

# **THE INDUSTRIAL DISPUTE ACT 1947**

## **Overview**

### **Introduction**

In Indian laws, The Industrial Disputes Act, enacted in 1947, has been amended over the years, including notable amendments in 2010, 2015, and 2020. The most significant recent changes were part of the larger reform package in Indian labour laws under the new labour codes introduced in 2020. These codes consolidate and update several existing labour laws, including provisions from the industrial disputes act 1947.

It is an important labour law in India that aims to address and resolve industrial disputes between employers and employees in the industrial sector. The main objective of the industrial dispute Act of 1947 is to ensure peace and harmony in the world of work by providing a legal framework for the investigation and resolution of labour disputes in Indian labour laws. This comprehensive guide explains the scope of industrial dispute act, their importance, and their impact on industrial relations in India.

## **Historical Context and Evolution**

### **Pre-Independence Era**

Before the enactment of the Industrial Act, industrial relations in India were largely unregulated, resulting in frequent lockouts and strikes in the industrial disputes act . The Commercial Code of 1929 was the first attempt to regulate industrial disputes, but it did not go far enough to provide a comprehensive framework for dispute resolution.

### **Post-Independence Reforms**

Post-Independence, the need for a strong mechanism for resolving industrial disputes became paramount. To bridge this gap, the Industrial Disputes Act, 1947 was introduced. Over the years, the law has been amended several times to adapt to the changing industrial landscape. Substantial changes occurred in 2010, 2015 and 2020.

## **Objectives of the Industrial Dispute Act**

The primary objectives of the Industrial Dispute Act / bare act are:

1. **Promote Industrial Peace:** By providing a legal framework for dispute resolution, the Act aims to minimise industrial conflicts.
2. **Protect Workers' Rights:** Ensuring fair treatment of workers and preventing unfair labour practices.
3. **Facilitate Collective Bargaining:** Encouraging negotiations between employers and workers to settle disputes amicably.
4. **Prevent Illegal Strikes and Lockouts:** Establishing procedures for lawful strikes and lockouts to prevent disruptions in industrial production.
5. **Ensure Job Security:** Providing mechanisms for the resolution of disputes related to layoffs, retrenchments, and closures.



## **THE FEATURES OF THE INDUSTRIAL DISPUTE ACT 1947**

### **Key Provisions of Industrial Dispute Act**

#### **Definition of Industrial Dispute act 1947**

An industrial dispute, as defined by the Act, includes any conflict or difference of opinion between employers and employees, or between employers and employees, which is connected with the employment or non-employment, terms of employment, or conditions of labour. Below are the features of the industrial dispute act.

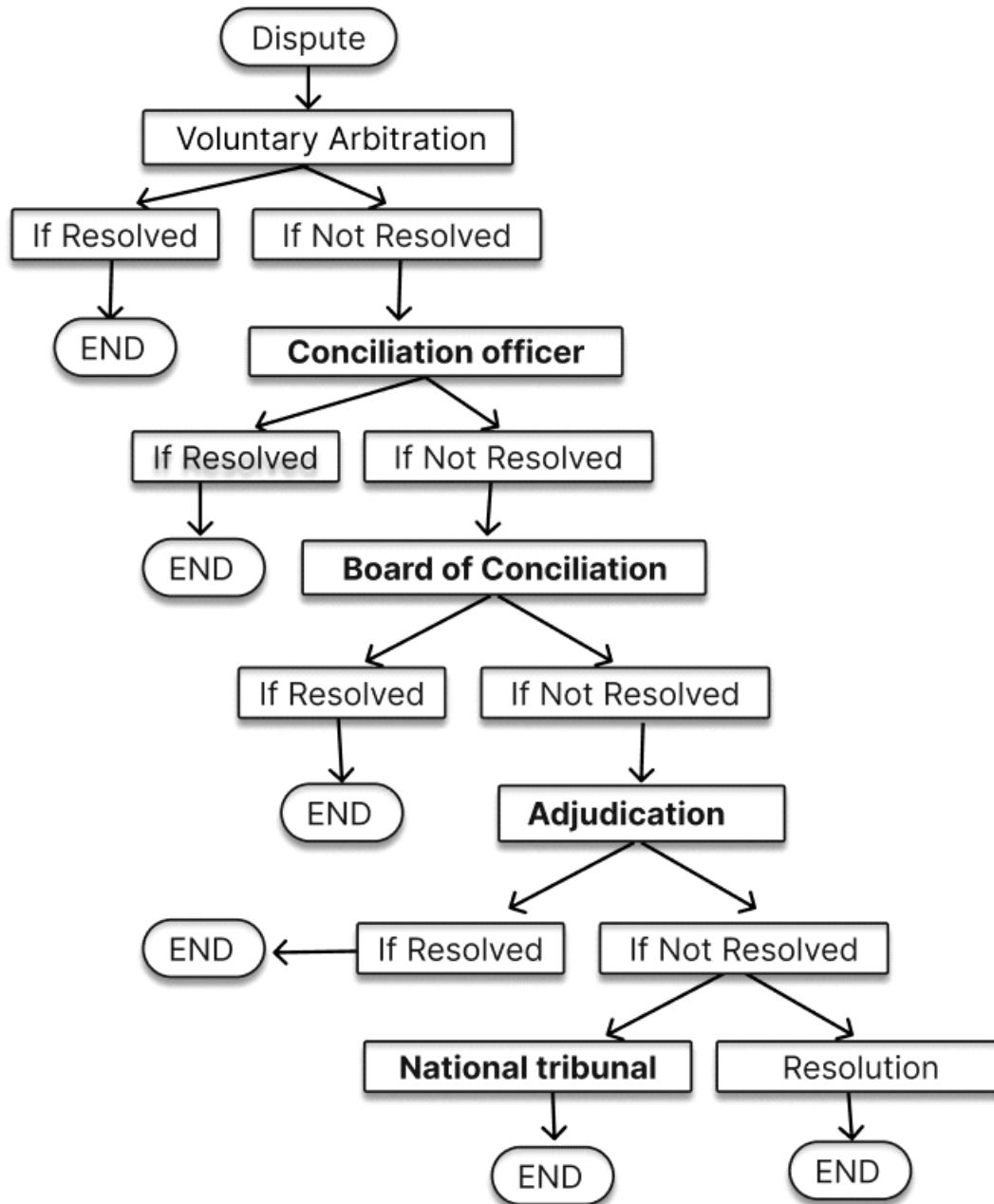
## **Authorities under Industrial Disputes Act**

The Act establishes several authorities for the resolution of industrial disputes:

1. **Works Committee:** A committee comprising representatives of employers and workers to promote measures for securing and preserving amity and good relations.
2. **Conciliation Officers:** Appointed by the government to mediate and promote settlement of disputes.
3. **Boards of Conciliation:** Temporarily constituted boards to handle specific disputes that are referred to them.
4. **Courts of Inquiry:** Established to inquire into any matter connected with or relevant to an industrial dispute.
5. **Labor Courts:** Specifically deal with disputes related to the implementation and interpretation of standing orders and matters specified in the second schedule of the Act.
6. **Industrial Tribunals:** Deal with matters specified in the second and third schedule of the Act, including wages, working hours, and conditions of employment.
7. **National Tribunals:** Established for the adjudication of disputes of national importance or those involving multiple states.

## **Procedures for Dispute Resolution**

1. **Voluntary Arbitration:** Encouraged as the first step for dispute resolution. Parties can agree to submit the dispute to arbitration voluntarily.
2. **Conciliation:** In the absence of a settlement through arbitration, disputes are referred to a conciliation officer or board.
3. **Adjudication:** If conciliation fails, the dispute can be referred to a labour court, tribunal, or national tribunal.
4. **Power to Make Settlements:** Settlements arrived at in the course of conciliation proceedings are binding on all parties involved.



### Lockouts and Strikes in the industrial dispute act

The Act regulates the conditions under which strikes and lockouts can be legally conducted:

1. **Notice of Strike under the act:** Employees must give a notice of strike at least six weeks before the strike, and within fourteen days of giving such notice.

**2. Prohibition of Strikes and Lockouts:** Strikes and lockouts are prohibited during the pendency of conciliation proceedings and adjudication proceedings, and for a specified period after the conclusion of such proceedings.

**3. Illegal Strikes and Lockouts:** Strikes and lockouts declared in contravention of the provisions of the Act are deemed illegal.

### **Lay-Off, Retrenchment, and Closure**

The Act provides guidelines for lay-offs, retrenchment, and closure in industrial dispute act.

**1. Lay-Off:** Temporary inability of an employer to provide employment to workers due to reasons beyond control. Compensation is prescribed under the Act.

**2. Retrenchment under the act:** Termination of service of a worker for reasons other than disciplinary action. The Act specifies conditions and compensation for retrenchment in industrial dispute act.

**3. Closure:** Permanent closing down of a place of employment. The Act outlines procedures and compensation for affected workers.

### **Unfair Labour Practices**

The Act lists various practices considered unfair for both employers and workers. These include:

**1. For Employers:** Discriminatory practices, refusal to bargain collectively, and exploitation of workers.

**2. For Workers:** Resorting to or supporting illegal strikes, coercing other workers, and obstructing lawful activities of the employer.

### **Penalties under Industrial Disputes Act**

Specifies penalties for illegal strikes and lockouts, unfair labour practices, and failure to comply with settlements, awards, or other directives under the Act.



## **Amendments and Reforms**

### **2010 Amendment**

The 2010 amendment introduced changes to enhance the dispute resolution mechanism and ensure quicker justice. It aimed at making the conciliation process more effective and streamlined the functioning of labour courts and tribunals.

### **2015 Amendment**

The 2015 amendment focused on simplifying the processes and reducing the procedural delays in adjudication. It also introduced provisions to promote better industrial relations and collective bargaining .

### **2020 Amendment**

The 2020 amendment was a significant overhaul aimed at improving the ease of doing business while ensuring the protection of workers' rights.

### **Key changes included with latest amendments:**

1. **Threshold Limit for Lay-Offs and Retrenchment:** The amendment increased the threshold limit for applicability of provisions related to lay-offs, retrenchment, and closure.

**2. Introduction of Fixed-Term Employment:** Allowed employers to hire workers on a fixed-term basis, providing flexibility in employment while ensuring workers receive the same benefits as permanent employees.

**3. Dispute Resolution Timeline:** Introduced specific timelines for the resolution of disputes to ensure faster adjudication.

## **Impact on Industrial Relations**

### **Promoting Industrial Peace**

The Act has been contributory in promoting industrial peace and harmony by providing a structured mechanism for the resolution of disputes. The establishment of various authorities and the clear procedures laid out in the Act have helped in addressing conflicts effectively.

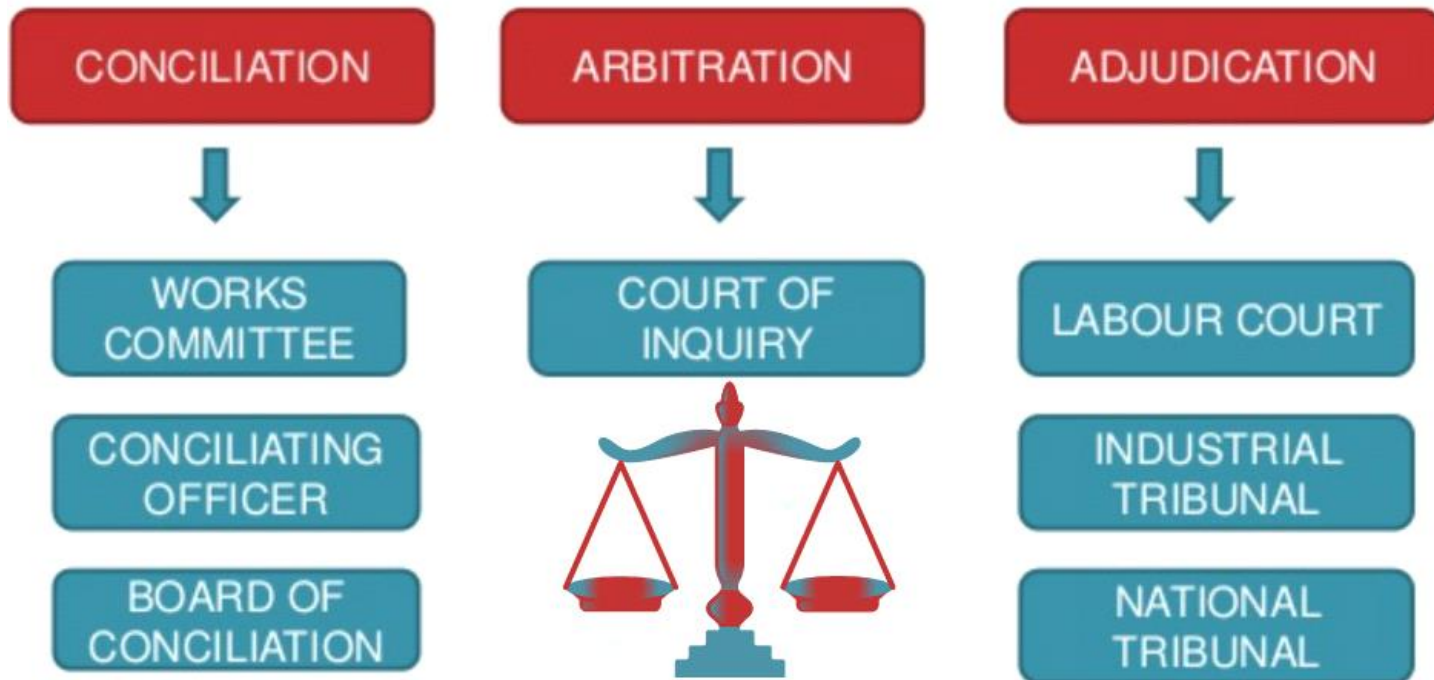
### **Protecting Workers' Rights**

By defining unfair labour practices and providing mechanisms for grievance redressal, the Act has played a crucial role in protecting the rights of workers. It has also ensured job security through provisions related to lay-offs, retrenchment, and closure.

### **Encouraging Collective Bargaining**

The Act has encouraged collective bargaining by promoting the formation of works committees and recognizing the importance of conciliation and arbitration. This has led to better employer-employee relationships and has contributed to the overall improvement in industrial relations





## Machinery of Industrial Dispute Act

### Challenges and Criticisms

Despite its positive impact, the Act has faced criticism and challenges:

1. **Complex Procedures:** The procedural complexity and bureaucratic delays have often hindered the speedy resolution of disputes.
2. **Rigid Provisions:** Some provisions have been considered too rigid, limiting the flexibility needed in a dynamic industrial environment.
3. **Enforcement Issues:** Effective enforcement of the Act's provisions remains a challenge, with many cases of non-compliance.



### **Important sections of The Industrial Dispute Act 1947**

The Industrial Disputes Act, 1947, is a significant legislation in India that governs labour law and deals with industrial disputes. Although the significance of different sections may vary depending on the situation, there are certain sections that are universally recognized as essential for comprehending and implementing the Act.

#### **Section 2 of Industrial Dispute Act: Definitions**

This portion of the legislation outlines important terminology utilized in the Act, including terms like "industrial dispute," "workman," "employer," and "industry." Comprehending these definitions is crucial for correctly interpreting and implementing the remaining provisions of the Act. Additional subsections of the

Industrial Disputes Act, such as 2a, 2s, 2j, 2k, and 2q, further elaborate on specific aspects of the law.

### **Section 2 j of Industrial Dispute Act:**

#### **Industry under Industrial Dispute Act:**

According to Section 2(j) of the Industrial Disputes Act, 1947, an "industry" means:

- **Business, Trade, Undertaking, Manufacture, or Calling of Employers:**
  - Any systematic activity carried out by employers for the production, supply, or distribution of goods or services, with the involvement of workers.
  - This includes typical commercial and industrial activities such as factories, plantations, and service establishments.
- **Service, Employment, Handicraft, or Industrial Occupation or Avocation of Workmen:**
  - Any activity in which workers are employed for wages, including manual, clerical, supervisory, technical, or professional work..

### **Section 4 of Industrial Dispute Act:**

#### **Appointment of Conciliation Officers**

Section 4 of the Industrial Disputes Act, 1947, deals with the selection and responsibilities of Conciliation Officers. The Industrial Disputes Act is a crucial law in India that outlines the process of investigating and resolving industrial conflicts.

### **Section 10 of Industrial Dispute Act:**

Referral of Disputes to Panels, Judicial Bodies, or Arbitration Panels.

This provision allows the authorities to send labour disputes to Conciliation Panels, Inquiry Courts, or Workplace Tribunals for settlement. It plays a crucial role in the official resolution of conflicts.

### **Section 11 of Industrial Dispute Act:**

Technique and Powers of Conciliation officials, boards, Courts, and Tribunals.

This segment outlines the approaches and powers of the government worried in resolving business disputes. It presents the framework for a way disputes must be handled and resolved.

### **Section 18 of Industrial Dispute Act:**

The persons concerned, the settlement and award are binding.

This section outlines the binding nature of settlements and awards, making it clear which parties are responsible for compliance with decisions made through conciliation or adjudication

### **Section 19 of Industrial Dispute Act:**

#### **Retrenchment and retrenchment schemes.**

Subsections 25A to 25S provide detailed provisions for redundancy, redundancy and remuneration. This information is important for protecting workers' rights during downsizing or economic downturns.

### **Section 25 of Industrial Dispute Act:**

#### **Provisions Relating to Lay-off and Retrenchment.**

Sub-sections 25A to 25S provide detailed provisions relating to lay-offs, retrenchment, and compensation. These sections are vital for protecting workers' rights during downsizing or economic downturns.

### **Section 33 of Industrial Dispute Act:**

#### **The terms of employment that will continue to evolve in certain circumstances while the litigation is pending, and so on.**

This clause prevents employers from changing the terms of employment to the detriment of employees during the pendency of the dispute, to ensure fairness and equity. The main objective of Section 33 of the Industrial Disputes Act is to promote industrial peace and harmony and strike a balance between labour and business interests.

### **Section 33C of Industrial Dispute Act:**

## **Recovery of money due to the employer**

This section allows employees to collect their wages from their employer, and provides a mechanism for establishing contributions or settlements. All these issues cover the basic aspects of industrial dispute resolution, rights of employees and responsibilities of employers and authorities are important for maintaining industrial harmony and ensuring fair treatment of employees in India.

## **Summery**

The Industrial Disputes Act is the foundation of Indian labour laws and provides a comprehensive framework for resolving labour disputes. While the system has contributed significantly to industrial peace and protection of workers' rights, continued reform and effective implementation is required to address evolving challenges in industrial relations. The changes in 2010, 2015 and 2020 reflect ongoing efforts to make the law more relevant and effective in the current industrial environment.