and discussed various aspects of industrial relations and employers' and employees' organisations. The group visited Bangalore, Cochin, Trivandrum and Hyderabad in order to gain first-hand knowledge of the state of industrial relations in these regions with particular reference to the role played by employers' and workers' organisations in the field of industrial relations. At each centre, representatives of the various State Governments, employers and trade union officials provided a great deal of factual information. List of persons and organisations which the Study Group met is attached.

INDUSTRIAL PATTERN IN SOUTH INDIA

The major industries in the Southern Region are textiles, engineering, plantation, leather, sugar and cement. Major public sector projects are concentrated mainly around Bangalore City ; in other States there are public sector undertakings but not to the same extent as in Bangalore.

In all Southern States except Madras, industries are in a developing stage as may be observed from the data in Annexure 'A'.

The following statistical information will be of interest (Source : Mainly from Pocket-book of Labour Statistics, A.I.O.I.E.)

Andhra Pradesh Kerala Madras Mysore

1. Population in millions (1961 census)	35.9	16.9	33.7	23.6
2. % Urban population	17.4	15.1	26.7	22.3
3. Total workers (in lakhs)	186.64	56.30	133.51	107.26
4. Non-workers (in lakhs)	173.20	112.73	183.35	128.60
5. (a) No. of Unions affiliated to INTUC (Year ending 31.3.63)	71	80	107	24
(b) Verified membership	34,695	20,017	108,460	18,049
6. (a) No. of Unions affiliated to AITUC (31.3.63)	63	186	150	32
(b) Verified membership	61,955	40,676	71,121	16,895
7. (a) No. of Unions affiliated to H.M.S. (31.3.63)	5	12	33	9
(b) Verified membership	5,235	1,480	35,225	9,795
8. (a) No. of Unions affiliated to UTUC (31.3.63)	—	49	11	—
(b) Verified membership	—	16,424	1,252	—
9. Disputes referred to Industrial Relations Machinery during 1966	367	—	1,780	—
10. Failed at Conciliation 1966	124	—	558	—
11. Referred for Adjudication 1966	61	—	250	—
12. Referred for Arbitration 1966	3	—	65	—
13. Consumer Price Index Numbers for Working Class: Base 1963=100				
1961—	104	104	103	105
(Hyderabad)	(Alwaye)	(Madras)	(Bangalore)	
1966—	154	156	141	156
(Hyderabad)	(Alwaye)	(Madras)	(Bangalore)	
14. Literacy (1961)	21.2%	46.8%	31.4%	25.4%

THE PRESENT POSITION

The following information regarding the States visited by the Study Group is mainly the basis for the recommendations made in this report :

ANDHRA PRADESH

Trade Unions: Unions are generally organised unit-wise. However, it was noticed that unions operating in a public sector project in Hyderabad, which had branches/factories in other States, were attempting to co-ordinate their activities on an all-India basis. An unusual phenomenon in Andhra was the existence of strong intra-union rivalry within the INTUC; a similar trend seemed to be developing in the AITUC also. In Hyderabad area INTUC is strong, but in other parts of the State AITUC has better following.

Trade union leaders were in many cases "outsiders". Union leaders as well as employers were critical of political influence in trade unions. A trade union representative said that in one case the Labour Department refused to intervene in a dispute as one of the Ministers was interested in the subject matter. It was alleged that in another case a Minister was interested in a particular union and this caused a deadlock in the recognition of the other union in the establishment. It was also alleged that a Minister had inaugurated a new rival union in an establishment.

The attitude of unions towards the Code of Discipline was one of indifference. "Screening Committees" had not been set up either by employers or trade unions. It was alleged that employers seldom agreed to arbitration in industrial disputes. This was not denied by employers. The State Evaluation and Implementation Committee meetings were not being held regularly. A union leader said that this Committee rarely met.

On the question of recognition of unions, INTUC and AITUC had different views; the former was in favour of membership verification as the proper method for recognition, while the latter saw no alternative to secret ballot as it was the best democratic process to ascertain the wishes of workers.

The INTUC pointed out that secret ballot might result in workers' loyalties being "bought" temporarily by unscrupulous union leaders making unrealistic promises. However, union check-off system for recognised unions found favour

with most union officials. The Andhra Pradesh Government is contemplating legislation to provide for one union in one industry. It is understood that at the State Labour Advisory Board, even the INTUC seemed to accept the system of secret ballot for the recognition of unions. The State Government at present appears to be in favour of secret ballot.

Union rivalries exist leading to industrial unrest. Nevertheless, there were instances of 2 or 3 opposing unions joining hands to organise strikes, indicating that strikes are sometimes a unifying force among unions.

Unions' activities were generally confined to putting up demands on the employers and they had done so far very little in other directions to provide benefits for workers.

According to a Government spokesman, unions were not often functioning in a democratic manner and they were violating their own rules.

Employer organisations: The Study Group met two employer organisations, covering several industries. Both the organisations were not industrial associations. One of them having a large membership had a Labour Relations Sub-Committee which rendered advice to members on matters of common interest or concern. Representations were also being made to Government on behalf of members. The other employer-association was primarily concerned with commerce and in the field of industrial relations its activities were negligible.

Government: Employer representatives told the Study Group that unions with Ministerial patronage seldom entered into bonafide negotiations. The complaint was that there was too much ministerial intervention in industrial disputes. Disputes which were as old as 5 years were being referred to adjudication ; disputes once refused to be referred were being re-opened and referred for adjudication. This point, though refuted by the officials of the Labour Department, was made to show the existence of political influence in industrial disputes.

Industrial Relations: Unions think that Andhra Pradesh is industrially under-developed and that employers are feudal in their outlook. It was alleged that employers often look to High Courts and the Supreme Court for relief and that they were guided by lawyers who had no training in industrial relations. Consequently, it was stated that the

process of collective bargaining found no place in settling disputes. However, Government officials felt that there was a growing awareness among unions and employers that collective bargaining deserved to be encouraged.

Strikes and lockouts appeared to be generally due to rivalries among unions. One trade union leader, however, said that strikes generally took place due to the adamant attitude of employers and due to economic causes such as retrenchment.

Works Committees were, even according to the Government Labour Department, a failure. Trade unions do not support this machinery. It was felt that a Grievance procedure might be more useful in settling day to day problems. Joint Management Councils had not been set up anywhere in the State.

Collective bargaining was successful in units where unions were strong, but arbitration has not made much headway so far.

The Minister in charge of Labour, Andhra Pradesh, was of the view that arbitration in industrial disputes should be resorted to wherever possible, but in disputes relating to dismissal for serious misconduct, he was not in favour of arbitration. Regarding conciliation, the general view is that its success depends on the calibre of the Conciliation Officer. It appeared that Conciliation Officers are generally promoted from junior positions in the Labour Department and that they lacked the background and status to be effective. As stated earlier, Ministerial intervention was one of the obstacles in the way of the normal operation of this machinery.

While trade unions are generally well organised, employers are somewhat loosely knit. The Labour Department officials said that some members of these organisations do not honour the commitments made by their organisations.

The Personnel Officer/Welfare Officer is able to play a very useful role where he is given sufficient status and freedom to operate. Officials of the Labour Department remarked that in some establishments Welfare Officers were no better than "time keepers".

It was alleged that in the Public Sector undertakings executives at the plant level had insufficient authority. This view was shared by the officials of the Labour Department also. Public sector units offered a wide range of welfare amenities, but according to the representative of a leading

public sector undertaking, these amenities did not contribute significantly towards better labour relations.

Regarding adjudication, the idea of setting up a special cadre for industrial judiciary was acceptable to employers and employees. Complaints were made that proceedings before labour courts and tribunals were slow. For the 2 Labour Courts in Andhra Pradesh, there was only one Presiding Officer. Frequent changes in the presiding officer of these courts/tribunals were causing long delays in disposal of cases. It was felt that the practice of appointment of retired judges as presiding officers of labour courts and tribunals was not conducive to create confidence in their independent and efficient functioning.

KERALA

Trade Unions and Employers' Organisations : A large number of trade unions in Kerala are not affiliated to any Central trade union organisation and so they had not accepted the Code of Discipline. Trade unions did not show much respect for the Code.

It will be seen from the statistical data given earlier that there were 327 unions affiliated to the 4 Central trade union organisations on 31.3.1963. In 1963-64, the total number of registered unions in Kerala, according to the Statistical Handbook of Kerala, 1966, was 1,629 and this number rose to 1,720 in 1964-65. In the plantations, unions were organised on an industry-wise basis.

Labour leaders as well as workers in general in Cochin/Trivandrum area exhibited greater maturity in dealing with employers. This was not the case in North Malabar area of Kerala—the reason seemed to be that the former area was more industrialised than the latter.

Multiplicity of unions and intra-union rivalry, particularly in the AITUC, were a problem in Kerala. A number of new unions had been registered in Kerala—probably due to recent political developments. Labour was well organised in Kerala. Most of the new unions were affiliated to INTUC, AITUC and HMS. The UTUC had a good following only in Quilon area.

Employer organisations on an industry-wise basis existed in many industries in Kerala, as for example, the Association of Planters of Kerala. The exception was the West Coast Employers' Federation whose membership extends to several industries. Employers' Associations are handling most

subjects which had a bearing on the industries as a whole. For example, the associations negotiate on Bonus.

Industrial Relations : According to Government sources, industrial relations were satisfactory and the Government Labour Department intervenes only if there is a failure of direct negotiations. The State's food problem is also one of the contributory factors for labour unrest in Kerala. Recent labour unrest in the plantations is causing deep concern to planters in general and foreign planters in particular. Politics has obviously entered the plantations.

The Works Committee in one public sector project was said to be functioning well with no restrictions on the types of subjects that could be discussed in the Committee.

Conciliation is relatively successful in Kerala. It was claimed that 80% of the disputes were settled by conciliation. The Labour Department in Kerala had the benefit of continuity in the Senior Officers of the Department. Collective bargaining settlements were also in operation in some of the large undertakings.

There are 2 Industrial Tribunals and one Labour Court in Kerala. The State has a successful (tripartite) State Industrial Relations Board in which many policy matters are discussed. There is also a popular State Arbitration Board, with 3 representatives each of employers and employees and an independent Chairman. This Board conducts arbitration under Sec. 10A of the Industrial Disputes Act.

As stated above, industrial relations in Kerala were reported to be satisfactory. There were, however, some instances of "Gherao" and it appeared that police assistance in such cases would be made available to the employer only after working hours.

It was stated that in one public sector unit, welfare measures had contributed to good relations with workmen. It was also pointed out that welfare measures put up the cost of production of larger establishments affecting thereby their competitive capacity with smaller units which were not obliged to provide similar welfare amenities having regard to their size.

MADRAS

Trade Unions : In industries such as textiles in Coimbatore area and plantations, unions are organised on an industry wise basis. In other areas, generally, unit-wise trade unions

are functioning. The number of registered unions on 31.12.66 was 1336. Several unions were not affiliated to Central trade union organisations.

Many unions have an "outsider" leader—*i.e.* one who was not employed by the concerned company ; there are also unions with leaders chosen from among the employees. In the former, politics generally plays an important role in union activities. This is not normally the case in unions which had no "outside" leadership.

The Madras Government's Report on Labour for 1966-67 states that 1,185 trade unions and 260 managements had accepted the Code of Discipline. Although the Code of Discipline had been accepted by a large number of unions and the acceptance had been incorporated in Settlements in several cases, the attitude of unions towards the Code was generally one of indifference.

Unions have been recognised by several managements under the terms of the Code of Discipline.

As in the case of other states, union rivalries continue to plague the trade union movement in Madras also. Trade union activities do not generally extend beyond dealing with employers.

Employer organisations : There are industry-wise associations as also federations with members belonging to various industries. A number of these associations/federations advise members on matters affecting industrial relations.

Industrial Relations : Government reports show that during 1966 the number of industrial disputes rose to 7,880 from 6839 in the previous year. The main reason is the increase in industrial disputes raised under Sec. 2A of the Industrial Disputes Act. The number of strikes and lock-outs was 176 in 1966 causing a loss of 7,54,612 man-days ; the corresponding figures for 1965 were 135 and 4,54,401 respectively. Textile industry accounted for the largest number of strikes in 1966 followed by Tannery and Engineering industries.

Out of 7,880 disputes, 1,208 were settled by conciliation 315 were referred to adjudication and 64 for informal arbitration.

It is worth noting that of the 176 strikes/lock-outs, 78 were terminated by the efforts of the Labour Departments and as many as 75 by means of *voluntary resumption* of

work ; 16 cases were settled by direct negotiation and only 3 were referred to adjudication. Reason for work stoppages varied from wages and retrenchment to selection of an outsider by a management for a job in the technical department.

Bonus in plantations was settled on an industry-wise basis under Sec. 34 (3) of the Payment of Bonus Act.

Informal arbitration was resorted to in disputes relating to dismissals/discharges and in some cases in disputes relating to wages, bonus, etc.

The State has one Industrial Tribunal and 4 Labour Courts. In 1966, 333 disputes were referred for adjudication to the Labour Courts and the Tribunal as against 229 in 1965. There were also 2 Special Industrial Tribunals functioning in the State in 1966.

Works Committees exist in a number of industrial establishments, but the usefulness of this Committee is in doubt. A Grievance Procedure exists in almost all establishments though not a formal one.

The recent trend is in favour of settlements by direct negotiation or by conciliation. Most trade unions exert their influence on workers (of course only up to a point for fear of losing membership to rival unions) in resolving disputes. Employers' organisations also try to persuade their members to settle disputes without recourse to Courts. Personnel/Welfare Officers are playing an important role in maintaining good industrial relations in several establishments.

Joint Management Councils have been set up in 18 units, but there is no sign of their usefulness.

During the past 8 months, industrial relations in the Madras State took a new turn. From about May 1967, violence and gross indiscipline began to occur in factories in the Madras State. Although in the past there were work stoppages in factories, a significant feature in Madras was that very rarely the strikes involved violence or other forms of physical blackmail of managerial staff. From May 1967 onwards, assault on managerial staff, damage to company's property, go-slow and other acts of indiscipline and coercion increased in frequency and intensity. As a result of the failure on the part of police effectively to intervene and put down acts of violence, certain political elements were encouraged to incite workers to intensify acts of violence. It was unfortunate that even in glaring cases of violence Govern-

ment did not issue a directive to the police effectively to put down such acts.

In cases where factories had closed and the managerial staff were being harassed, either by Gherao or by acts of violence, Government instead of adopting a firm line, was bringing pressure on managements to yield to coercive tactics adopted by labour. Such pressure was being brought about at the ministerial level, and when it was apparent to everybody that there was no effort at the ministerial level to put down violence and to give adequate protection against violence, there was nothing to deter certain political parties, who had no regard for industrial peace or the rule of law, from taking advantage of the situation to create confusion and chaos in industry.

Several representations were made to Government pointing out the dangerous trend in industrial relations in the State, but very little was achieved by these representations. It was clear that normal conciliation machinery was being bypassed and that conciliation was taking place at the ministerial level. Frequent pronouncements in newspapers by Ministers highlighting their alleged bias towards labour without any noticeable action to put down indiscipline ruined normal industrial relations in several factories. Apart from indulging in acts of indiscipline in factories, there were instances where workers were extending their illegal activities to the residences of some prominent employees and managerial staff. During all these troubles, the general impression was that police were silent spectators and that they were not prepared to make any effort to arrest lawlessness and unpleasant scenes.

Acts of violence led to a situation in which even when the police attempted to give protection to the managerial staff to enter a factory during a strike, the workers defied the police and attacked them and the managerial staff. Ultimately, this lawless situation was brought under control by police resorting to open fire outside this factory.

In another case where the striking workers in a factory indulged in causing extensive damage to factory property and physical injury to the managerial staff, the police arrived on the scene only after grave acts of hooliganism had been perpetrated. Even in this case, considerable pressure was brought on the management at the ministerial level to re-employ even those against whom there was ample evidence of having participated in the destruction of company's

property and assault on managerial staff and against whom criminal proceedings were pending in court. What is more, pressure was brought upon the management not only to reinstate some of those men but also to give a good-conduct certificate to such of those who were prepared to resign from the Company's service. The culmination of the events in this factory was its closure on account of the management's inability to secure an assurance from Government that protection would be given in case the factory was reopened by discontinuing the service of those who had been found guilty of violence.

The main features of Government policy which have contributed to this unfortunate state of industrial relations are :

- (1) Failure of police effectively to put down acts of violence and harassment of managerial staff.
- (2) Constant and continuous interference at the ministerial level in labour disputes.
- (3) Refusal promptly to pass orders on conciliation reports.
- (4) Ministerial pressure on management to reinstate dismissed workers without even examining the merits of the case.
- (5) Suggestions that workers should not be dismissed even in cases of gross indiscipline and that Government has no belief in the punishment of dismissal.
- (6) Re-opening of closed cases on which orders were passed long ago and referring them to adjudication.
- (7) Government's support to union leaders who had openly and flagrantly violated the Code of Discipline.

At one stage, illegal occupation of the factory by workers even after working hours was not dealt with by Government and there were instances where, notwithstanding the grave danger involved by such illegal occupation, police were refusing to take steps to get the factory premises cleared. This led to a Company applying to the High Court for an appropriate writ and finally the High Court made an order indicating that it was the duty of the police to remove the workers from the factory if they were occupying the factory after working hours. It was only then that the workers

from the factory were removed and this resulted after a few days in an assault on the factory causing considerable damage to property and injury to managerial staff. This factory has since closed, as stated earlier.

MYSORE

Trade Unions : About 40% of the workmen are unionised in the State. AITUC, INTUC and HMS are the major Central Unions ; the Bharatiya Mazdoor Sangh of the Jan Sangh Party has also some members. Generally, union finances are poor. Politics, as in other places, has a place in unions' activities and organisation. Because of the right enjoyed by minority unions to raise disputes, "recognition" of unions is not meaningful. Multiplicity of unions is a major problem ; in one public sector project, there were 8 unions. One union representative said that even at Central trade union level, there was little attempt for amalgamation of unions to eliminate rivalry.

Some union leaders alleged that managements in certain public sector units encouraged multiplicity of unions. All trade union leaders said that there should be union-security and added that workers' loyalties to unions frequently changed depending on the propaganda and this stood in the way of unions educating their members on proper lines.

According to some, the Code of Discipline had become a dead letter, but some others said that the Code was of some help in preventing disputes.

A view was expressed that employers' attitude towards their workers was responsible for unions seeking outside leadership.

Employers' Associations : Employer associations were weak compared to the workers' organisations in Mysore State. The Chamber of Commerce was preoccupied with commercial problems, although recently the Chamber had arranged to provide advice on specific queries raised by members on labour problems. It was stated that employers in the State preferred unit-wise bargaining.

GOVERNMENT'S ROLE IN INDUSTRIAL RELATIONS

A special feature of the Mysore State is that the State Government was running a number of industries, apart from many major public sector undertakings like the HMT, ITI, etc. These are run on commercial lines competing with private sector industries. Unlike Kerala, the Conciliation

machinery in Mysore steps in when disputes are apprehended. Disputes had increased considerably since the introduction of Sec. 2A, Industrial Disputes Act. Until recently conciliation work was being taken up only at Assistant Labour Commissioner level; now the Labour Officers undertake conciliation work in small units having less than 200 workers.

Works Committees are not popular and had no work where a proper Grievance Procedure existed or where collective bargaining was effective.

The Labour Department is understaffed. It was stated that frequent change of Labour Commissioners was undesirable. Since 1948, there were as many as 23 Labour Commissioners, some of whom holding the post for only a few months.

A complaint was made that Government did not act unless an agitational approach was adopted. Government officials, however, refuted this allegation.

The appointment of Presiding Officers for tribunals and labour courts was always for temporary periods of one year at a time and retired judicial officers were generally employed for these posts.

Joint Management Councils and Workers' Participation in Management are not in evidence in the State.

It was stated that arbitration was generally not resorted to in Mysore State. Managements were not generally in favour of arbitration. The existence of a right of appeal to a higher court in the event of an unfavourable award (although this right might not be used) seemed to be responsible for favouring adjudication.

In the matter of referring disputes for adjudication in the units run by the State Government, the Labour Department consults the Industries Department and in the event of a difference of opinion, the Cabinet takes the decision.

Regarding wage boards, Government officials said that due to the inordinate delay in completing the proceedings, adjudication on wages/D.A. was resorted to in appropriate cases even during the pendency of the proceedings before the wage boards.

On the question whether liberal welfare measures provided by Public Sector enterprises contributed to better industrial relations, opinion differed. It was pointed out that although the companies run by the State Government did not provide those benefits, industrial relations in those units was as good as in Public Sector enterprises which provided large-scale welfare amenities.

RECOMMENDATIONS

In making its recommendations, the Study Group had in view the present situation and practices and the requirements of the future regarding Trade Union and Employers' organisations and industrial relations in the four Southern States.

The Study Group having carefully considered the subjects in detail, makes the following recommendations.

TRADE UNIONS : ORGANISATION

1. An industry-wise union would have certain advantages in an industry such as the plantation industry in which there exists a certain degree of homogeneity and where uniform terms and conditions of service are likely to be enforced. In other industries it may be difficult to foster or expect industry-wise unions because the law enables any persons to form a trade union and an industry-wise union is likely to face competition from unions operating in different units. The industry-wise union may belong to one Central Trade Union organisation, but the unions at unit level may belong to rival organisations at all-India level. Therefore, where an industry is homogeneous, steps should be taken to foster or encourage industry-wise unions as well as employers' organisations either by convention or by legislation. In the case of industries where unions at unit level cannot be avoided, the right to raise disputes and to resolve them should be conferred only on major unions.

2. The present practice of Government constantly bringing in legislation to cover the entire field of employer-employee relations has considerably reduced the scope for meaningful collective bargaining. Labour legislation at present provides built-in protection for irresponsible unions as every registered union has been given the right to raise disputes, and this enables unions with political influence to get ministerial backing to undermine the influence of representative or majority unions if they belong to the ministerial political party. If the emphasis is to be on negotiations and collective bargaining to settle industrial disputes, legislation must be reduced to the minimum. The introduction of Section 2A in the Industrial Disputes Act is an example of

built-in protection to dissident groups who wish to undermine the representative or majority unions.

RELATIONSHIP OF UNIONS WITH CENTRAL ORGANISATIONS OF LABOUR

3. Intra-union rivalry, wherever it exists, is a matter for urgent consideration by the Central Trade Union Organisations. The present state of rivalry which the Study Group observed in Andhra Pradesh and Kerala is a very unhealthy phenomenon in trade union organisations.

TRADE UNION LEADERSHIP AND POLITICAL INFLUENCE

4. It is desirable to create conditions for development of trade union leadership from among workmen. It was stated that some employers do not give due respect to worker-leaders but prefer to have discussions with "outside" leaders. Such tendency on the part of employers, wherever it exists, should be discouraged by the employers' organisations.

5. It is an undisputed fact that political influence on trade unions has adversely affected the growth of healthy industrial relations. If Government intervention in industrial disputes is reduced to the minimum, as indicated above, there will be no scope for politicians to lead the unions for their narrow political ends.

RECOGNITION OF UNIONS

6. It would be ideal to have only one trade union in each establishment. However, where there are two or more unions, a proper method should be evolved for selecting the union for recognition. The relevant provisions in the Code of Discipline which relate to the recognition of unions may be given statutory backing so that recognition of unions is made on an objective basis and not on subjective considerations of employers or political parties to which the unions may belong.

7. Persons who are found guilty of committing, abetting, inciting or conniving the breach of the Code of Discipline should be debarred from holding trade union offices. In order to determine whether a person has been guilty of committing, abetting, inciting, or conniving the breach of the Code of Discipline, an independent machinery other than a Government Official should be created and this machinery should fix the period for which a person who is guilty of acts mentioned above should not hold an office in the trade union.

8. With regard to the procedure for recognition of unions, there is at present no agreement among trade unions. While some persons and organisations favour a secret ballot for recognising unions, others vehemently oppose the secret ballot on the ground that workers' loyalties could be shifted by irresponsible propaganda or unscrupulous leaders making exaggerated promises. Workers by and large are liable to be influenced by such propaganda, and this situation can easily be exploited. A safe method would be to recognise a union by proper verification of the membership by the independent machinery suggested in para 7 above. Once a union is recognised on the basis of the highest membership, a check-off system should be introduced so that thereafter verification of membership of the recognised union will be on the basis of those who agree to a deduction from their wages for paying union subscription. After the recognition, new unions should be allowed to be registered only if they have a membership of at least 25% of the workers in the establishment or industry as the case may be. If this is done, the growth of mushroom unions influenced by political or personal considerations could be arrested. Check-off system should be legalised by amending the Payment of Wages Act.

9. In order to eliminate irresponsible and unrepresentative unions, statutory provisions should be made that the union subscription should not be less than Re.1/- p.m. in the case of employees whose total emoluments amount to Rs. 100/- and more, and 50 P. p.m. in the case of employees whose total emoluments are less than Rs. 100/- p.m. The low rate of subscription of 25 P. p.m. has encouraged the formation of mushroom unions.

10. Once a union is selected by the independent machinery for recognition, the employer must recognise that union and it should be the responsibility of the employers' organisation to ensure that their members honour this obligation.

11. A union once recognised should continue to be recognised for at least three years before its status is challenged. When its status is challenged, the independent machinery mentioned above should examine the rival claim and determine the union which should be recognised. The union which is recognised as a result of such investigation, should have the status of a recognised union for a further period of three years so that frequent changes in recognition due to floor crossing may not take place.

The recommendations made above will ensure union security and growth of responsible and truly representative unions which are very necessary for fostering collective bargaining.

UNION RIVALRIES

12. The entry of politics into trade unions is the main cause for union rivalries. Employers are unable in many cases to enter into bipartite settlements with the majority unions because majority unions are often afraid that the minority unions may exploit the situation and undermine their influence. Furthermore, the present law gives a right to minority unions to challenge bipartite settlements and raise industrial disputes, and the majority unions do not wish to take the risk of the minority unions securing some benefit as a result of their dispute being referred for adjudication. By providing security for recognised unions, union rivalries could be eliminated. It would be a step in the right direction to provide by law that bipartite settlements should be binding on all workers in an establishment or industry who accept the benefits under the settlement. In other words, workers should not be allowed to enjoy the benefits of a bipartite settlement by accepting those benefits under protest and to raise disputes on the settlement by joining another union.

UNION ACTIVITIES

13. Trade Unions should diversify their activities by paying attention to the social and cultural life of their members instead of confining themselves to raise disputes with employers. For this purpose, union finances will have to be improved, and the recommendations made above to fix the union subscription at Re. 1/- p.m. or 50 P. p.m., as the case may be, would go a long way in improving the finances of trade unions.

EMPLOYERS' ORGANISATIONS

14. Employer-organisations would be more effective in serving their members if they are organised on an industry-wise basis. The Study Group found in some places trade unions better organised than employer associations. Employers in individual establishments should feel that they have a responsibility to the industry as a whole, and, as such should recognise the commitments made by the employers organisations to which they belong. Provision should therefore be made for settlements signed by the employers organisations to be made binding on all members of the organisations.

ROLE OF GOVERNMENT

15. Frequent intervention of Government in industrial disputes is a positive hindrance to the growth of healthy industrial relations. Unless an atmosphere is created in which the parties feel obliged to negotiate and settle differences, collective bargaining will never develop. At present, many trade unions who belong to the Government political party do not show any interest in settling disputes by bipartite negotiations, because they feel that by securing ministerial intervention, employers can be forced to concede more of their demands. Steps should, therefore, be taken to reduce Government intervention in industrial disputes to the minimum.

If a system is evolved in which all Government intervention in industrial disputes is eliminated except in very special circumstances, employers and trade unions are bound to sit at the negotiating table with a determination to settle the dispute, because both parties will realise that failure of negotiations is likely to cause considerable damage to them and that they cannot get Government intervention to avoid such damage. Therefore, the present practice of Government intervention the moment a dispute arises, indiscriminate reference of disputes to adjudication, sometimes merely for the purpose of prohibiting a strike or lock-out, should be discontinued. If Government intervenes, there should be no delay in passing appropriate orders.

SETTLEMENT OF DISPUTES

16. As stated earlier, conditions must be created whereby an employer will be able to enter into purposeful bargaining with one recognised union without hindrance from rival unions.

An industrial judicial authority should be constituted in the place of Industrial Tribunals and Labour Courts. Such authority should consist of persons with previous experience in industries and should be presided over by a High Court Judge and not by retired judicial officers selected by Government. Employers and trade unions should then be free to approach such authority direct in cases where negotiations fail.

17. A high powered arbitration machinery could also be constituted, provided one appeal is allowed to the High Court with a specially constituted Bench for expeditious disposal of such appeals. Reluctance on the part of employers at present to refer cases for arbitration is on account

of the absence of a provision to appeal against unjust awards. The cost of arbitration should be shared equally by both parties.

18. Where disputes are not settled, there should be statutory provision that strikes and lockouts will not take place without 14 days' notice in any industry subject to certain restrictions mentioned in paragraph 19, in respect of workers engaged in "Continuous Processes" and "Essential Services". Even where a strike or lockout takes place, there should be provision that if the stoppage of work continues for a month, the dispute shall, at the instance of either party, be taken up for investigation by the independent authority appointed for the settlement of disputes. Where a strike even for a short period could result in the closure of an establishment or is likely to cause considerable damage or inconvenience to a large section of the community, the employer should be free to apply the independent authority to take up the dispute for adjudication and to ban the strike. In making this recommendation, the Study Group has in mind strikes in undertakings such as Power Houses, Municipal Conservancy Departments or Public Water Works. There are also industries where strikes even for a short period may bring about the closure of an establishment such as the Radiator Industry or a Glass Factory.

STRIKES AND LOCKOUTS

19. The industrial judicial authority mentioned above should have powers in appropriate cases to grant an injunction in order to ban a strike or lockout. The authority should have the right to ban a strike or lockout even before taking up for investigation the dispute which may have caused the strike or lockout. Any party who fails to obey such an injunction should be punishable by the authority issuing the injunction and in such cases punishment should be deterrent. In "Continuous Process" operations there should be a total prohibition of lightning strikes and lockouts. In such cases, the punishment for illegal strikes and lockouts should be deterrent on the basis that such strikes and lockouts are social crimes. Workmen in such operations should at least complete their work in progress before starting a strike. Total prohibition of strikes should also apply to "Essential Service" workers such as Watch and Ward personnel, Maintenance staff etc. In such cases, those who are considered to be essential servicemen should be notified in advance so that they may not participate in any strike.

20. Proceedings before the machinery provided for settlement of industrial disputes should not be too formal and legalistic. The authority should endeavour to understand the attitude of the parties and as far as possible it should endeavour to pass Awards by the consent of the parties.

21. Government Labour Department should be staffed by experienced Class II Officers or above with experience in State industries and they should be qualified in industrial law. A separate cadre for the Officers of the Labour Department should be developed similar to the Indian Administrative Service. The Secretariat of the Labour Department should be independent and not part of any other department such as the Home Department as in Andhra Pradesh or Kerala. Just as the industries find it necessary to have specialists for personnel administration, Government Labour Department should also have experienced persons in labour administration. Once such a department is created, care should be taken to ensure that the department functions without ministerial interference as at present in many cases.

22. Criticism was made during the Study that the plant level management in public sector undertakings had very little authority to settle disputes and that they were always required to obtain the approval of the concerned Ministry before any commitment was made. It was alleged that such approval results in considerable delay in the settlement of minor disputes causing frustration among workers. To avoid such delays it would be useful to have an All India negotiating body for all Central Government undertakings and a State negotiating body for State Government undertakings, as conditions of service in the various units of either the Public Sector undertakings or the State Government undertakings are generally uniform.

23. Difficulties arise when the Government of a State, in which a Central Government project is located, intervenes in a dispute in that Project. Therefore, in such cases, the State Government should not come into the scene and the matter should be dealt with by the Central Government.

24. Frequent changes in the Presiding Officers of Labour Courts and Tribunals and Commissioners of Labour are most undesirable, as such changes result in inexperienced officers filling these posts. The parties cannot be expected to have confidence in securing a fair decision from experien-

ced Officers. As an example, a list of the names of the Industrial Tribunals and Labour Commissioners in the Mysore State during the period 1950 onwards and 1941 onwards respectively is attached to this report (Annexures B and C). The industrial judicial authority recommended above should also be stabilised by avoiding frequent changes in its members.

25. It would be advisable to enforce by law certain salient provisions of the Code of Discipline in order to make the Code more effective. For example, the provisions relating to a notice of strike, unfair labour practices, coercive methods, etc. could be given statutory backing.

26. Works Committees have not been successful. These bodies do not and cannot serve any useful purpose where a strong recognised union operates, a good communication system exists and a Grievance Procedure is used. There should be no compulsion by law in this regard. However, the existing law should be changed to provide for the nomination of workers' representatives to the Works Committee by recognised unions, because election to the Works Committee often creates serious problems especially when the members of an unrecognised union get elected to the Committee. In such cases, it becomes impossible to work the Committee. Similarly, the workers' representatives of the Canteen Committees and the Trustees representing the members of the Provident Fund should be nominees of recognised unions.

27. The Study Group found Joint Management Councils had failed and, in fact, the feeling was that nothing was likely to be achieved by forcing employers to form these councils.

28. A good communication system between employers and employees is necessary for the growth of industrial relations. Employers should not, therefore, be satisfied with keeping the union leaders only informed on matters affecting employees, but they should ensure that all employees are fully informed on all matters affecting them.

29. For orderly industrial relations, respect for the rule of law is a necessary prerequisite. Those who have no respect for the rule of law should not be permitted to enter the field of industrial relations.

CONCLUSION

The Study Group places on record its appreciation of the help and cooperation rendered by the representatives of

State Governments, Employer's Organisations and Trade Union leaders. But for such cooperation our work would have been incomplete.

Lists showing the dates on which the Study Group held meetings together with the names of members who attended and the persons who met the Study Group are annexed to this report as Annexures D and E.

(Sd.) N.S. Bhat	Chairman
(Sd.) S.C.C. Anthoni Pillai	} Members
(Sd.) V.A. Ramachandran	
(Sd.) R. Ramananda Rao	
(Sd.) M.R.K. Rau	
(Sd.) D. Venkatesh.	

Madras, 14th February, 1968.

Annexure A
REGIONAL CONCENTRATION OF INDUSTRIES IN 1963

(13 States)

(6 States) (Percentage)

	No. of Report- ing Fac- tories	Produc- tive Capital	Employ- ment	Ex-Fac- tory value of manu- output	Value added by manu- facture		No. of Report- ing Fac- tories	Produc- tive Capital	Employ- ment	Ex-Fac- tory value of manu- output	Value added by manu- facture
1. Andhra Pradesh	5.39	4.68	5.04	3.50	2.86	1. Maharashtra	20.90	19.00	20.31	24.89	26.74
2. Assam	4.56	1.88	1.98	2.01	1.76	2. West Bengal	15.58	20.34	22.49	21.86	21.95
3. Orissa	1.23	7.70	1.55	2.25	2.03	3. Gujarat	9.73	7.90	9.16	8.52	9.20
4. Punjab	4.49	2.67	2.75	3.43	2.91	4. Madras	8.73	6.24	7.64	7.69	7.83
5. Madhya Pradesh	5.33	8.98	3.90	3.52	2.80	5. Bihar	3.12	8.20	5.71	7.03	7.21
6. Kerala	5.37	1.50	4.24	2.09	2.13	6. Uttar Pradesh	6.91	4.92	7.64	6.58	5.33
7. Mysore	4.09	2.95	3.78	3.26	4.16						
8. Rajasthan	1.92	1.21	1.62	1.23	1.20						
9. Delhi	1.95	1.60	1.70	1.88	1.65						
10. Jammu & Kashmir	0.34	0.07	0.12	0.05	0.05						
11. Himachal Pradesh	0.11	0.03	0.06	0.04	0.02						
12. Tripura	0.09	0.01	0.02	0.01	0.01						
13. Pondicherry	0.17	0.12	0.29	0.16	0.16						
Total of 13 States	35.03	33.40	27.05	23.43	21.74	Total of 6 States	64.97	66.60	72.95	76.57	78.26

Extract taken from the Eastern Economist Annual Number 1966

Annexure B

LIST OF NAMES OF THE PRESIDING OFFICERS CONS-
TITUTED BY THE GOVERNMENT OF MYSORE—
BANGALORE—TRIBUNALS

1.	i. Nageswar Iyer	Presiding Officer	} 15.6.1950 to 1951
	ii. Singaravelu Mudaliar	Member	
	iii. Sriramiah	"	
2.	i. Kandaswamy Pillay	Presiding Officer	} Additional } 1 year Tribunal } 1950
	ii. Mohamed Shariff	Member	
	iii.		
3.	i. Singaravelu Mudaliar	Presiding Officer	} 15.6.1951 to 15.6.1952
	ii. Mohamed Shariff	Member	
	iii. Shomaraja Iyengar	"	
4.	i. B. Ramalingaiah	Presiding Officer	} 15.6.1952 to 1954
	ii. K. Shomaraja Iyengar	Member	
	iii. Mahamood Shariff	"	
5.	i. Venugopal Mudaliar	Presiding Officer	} June 1954 to June 1957
	ii. K. Shamaraja Iyengar	Member	
	iii. D.H. Chandrasekhariah	"	
6.	D. H. Chandrasekhariah		5.7.1957 to 4.7.1960
7.	V. Venugopal Mudaliar,		Sept. 1958 to June 1960
	Additional Tribunal		
8.	Justice S. S. Malimutt		5.7.1960 to 4.12.63
9.	K. Gibbaiah,		10.10.63 to 10.10.64
	Additional Tribunal		
10.	Justice Mir Iqbal Hussain		June 1964 to March 1965
11.	V.C. Ramchandran,		22.7.64—4 months
	Spl. Tribunal		
12.	R. Krishna Setty		March 1965 to July 1966
13.	A. Panchakshariah		July 1966 Continues
14.	V.C. Ramchandran,		21.11.66 Continues
	Additional Tribunal		

Annexure C

**LIST OF LABOUR COMMISSIONERS IN
MYSORE STATE**

	<i>From</i>	<i>To</i>
1. B. G. Appadorai Mudaliar, B.S., B. Sc., A.M.I. Mech. E. (Eng.)	Sept. 1941	6.8.1947
2. R. Ramachandra Row Bombare, B. A.	6.8.1947	17.5.1948
3. B. S. Puttaswamy, B.A., B.L.	17.5.1948	23.12.1948
4. Md. Ismail Shariff, B.A.	23.12.1948	6.10.1949
5. Mir Safdar Hussain, B.A.	6.10.1949	9.1.1950
6. Md. Ismail Shareef, B.A.	9.1.1950	1.2.1951
7. B.S. Nanjunda Gowda, B.Sc., L.L.B.	1.2.1951	19.3.1951
8. B.S. Puttaswamy, B.A., B.L.	19.3.1951	29.6.1954
9. Md. Rahamathulla, M.A., L.L.B.	29.6.1954	11.7.1955
10. L. Kantharaj Urs., B.A.	11.7.1955	30.7.1956
11. H.M. Mahalinganna, B.A. (Hon) D S.W. I/c.	31.7.1956	30.8.1956
12. M. Malleshaiah, M.A., L.L.B.	30.8.1956	31.10.1956
13. K. Balasubramanyam, I.A.S.	1.11.1956	3.12.1956
14. B.M. Abukakar, I.A.S.	3.12.1956	28.4.1958
15. M.S. Meccai, B.A.	28.4.1958	23.11.1958
16. B. Masood Alikhan, B.A.	27.11.1958	1.12.1958
17. K.R. Marudeva Gowda I.A.S.	1.12.1958	11.1.1961
18. C. S. Seshadri, I.A.S.	17.1.1961	26.6.1961
19. L. Lingaih, B. Sc.	26.6.1961	4.5.1964
20. Channaraj Urs, I.A.S.	8.5.1961	13.7.1964
21. D.J. Balraj, I.A.S.	13.7.1964	26.9.1964
22. Mir Masood Ali Khan, B.A.	26.9.1964	5.11.1964
23. V. Hanumanthappa I.A.S.	5.11.1964	

Annexure D

NATIONAL COMMISSION ON LABOUR
STUDY GROUP ON INDUSTRIAL RELATIONS

(Southern Region)

PARTICULARS OF MEETINGS HELD

1st Meeting held in Madras on 17th July 1967

Present :

Mr. N.S. Bhat — Chairman
Mr. B.N. Datar — Member Secretary,
National Commission on
Labour

Mr. V.A. Ramachandran }
Mr. R. Ramananda Rao }
Mr. M.R.K. Rau }
Mr. S.C.C. Anthoni Pillai } Members
Mr. P. Balachandra Menon }
Mr. P.S. Sundaram — By invitation
(Indian Engineering Assn. (SR))

2nd Meeting held in Madras on 7th August 1967

Present:

Mr. N.S. Bhat — Chairman
Mr. S.C.C. Anthoni Pillai }
Mr. V.A. Ramachandran }
Mr. R. Ramananda Rao } Members
Mr. M.R.K. Rau }
Mr. D. Venkatesh }
Mr. P.S. Sundaram — Secretary

3rd Meeting held in Bangalore on 18th & 19th
September 1967

Present:

Mr. N.S. Bhat — Chairman
Mr. S.C.C. Anthoni Pillai }
Mr. R. Ramananda Rao }
Mr. M.R.K. Rau }
Mr. D. Venkatesh }
Mr. P.S. Sundaram — Secretary

**4th Meeting held in Madras on 27th & 28th
December 1967**

Present:

Mr. N.S. Bhat	}	— Chairman
Mr. S.C.C. Anthoni Pillai (28-12-67)		
Mr. V.A. Ramachandran		
Mr. R. Ramananda Rao		— Members
Mr. M.R.K. Rau		
Mr. D. Venkatesh		
Mr. P.S. Sundaram		— Secretary

5th Meeting held in Madras on 23rd January 1968

Present:

Mr. N.S. Bhat	}	— Chairman
Mr. S.C.C. Anthoni Pillai		
Mr. V.A. Ramachandran		
Mr. R. Ramananda Rao		— Members
Mr. D. Venkatesh		
Mr. P.S. Sundaram		— Secretary

6th Meeting held in Madras on 3rd February 1968

Present:

Mr. N.S. Bhat	}	— Chairman
Mr. S.C.C. Anthoni Pillai		
Mr. V.A. Ramachandran		
Mr. M.R.K. Rau		— Members
Mr. D. Venkatesh		
Mr. P.S. Sundaram		— Secretary

NATIONAL COMMISSION ON LABOUR
STUDY GROUP ON INDUSTRIAL RELATIONS
(Southern Region)

Statement showing the Names of Members present and the Representatives of the Government, Employers and Employees met by the Study Group.

BANGALORE ON 18TH AND 19TH SEPTEMBER 1967

Members Present:

Mr. N.S. Bhat	...	Chairman
Mr. S.C.C. Anthoni Pillai	}	Members
Mr. R. Ramananda Rao		
Mr. M.R.K. Rau		
Mr. D. Venkatesh		
Mr. P.S. Sundaram	...	Secretary
Representatives met by the Study Group		

18th September 1967.

Shri V. Hanumanthappa	...	Commissioner of Labour
Shri. M. Subramaniam	...	Director of Industries and Commerce
Shri Y.N. Gangadhar Shetty and seven other gentlemen	}	Mysore Chamber of Commerce
Shri Uma Shankar		

19th September 1967.

Shri N. Keshava	...	INTUC
Shri M.S. Krishnan	...	AITUC
Shri K. Kannan	...	HMS

**COCHIN AND TRIVANDRUM ON 27TH AND 28TH
OCTOBER 1967**

COCHIN

Members Present:

27th October 1967.

Mr. S.C.C. Anthoni Pillai		
Mr. V.A. Ramachandran		
Mr. R. Ramananda Rao		
Mr. M.R.K. Rau		
Mr. P.S. Sundaram	...	Secretary

Representatives met by the Study Group

27th October 1967

Mr. P. Sethuram

Secretary, Cochin Chamber
of Commerce and Industry
M/s. Indian Rare Earths Ltd.

Mr. K.V.N. Nayar

TRIVANDRUM

Members Present:

28th October 1967

Mr. N.S. Bhat

Mr. V.A. Ramachandran

Mr. R. Ramananda Rao

Mr. M.R.K. Rau

Mr. D. Venkatesh

Mr. P.S. Sundaram

— Chairman

— Members

— Secretary

Representatives met by the Study Group

28th October 1967

Shri C. Kochu Krishnan

Smt. L. Omanakunhamma

Shri Rajkumar

... Labour Commissioner
Directorate of Industries,
Trivandrum

HYDERABAD ON 8TH AND 9TH DECEMBER 1967

Members Present:

Mr. N.S. Bhat

Mr. V.A. Ramachandran

Mr. S.C.C. Anthoni Pillai

Mr. R. Ramananda Rao

Mr. M.R.K. Rau

Mr. P.S. Sundaram

— Chairman

— Members

— Secretary

CHECKED
Representatives met by the Study Group
8th December 1967
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Shri Pestonji ... All India Manufacturers' Organisation
Shri. K. Srinivasa Murthy ... Chairman, Labour Sub-
Committee, F.A.P.C.C. & I*
Shri. C.B. Cariappa ... General Manager, Bharat
Heavy Electricals Ltd.
Shri. N. Satyanarayana
Reddy ... General Secretary, AITUC
Shri G. Sanjiva Reddy ... INTUC

9th December 1967.

Shri V. Jagannadha Rao ... INTUC
Shri Bharat Chand Khanna IAS ... Commissioner of
and other officers ... Labour

Representatives of the Shahabad Stone Quarry Lease
Holders' Association and two other mine owners.

Hon'ble Shri Konda Lakshman Bapujee ... Minister
in charge of Labour, Andhra Pradesh

* Federation of Andhra Pradesh Chamber of Commerce &
Industry.