

# Significance of Labour Legislation in an Organization – A Conceptual Framework

<sup>1</sup>Dr. N Ananda Gowda, <sup>2</sup>Dr. Janhavi, S.S

<sup>1</sup>Assistant Professor, Department of Studies and Research in Political Science, Karnataka State Open University, Mysuru, India

<sup>2</sup>Chairman, Department of Studies and Research in Law, Karnataka State Open University, Muktagangotri, Mysuru, India

---

**Abstract:** One of the important functions of a state is to regulate industry. This is more true in case of a democratic government wedded to a welfare state. There are many industrial, developmental, environmental, and municipal and other regulations are in force. But the most important of them is labour legislation. The reason is that it determines the rights of labour, provides the conditions of labour and provides various agencies enabling the labour to realize their benefits. Labour relations occupy a significant and crucial role in any organization. Hence manning the department dealing with labour legislation should facilitate the realization of the objectives required in the acts and also to ensure harmonious industrial relations. Unless harmonious industrial relations are maintained, productions would be affected, human relations suffered, industrial stress arises and the national economy suffered.

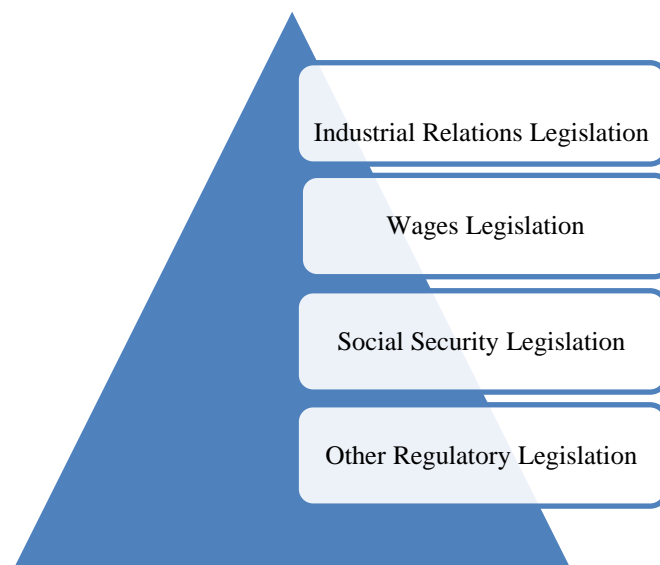
**Keywords:** Labour Legislation, democratic government wedded to a welfare state.

---

## 1. INTRODUCTION

### Labour Legislation – Bird's eye view:

There are nearly 200 labour enactments in India. In a nutshell, the labour from comencement of notifications of vacancies till the death of the workers, issues not resolved during their lives would be extended afterwards by their heirs and others. However the labour legislations are broadly of the following types, which are depicted with the help of the diagramme.



## 2. INDUSTRIAL RELATIONS LEGISLATION

Industries disputes Act 1947, Trade Union Act, 1923 and Industrial Employment (Standing Orders) Act, 1948 would fall under Industrial Relations Legislation. The industrial disputes Act, 1947 aims at investigating and settling industrial disputes, providing relief in case of lay-off, retrenchment and closure, regulating strikes and lockouts. The frequently used provisions in this Act are 2A2 and 2K pertains to the in respect of individual and collective disputes respectively.

Trade unions Act, 1926 provides for registration of a trade union. The most important aspect is that it gives certain rights and privileges to a registered trade union. Above all, it gives civil and criminal immunity to the registered trade union. Therein lays the importance of trade union to the members of a registered trade union.

The Industrial Employment (Standing Orders) Act, 1948 can be said as an Act which ensure terms and conditions of work and make the terms known to the workers. In fact, it can be said that the certified standing orders under this Act provides an establishment in case of initiating disciplinary actions. In the absence of certified Standing Orders many workers would not have the benefit of continuing of service. This Act protects the labour from the willful and capricious acts of wayward employees.

## 3. WAGE LEGISLATION

Payment of Wages Act 1936, Minimum Wages Act, 1950 and payment of Bonus Act, 1965 are considered as Wages legislation. Some of the provisions of Factories Act, 1948 deal with matters relating to wages.

Payment of Wages Act, 1926, provides for fixation of wage period, mode of payment and deductions. These provisions would make the employees compulsory to comply with the provisions. The absence of such provisions in the Act would result in large scale irregularities in payment of wages to the labour. The Act also provides for a mechanism to claim wages in case of non-payment. The authorities can impose ten times of wages due for non-payment.

The minimum Wages Act, 1948 would provide for the fixation and payment of minimum wages to the workers working in the industries mentioned in the schedule. This Act ensures the payment of minimum wages to the sweated labour. The importance of this Act could be understood from a celebrated judgment of a supreme court in 1950's that in case of a organization could not pay minimum, it would be better to close the organization than to turn it. The judgment has not yet been overruled.

The payment of Bonus Act, 1965 provides for payment of bonus, eligibility and disqualification, procedure for calculations and the payment of minimum and maximum bonus. In organizations whose large number of work force involved, payment of bonus is crucial. Traditional industries like textiles, transport, plantations, motor transport, petroleum, railways, banking etc., the issue of bonus is critical as strikes would be resorted to when it was not satisfactorily settled.

## 4. SOCIAL SECURITY LEGISLATIONS

Provision of Social Security makes the lives of the labour stable and secure. Social security legislations enable the labour to lead a life with dignity after retirement or after accident. The medical care during illness is a great relief to the labour and their family members. The Workmen's Compensation Act, 1923. The employees state insurance Act, 1948, the employees provident Fund and miscellaneous provisions Act, 1952, The payment of Gratuity Act, 1942 and the Maternity benefit Act, 1961 are the social security legislations.

The Workmen Compensation Act, 1923 is one of the oldest legislations providing compensations in case of accident and death to the Workmen, in case of accident resulting in disablement and death compensation as provided under this Act to be paid. If this beneficial legislation is not there, the fate of the workmen and their legal heirs would be left to the whims of employees.

The employees state insurance Act, 1948 provides for medical benefits like sickness, maternity, disablement, dependents and funeral benefits. The Indian labour, mostly illiterate and poverty ridden are greatly benefited by this Act.

The employees' provident fund and miscellaneous provisions Act, 1952 provides for employees' provident fund, employee's pension and deposit linked insurance scheme. This Act helps the employees to get marriage and housing loans. The provident fund accumulations available at the time of retirement would enable the employees to face the world boldly without employment.

The payment of Gratuity Act, 1972 was a legislation passed rather lately. It would enable the employment to get Gratuity amount after completion of five years. An amount of 15 days average wages is paid for every completed year of service. The maximum amount of Gratuity payable at the time of super annuation or retirement or resignation is Rs. 10 lakhs. This amount is a sizable one which would ensure the safety of the employees in the society.

The Maternity Benefit Act, 1961 takes care of the women employees in regard to leave, miscarriage, delivery etc. Other legislation particularly Factories Act, 1948 takes care of safety, health and welfare of the workers. Regulatory provisions like employment of women, child, and leave with wages are also provided. The provisions relating to leave and leave unless wages are sub sequential provisions taking care of rights and interests of workers.

It is therefore quite obvious that labour legislations are taking care of the rights of the labour fundamentally and substantially. The notable point is that the fate and rights of the labour are not thrown to the vagaries and whims of employees. This is a remarkable achievement for the cause of labour. The conditions and status of labour have greatly enhanced in view of the labour legislations only especially the workmen.

Industries in India can be broadly divided into unorganized, organized, small, medium and large scale industries. Again they can be divided into multinational companies, big Indian companies and small industries. In their fold traditional industries like textiles, plantations, motor transport, railways, steel, cement, banking, petroleum, automobile, heavy engineering, causvetion employees millions of workers who are exclusively covered under industrial Disputes Act, 1947. Few industries in India especially, IT industries mostly employee executives to whom labour legislations do not apply. Similarly, executives in any organizations do not come under labour legislation.

The executives in private industries could seek relief in case of dismissal under shops and Establishment Act. The executives in central and state public enterprises could seek remedy in case of denial of benefits and dismissal by invoking right prediction under article 226 of the constitution in these organization come under with definition of state as provided in article 12 of the constitution of India. Other than that, the labour legislation do not apply to executives working in any organization whatever. But when a person come under the definition of workman is defined in section 2 of industries disputes Act, 1947 and all the labour legislations would apply to a Workmen as defined in industrial disputes Act, 1947.

## 5. CONCLUSION

From the above, the point is that unless an academican is well versed in all labour legislation, it could not possible to effectively function as first line executives working in the depart in an organization. As labour legislation and paper dealing with industrial relations are the only tow papers dealing with labour legislation, the knowledge imported in these tow papers may not be sufficient for an executive to discharge his functions effectively and efficiently. What they study in these legislations may not be deep enough have a practical view of the working of HR departmnet in an organization. For example, a Commerce student may have to face the problem of processing a paper on settlement of gratuity or receipt o f a notice from conciliation officer or representation from union or preparing a draft for a show-cause or process papers for settlement of terminal benefits etc., unless and until a new recruit has basic and fundamental knowledge about labour legislation, it is very difficult to discharge its function effectively.

Hiring and firing an executive is an easy work where as hiring and firing of a workman is extremely an excruciating affair. The reality is that for a proved misconduct, it will be difficult to terminate a work man in view of the large and ticklish procedure involved in the process. An intimate knowledge of labour legislative would enable a executive to function effectively. Many HR concepts especially in the matter of compensation, performance appraisal, talent management, promotion are not practice in the middle and the lower management. In view of the above reasons except industries which have only executives, all industries should have the person well versed and deeply rooted in labour legislation.

## REFERENCES

- [1] S.C. Srivatsava, "Industrial Relations And Labour Laws", Vikas Publishing House Pvt. Ltd.-Noida, 5<sup>th</sup> Edition , 2006.
- [2] Manappa, Industrial Relations and Labour Laws 2nd Edition, Mcgraw Hill Education (India) Private Limited, 2012.
- [3] Padhi, Labour & Industrial Laws 2nd Edition, PHI Learning Pvt. Ltd-New Delhi, 2012.