

Rights and Liabilities of Registered Trade Unions (Chapter III, Trade Unions Act, 1926)

The **Trade Unions Act, 1926** grants legal recognition to trade unions and confers upon them certain **rights, privileges, and immunities**, while simultaneously imposing **statutory duties and liabilities** to ensure transparency, accountability, and democratic functioning. These provisions are mainly contained in **Chapter III (Sections 15 to 28)** of the Act.

I. Rights of Registered Trade Unions

1. Right to Spend General Funds for Lawful Objects (Section 15)

A registered trade union has the right to utilise its **general funds** only for the objects expressly enumerated under Section 15, such as:

- Payment of salaries and allowances to office-bearers;
- Administrative expenses including audit;
- Conduct and support of trade disputes;
- Legal proceedings for protection of union or member rights;
- Compensation to members during trade disputes;
- Welfare benefits relating to sickness, accidents, unemployment, old age or death;
- Educational, social, and religious benefits;
- Publication of periodicals for labour awareness;
- Contributions for the general benefit of workmen (subject to a statutory ceiling);
- Any other object notified by the appropriate government.

This provision ensures **financial discipline** and prevents misuse of union funds.

2. Right to Constitute a Separate Political Fund (Section 16)

A registered trade union may establish a **separate political fund** to promote the civic and political interests of its members. Such fund may be used for:

- Supporting candidates in legislative or local body elections;
- Political meetings and distribution of political literature;
- Maintenance of elected representatives;
- Voter registration and candidate selection.

Importantly, **no member can be compelled** to contribute to the political fund, and non-contributing members cannot be discriminated against. This safeguards **individual political freedom** of members.

3. Immunity from Criminal Conspiracy (Section 17)

Section 17 grants immunity to office-bearers and members of a registered trade union from prosecution under **Section 120B(2) of the Indian Penal Code** for criminal conspiracy, provided the agreement is:

- In furtherance of lawful trade union objectives under Section 15, and
- Not an agreement to commit an offence.

This protection recognises collective bargaining and industrial action as legitimate union activities.

4. Immunity from Civil Suits (Section 18)

A registered trade union enjoys immunity from civil liability in respect of:

- Inducing breach of contract of employment, or
- Interference with trade, business, or employment,
when such acts are done **in contemplation or furtherance of a trade dispute**.

However, this immunity does not extend to acts involving **violence, intimidation, or unlawful means**.

Case Law: In *Rohtas Industries Ltd. v. Rohtas Industries Staff Union*, the Supreme Court held that immunity is available only for acts done lawfully in furtherance of trade disputes.

5. Enforceability of Agreements (Section 19) - Agreements between members of a registered trade union are not rendered void merely because they are in **restraint of trade**. However, civil courts cannot enforce agreements concerning terms on which members shall or shall not work or transact business.

6. Right to Inspect Union Books (Section 20)

Every office-bearer or member has the right to inspect:

- Account books, and
- List of members,
as per the rules of the trade union. This promotes **transparency and internal democracy**.

7. Right of Minors to Membership (Section 21) - Any person who has attained the age of **15 years** may become a member of a registered trade union and enjoy all membership rights, subject to union rules.

8. Right to Change Name and Amalgamate (Sections 23–26)

A registered trade union has the right to:

- Change its name with consent of two-thirds of members;

- Amalgamate with other registered trade unions subject to prescribed voting requirements.

Such changes do not affect the rights, liabilities, or legal proceedings of the union.

II. Liabilities and Duties of Registered Trade Unions

1. Disqualifications of Office-Bearers (Section 21A) - Persons below **18 years** or those convicted of offences involving **moral turpitude** (within the last five years) are disqualified from holding office. This ensures ethical leadership.

2. Proportion of Office-Bearers Connected with Industry (Section 22) - At least **50% of office-bearers** must be persons actually engaged or employed in the industry concerned, unless exempted by the government. This prevents external domination of unions.

3. Duty to Notify Registrar of Changes (Sections 25 & 28)

Trade unions must notify the Registrar regarding:

- Change of name or amalgamation;
- Annual returns of income, expenditure, assets and liabilities;
- Changes in office-bearers;
- Amendments to union rules.

Failure to comply may attract penalties or cancellation of registration.

4. Dissolution and Distribution of Funds (Section 27) - Upon dissolution, the union must notify the Registrar. If rules do not specify distribution of funds, the Registrar shall distribute them as prescribed. This prevents misuse of funds upon dissolution.

Authorities under the Industrial Disputes Act, 1947 – Powers and Duties

The **Industrial Disputes Act, 1947** establishes various authorities for the **investigation, prevention, and settlement of industrial disputes** with the objective of maintaining industrial peace and harmony. These authorities function at different stages of dispute resolution, ranging from conciliation to adjudication. The important authorities are enumerated under **Sections 3 to 11A** of the Act.

1. Works Committee (Section 3)

Composition - A Works Committee is constituted in industrial establishments employing **100 or more workmen**, consisting of representatives of employers and workmen in equal number.

Powers and Duties

- To promote measures for securing and preserving **amity and good relations** between employers and workmen.
- To comment upon matters of **common interest** or concern.
- To endeavour to resolve differences at the **shop-floor level**.

Nature

The Works Committee is a **consultative and advisory body**, not an adjudicatory authority.

Case Law - In *Bharat Petroleum Corporation Ltd. v. Maharashtra General Kamgar Union*, the Supreme Court held that the Works Committee does not replace trade unions but complements collective bargaining.

2. Conciliation Officers (Section 4)

Appointment - The appropriate government may appoint conciliation officers for a specified area or industry.

Powers

- To enter premises related to an industrial dispute.
- To call for documents and information.
- To mediate between the parties.

Duties

- To investigate the dispute and induce parties to arrive at a **fair and amicable settlement**.
- To submit a **failure or settlement report** to the appropriate government.

Nature - Conciliation proceedings are **mandatory in public utility services**.

Case Law - In *State of Bihar v. D.N. Ganguly*, conciliation was described as a vital mechanism to avoid industrial unrest.

3. Board of Conciliation (Section 5)

Composition - A Board consists of a **Chairman (independent person)** and equal representatives of employers and workmen.

Powers and Duties

- To promote settlement of disputes through collective discussion.
- To investigate disputes and submit a **report to the government**.

Nature - The Board is a **temporary body** constituted for a specific dispute.

4. Court of Inquiry (Section 6)

Composition - May consist of one or more independent persons appointed by the government.

Powers

- Powers of a civil court to summon witnesses and documents.

Duties

- To **inquire into matters connected with an industrial dispute.**
- To submit a report within the prescribed time.

Nature - The Court of Inquiry does not adjudicate but only **fact-finds**.

5. Labour Courts (Section 7)

Composition - Presided over by a person who is or has been a Judge of a High Court or has judicial experience as prescribed.

Jurisdiction

Matters listed in **Second Schedule**, such as:

- Dismissal or discharge of workmen;
- Legality of strikes or lockouts;
- Interpretation of standing orders.

Powers

- Powers of a civil court.
- Authority to grant relief under **Section 11A**, including reinstatement.

Case Law - In *Firestone Tyre & Rubber Co. v. Workmen*, the Supreme Court upheld the power of Labour Courts to re-appraise evidence in dismissal cases.

6. Industrial Tribunals (Section 7A)

Composition - Presided over by a judicially qualified person similar to Labour Courts.

Jurisdiction

Matters under **Second and Third Schedules**, including:

- Wages, allowances, and hours of work;
- Bonus, profit-sharing, and gratuity;
- Rules of discipline.

Powers

- Adjudication of complex industrial disputes.
- Grant of appropriate relief.

7. National Tribunals (Section 7B)

Appointment - Constituted by the Central Government for disputes of **national importance** or affecting establishments in more than one State.

Powers and Duties

- To adjudicate disputes transcending State boundaries.
- Award is binding throughout India.

Case Law - In *Kesoram Cotton Mills v. Gangadhar*, the Supreme Court recognized the wide jurisdiction of National Tribunals in matters of national significance.

8. Arbitrators (Section 10A)

Appointment - By **voluntary agreement** between employer and workmen.

Powers and Duties

- To adjudicate disputes referred by consent.
- To submit an arbitration award to the government for publication.

Nature - Arbitration is a **voluntary and flexible** dispute resolution mechanism.

Working Hours of Adults

The **Factories Act, 1948** lays down specific provisions regarding the working hours of adult workers (i.e., persons above 18 years) to ensure their health, safety, and well-being. Key provisions include:

1. **Weekly Hours (Section 51):** No adult worker shall work for more than 48 hours per week.
2. **Weekly Holidays (Section 52):** Every adult worker is entitled to **one whole day off in a week**, usually the first day of the week. Substitution of holidays is allowed, but a worker cannot work more than **10 consecutive days without a holiday**.

3. **Compensatory Holidays (Section 53):** If a worker misses a weekly holiday due to exemptions or special work orders, **compensatory holidays** equal to the lost holidays must be provided within the same or following two months.
4. **Daily Hours (Section 54):** Adult workers shall not work more than **9 hours a day**, excluding rest periods. With prior approval, this limit may be increased to facilitate **shift changes**.
5. **Intervals for Rest (Section 55):** No worker should work continuously for more than **5 hours** without a rest interval of at least **30 minutes**.
6. **Spread Over (Section 56):** Inclusive of intervals, the **total period of work** should not exceed **10.5 hours per day**, extendable up to 12 hours by the Chief Inspector.
7. **Night Shifts (Section 57):** For shifts extending beyond midnight, the holiday period is calculated **from the end of the shift**, and hours worked after midnight count toward the previous day.
8. **Overlapping Shifts (Section 58):** Only one relay of workers should work on the same kind of work at a time to avoid overlapping.
9. **Overtime and Extra Wages (Section 59):** Work beyond 9 hours/day or 48 hours/week qualifies as **overtime**, payable at **twice the ordinary rate of wages**. Ordinary rate includes **basic wages plus allowances**, excluding bonuses and overtime.
10. **Double Employment (Section 60):** Adult workers cannot be employed in **two factories on the same day**, except under prescribed circumstances.
11. **Notice of Work Periods and Registers (Sections 61–63):** Factories must **display periods of work**, classify workers into groups/shifts, and maintain a **register of adult workers**. No adult worker can be required to work unless their details are entered in the register.
12. **Exemptions (Sections 64–65):** The State Government or Chief Inspector may exempt certain categories, e.g., urgent repairs, preparatory/complementary work, continuous processes, printing, loading/unloading work, and work of national importance. Exemptions specify **maximum daily hours, spread over, weekly hours, and overtime limits**.
13. **Special Provisions for Women (Section 66):** Women can work only between **6 A.M. to 7 P.M.**, except as permitted by government rules. Exemptions exist for industries like **fish-curing/canning**, but cannot extend beyond **10 P.M. to 5 A.M.**

Working Hours of Young Persons (14–18 years)

1. **Daily Limit:** A young person shall not work more than **6 hours in a day**.
2. **Weekly Limit:** Maximum of **36 hours per week**.
3. **Rest Intervals:** At least **1 hour of rest** after **3 hours of work**.
4. **Night Work:** Prohibited between **7 P.M. and 6 A.M.**
5. **Prohibition of Overtime:** Young persons **cannot work overtime**, unlike adults.
6. **Health and Welfare:** Special emphasis on **health, safety, and education**, with mandatory attendance in schools or vocational training if applicable.

Applicability of the Factories Act, 1948

The **Factories Act, 1948** is a social legislation enacted to regulate the **health, safety, welfare, working hours, and employment conditions** of workers in factories. However, the Act is **not universal**; it applies only to certain types of establishments. Its applicability depends on two main criteria: **nature of the premises** and **number of workers employed**.

1. Definition of “Factory”

According to Section 2(m) of the Act, a **factory** means any premises:

- **Where a manufacturing process is carried on** with or without the aid of power; and
- **Employing a minimum number of workers**, specifically:
 - **10 or more workers** if the manufacturing process is carried out **with the aid of power**;
 - **20 or more workers** if the manufacturing process is carried out **without the aid of power**.

Exceptions:

The Act **does not apply** to certain establishments, including:

- Mines (covered under **Mines Act, 1952**),
- Mobile units belonging to the **Armed Forces**,
- Railway running sheds,
- Hotels, restaurants, and eating places,
- Premises where no manufacturing process is carried out, even if machinery or computers are installed.

2. Applicability Criteria

The applicability of the Act depends on:

1. **Nature of work (Manufacturing Process):**
 - The Act applies only where a **manufacturing process** is carried out.
 - “Manufacturing process” includes any process for **making, altering, repairing, ornamenting, finishing, packing, or adapting goods for sale**, whether manual, skilled, or mechanical.
2. **Number of Workers:**
 - Factories with **10 or more workers with power**, or
 - Factories with **20 or more workers without power**.
 - All workers in **different shifts/groups** are counted when calculating this number.
3. **Premises:** Applies to the **entire premises of the factory**, including adjoining areas where manufacturing work is carried out.

3. Persons Covered

The Act applies to:

- **Adult workers** (above 18 years),
- **Young persons** (14–18 years),
- **Children** (below 14 years) are prohibited from employment in factories, except under certain apprentice provisions.

It also applies to **office, clerical, and supervisory staff** if they are directly involved in or connected with manufacturing processes.

4. Geographical Applicability

- The Act is applicable to **all states and union territories of India**, but the **State Government has powers to make rules** regarding hours of work, exemptions, and other provisions.
- Central Government rules apply to **factories owned or controlled by the Central Government**.

5. Key Points

- The Act is **primarily preventive and regulatory**, ensuring health, safety, and welfare of workers.
- It does **not cover offices or commercial establishments** unless they form part of a factory where manufacturing occurs.
- **Electronic Data Processing Units (EDP/computer units)** are not factories if no manufacturing process is carried out.

Objectives of the Industrial Disputes Act, 1947

The **Industrial Disputes Act, 1947** is a central legislation enacted to **promote industrial peace and harmony** in India. Its primary purpose is to provide a **legal framework for the investigation and settlement of industrial disputes** between employers and workmen. The main objectives of the Act are as follows:

1. Prevention and Settlement of Industrial Disputes

The Act aims to **prevent industrial disputes** from arising and, where they do arise, to **provide mechanisms for their settlement**. This is achieved through:

- **Conciliation officers** who mediate disputes between employers and workers,
- **Works committees** that promote dialogue at the establishment level,
- **Labour courts, Industrial tribunals, and National tribunals** that adjudicate unresolved disputes.

Illustration: If workers demand higher wages and the employer refuses, the Act provides a legal framework to resolve the matter through conciliation or adjudication rather than resorting to strikes.

2. Promotion of Industrial Peace and Harmony - A key objective is to **maintain industrial peace**, which is essential for the growth of industries and the economy. By providing **structured procedures** for dispute resolution, the Act reduces the chances of sudden strikes, lockouts, or unrest.

3. Protection of Workers' Rights

The Act ensures that workers' **legal rights are protected** during industrial disputes. This includes:

- Safeguarding against **unfair dismissal**,
- Securing **proper wages and benefits**,
- Providing **compensation in cases of retrenchment**.

Illustration: If a workman is dismissed unfairly, he can approach a labour court for reinstatement or compensation under the Act.

4. Regulation of Lay-offs, Retrenchment, and Closure

The Act seeks to **regulate employer actions** that affect employment security, such as:

- **Lay-offs** (temporary suspension of work),
- **Retrenchment** (permanent termination of service),
- **Closure of establishments**.

Employers must follow **legal procedures and compensation norms**, thereby balancing employer flexibility with worker security.

5. Provision for Fair Adjudication - The Act establishes **industrial courts and tribunals** to adjudicate disputes in a **speedy, impartial, and legally binding manner**. This ensures that both employers and workmen have access to **justice without prolonged uncertainty**.

6. Encouragement of Collective Bargaining

The Act encourages **cooperation and negotiation between employers and workers** through:

- **Trade unions**,
- **Works committees**,
- **Joint management councils**.

This promotes a culture of **dialogue rather than confrontation**, contributing to industrial stability.

7. Economic and Social Stability - By reducing industrial unrest, the Act contributes to:

- **Economic stability** (continuous production and business growth),
- **Social stability** (preventing large-scale unemployment or unrest due to strikes and lockouts).

Powers of Conciliation Officers under the Industrial Disputes Act, 1947

The **Industrial Disputes Act, 1947** provides for conciliation officers to prevent and resolve industrial disputes before they escalate into strikes or lockouts. The conciliation officer plays a **crucial role in mediating between employers and workmen**. Their powers are enumerated mainly under **Section 11 of the Act** and are supplemented by procedural rules.

1. Entry and Inquiry Powers

- A conciliation officer can **enter any premises of an establishment** where an industrial dispute exists or is apprehended.
- **Reasonable notice** must be given to the employer before entering, ensuring that the inquiry is conducted lawfully.
- This power ensures that conciliation officers can **observe the conditions of work, interact with parties, and gather first-hand information** necessary for dispute resolution.

Illustration: If workers allege unsafe working conditions leading to strikes, the conciliation officer can inspect the factory to verify these claims.

2. Powers of Summoning and Examination

- Conciliation officers have powers similar to those of a **Civil Court under the Code of Civil Procedure (CPC), 1908**, in specific matters:
 1. **Enforcing attendance:** They can summon any person relevant to the dispute to appear before them.
 2. **Examining witnesses on oath:** They can examine parties or witnesses under oath to ensure truthful statements.
 3. **Inspection of documents:** They can **call for and inspect documents** considered relevant to the dispute or the implementation of an award.

Illustration: If there is a wage dispute, the conciliation officer may summon payroll records to verify claims.

3. Inquiry and Verification Powers

- Conciliation officers may investigate disputes **not only for settlement but also to verify compliance** with previously issued awards or settlements.
- They can inspect relevant **documents, registers, and records** to ensure that both parties are adhering to the terms of agreements.

Illustration: If a company has been ordered to pay pending wages to workers, the conciliation officer can verify the payment records.

4. Powers as Public Servants

- All conciliation officers are **deemed public servants under Section 21 of the Indian Penal Code**.
- This status provides them with **legal protection and authority** to perform duties without interference.

5. Advisory Powers

- While conciliation officers primarily mediate disputes, they may **seek advice from experts** if necessary.
- Though this power is more formally applicable to Boards, Labour Courts, and Tribunals, officers can consult subject-matter specialists to better understand technical aspects of disputes.

6. Judicial Recognition

- Any **inquiry conducted by a conciliation officer** is considered a **judicial proceeding** under Sections 193 and 228 of the IPC.
- This means **false statements or obstruction of inquiry** can attract **criminal liability**, ensuring cooperation from all parties.

7. Enforcement Powers

- Conciliation officers can **enforce attendance and compel production of documents** but do **not have the power to pass binding awards**.
- Their main function is **conciliation and mediation**, after which, if unresolved, disputes may be referred to **Labour Courts, Tribunals, or National Tribunals**.

8. Relation with Other Authorities

- The conciliation officer's findings and settlements may be **submitted to Boards, Labour Courts, or Tribunals** for further action.
- They act as a **link between the disputing parties and adjudicatory authorities**, facilitating voluntary settlement.

Works Committee under the Industrial Disputes Act, 1947

The **Works Committee** is a statutory body established under **Section 3 of the Industrial Disputes Act, 1947**. It is primarily aimed at **promoting harmonious relations between employers and workmen** and preventing industrial disputes at the establishment level.

1. Applicability and Constitution

- A **Works Committee is required in establishments employing 100 or more workmen** on any day in the preceding twelve months.
- The **appropriate Government** may, by **general or special order**, mandate the employer to constitute the committee.
- The committee is to be constituted **in the prescribed manner** under the rules framed by the Government.

Composition:

- The Works Committee consists of **representatives of both employers and workmen**.
- The **number of representatives of workmen must not be less than that of the employer**.
- **Selection of workmen representatives:** Workmen representatives are chosen **from among the employees** of the establishment. The selection should be made **in consultation with their registered trade union**, if any, under the **Indian Trade Unions Act, 1926**.

Illustration: In a factory with 200 employees, if the employer nominates 3 representatives, there must be at least 3 workmen representatives.

2. Duties and Functions

The **primary duty of a Works Committee** is to **promote amity and good relations between the employer and workmen**. The committee achieves this through the following functions:

1. **Promoting Industrial Harmony:** Encourage mutual understanding and cooperation between employers and workers. Foster a spirit of partnership and trust.
2. **Discussion on Matters of Common Interest:**
 - The committee may **comment on issues affecting both parties**, such as:
 - Working conditions
 - Welfare measures
 - Safety standards
 - Disciplinary procedures
 - Leave policies and attendance norms
3. **Resolution of Differences:** Endeavour to **compose any material difference of opinion** between employer and workmen. Act as a **forum for preliminary discussion** before matters escalate into industrial disputes.

Illustration: If employees raise concerns about overtime compensation, the Works Committee can discuss the issue with management and propose a mutually acceptable solution before it turns into a formal dispute.

3. Powers of the Works Committee

- The **Works Committee is primarily consultative**, not adjudicatory.
- It **cannot enforce decisions**; its role is limited to **making recommendations and facilitating dialogue**.
- The committee can **investigate complaints, collect information, and submit reports** to management or higher authorities if needed.

4. Legal Significance

1. Preventive Mechanism: By encouraging communication at the establishment level, the committee reduces the likelihood of strikes, lockouts, or other industrial conflicts.
2. **Statutory Duty:** In establishments where the Government mandates it, **constituting a Works Committee is a legal requirement**. Non-compliance may attract administrative action.
3. **Link with Trade Unions:** Works Committees often function alongside trade unions. While trade unions may focus on collective bargaining, the Works Committee **handles day-to-day matters and minor grievances**, serving as a **bridge between management and employees**.

5. Key Features

Feature	Description
Applicability	Industrial establishments with 100+ workmen
Composition	Equal or more workmen representatives than employer representatives
Selection	Workmen chosen in consultation with registered trade unions
Primary Duty	Promote amity and good relations between employer and workmen
Function	Comment on matters of common interest and resolve differences

Nature **Consultative, not adjudicatory**

Legal Basis **Section 3, Industrial Disputes Act, 1947**

Types of Strikes

1. Legal Strikes / Authorized Strikes

- These are strikes that are **permissible under the Industrial Disputes Act, 1947**.
- **Conditions for legality:**
 - Strike must be **in respect of a dispute concerning employment, non-employment, terms of employment, or conditions of labour**.
 - In **public utility services** (Section 22), a strike is **illegal if notice is not given** or it occurs during a **conciliation proceeding or during a lockout period**.
 - Workers must **give a notice of strike** in writing to the employer **six days in advance** (Section 63).
- Legal strikes enjoy **protection from civil suits and criminal liability** to some extent.

Example: Workers in a textile mill strike demanding higher wages after failing to reach an agreement during conciliation.

2. Illegal Strikes

- A strike becomes **illegal if it violates statutory provisions** of the Industrial Disputes Act.
- **Situations where strikes are illegal:**
 1. **Without notice:** Strike in public utility services without the prescribed notice period.
 2. **During conciliation or arbitration:** Strikes during proceedings under Section 10 (conciliation) or during the subsistence of a lockout.
 3. **By persons not authorized:** Non-employees participating in the strike.
 4. **Violent or coercive strikes:** Where strikes involve **violence, damage to property, or intimidation**.

Example: Employees of a hospital go on strike immediately without notice, disrupting essential health services—this is illegal.

3. Political Strikes / General Strikes (Hartal)

- **Objective:** These strikes are called to **protest government policies or political issues**, not directly related to employment or industrial disputes.

- **Legality:** Generally **illegal** under Section 22, as the cause is **outside the scope of employment or industrial dispute**.
- **Impact:** They are often organized by political parties and **affect the general public**, including non-workers.

Example: A statewide strike organized by a political party demanding government resignation.

4. Sympathy Strikes / Solidarity Strikes

- **Definition:** A strike by workers **in support of other workers who are on strike**, even if they themselves are not directly involved in the dispute.
- **Legality:** These are often **illegal** unless specifically authorized in the rules of the establishment or union agreements.
- **Purpose:** To exert **collective pressure on the employer or industry**.

Example: Workers of a factory strike in support of dock workers demanding better working conditions.

5. Wildcat Strikes / Unofficial Strikes

- **Definition:** A strike **not authorized by the union or trade union leadership**.
- **Characteristics:**
 - Spontaneous or sudden.
 - Conducted **without following statutory procedures** (e.g., notice period).
 - Often leads to **legal consequences for participants**.
- **Legality:** Considered **illegal**, and employees may be **dismissed or penalized**.

Example: Factory workers walk out without union approval demanding immediate salary hike.

6. Mass / General Strikes

- **Definition:** Strikes that involve **workers across industries or regions**, typically affecting **entire sectors or geographical areas**.
- **Purpose:** To exert **political or economic pressure** at a macro level.
- **Legality:** Often **illegal**, especially if it is a political strike or affects public services.

Example: Nationwide strike of transport workers against government transport policies.

7. Token Strikes / Sit-in Strikes

- **Definition:** A short-term strike or **partial work stoppage** to demonstrate dissatisfaction without causing major disruption.
- **Purpose:** Primarily to **signal protest** rather than to halt production completely.
- **Legality:** Usually **legal** if conducted according to statutory norms.

Example: Workers stop work for a few hours demanding implementation of a new welfare scheme.

8. Go-slow or Slowdown Strikes

- **Definition:** Workers **continue working but at a deliberately reduced pace** to affect productivity.
- **Purpose:** To pressure the employer **without completely halting production**.
- **Legality:** Considered a **form of industrial action**, but can be **treated as misconduct** depending on impact.

Example: Assembly line workers intentionally reduce their speed, delaying output until wage demands are met.

9. Hunger Strikes / Dharna

- **Definition:** Workers **protest without stopping work entirely**, often sitting at the workplace or government office.
- **Objective:** To **pressurize the employer or government** to meet demands.
- **Legality:** Generally **permissible** if peaceful and does not disrupt essential services.

Example: Employees stage a sit-in protest at factory gates demanding reinstatement of a dismissed colleague.

Welfare Provisions under the Factories Act, 1948

The **Factories Act, 1948**, in **Chapter IV**, provides for the welfare of workers in factories. Welfare provisions are intended to **ensure the comfort, safety, and health of workers**, thereby promoting efficiency and industrial harmony. The key welfare measures include the following:

1. Washing Facilities (Section 42)

- Every factory must provide **adequate and suitable washing facilities** for workers.
- **Separate facilities** must be provided for **male and female workers** and should be **screened for privacy**.
- Facilities must be **conveniently accessible** and **maintained in clean condition**.
- The **State Government** can prescribe **standards** of adequacy depending on the type of factory or manufacturing process.

Purpose: To ensure hygiene and prevent occupational diseases.

2. Facilities for Storing and Drying Clothing (Section 43)

- Factories must provide suitable **places to keep clothing not worn during working hours** and for **drying wet clothing**.

- Rules regarding the construction and standards of these facilities are made by the **State Government**.

Purpose: To ensure that workers' personal clothing is safe and hygienic.

3. Facilities for Sitting (Section 44)

- Factories must provide **suitable seating arrangements** for workers obliged to **stand during work**, allowing them to **rest whenever possible**.
- If work can be efficiently done in a sitting position, the **Chief Inspector** may order the employer to provide seating arrangements.
- The **State Government** may exempt certain factories or processes from this provision.

Purpose: To reduce fatigue and physical strain.

4. First-Aid Appliances (Section 45)

- **First-aid boxes or cupboards** must be provided in every factory, accessible during working hours.
- **Minimum requirement:** 1 box per **150 workers**.
- Boxes should contain only the **prescribed contents** and be in the charge of a **responsible person certified in first-aid**.
- Factories with **more than 500 workers** must maintain an **ambulance room** with medical and nursing staff, fully equipped as per rules.

Purpose: To provide immediate medical aid in case of accidents or health emergencies.

5. Canteens (Section 46)

- Factories employing **more than 250 workers** must provide a **canteen**.
- The **State Government** may issue rules regarding:
 - Date of establishment of canteen.
 - Standards for construction, furniture, and accommodation.
 - Food to be served and charges to be levied.
 - Worker representation in managing the canteen.
- Expenditure rules for running the canteen are prescribed to avoid undue burden on employees.

Purpose: To ensure workers have access to **healthy and affordable meals**.

6. Shelters, Rest Rooms, and Lunch Rooms (Section 47)

- Factories with **more than 150 workers** must provide:
 - Adequate **shelters or rest rooms**.
 - A suitable **lunch room** with drinking water for meals brought by workers.

- **Canteens** can substitute for lunch rooms.
- Facilities must be **well-lit, ventilated, cool, and clean**.
- State Government may prescribe **standards** and may exempt certain factories.

Purpose: To provide comfort and rest facilities during work breaks.

7. Creches (Section 48)

- Factories employing **more than 30 women workers** must provide **suitable creches** for children below **six years**.
- Creches must be **clean, ventilated, well-lit**, and managed by trained women caretakers.
- Rules may cover:
 - Location, construction, and furniture.
 - Additional facilities for children's hygiene.
 - Free milk or refreshments.
 - Facilities for mothers to feed children at intervals.

Purpose: To support **working mothers** and ensure proper child care.

8. Welfare Officers (Section 49)

- Factories employing **500 or more workers** must appoint **welfare officers**.
- Duties, qualifications, and service conditions of welfare officers are prescribed by the **State Government**.

Purpose: To supervise and implement welfare measures effectively.

9. Power to Make Rules to Supplement Welfare Provisions (Section 50)

- The **State Government** can:
 - Exempt factories or classes of factories from specific welfare provisions if **alternative arrangements** are provided.
 - Require **worker representation** in the management of welfare arrangements.

Purpose: To ensure flexibility and adaptability of welfare measures while safeguarding worker interests.

Health Provisions under the Factories Act, 1948

The Factories Act, 1948, in **Chapter III**, focuses on **ensuring health and hygiene** in factories. These provisions are designed to **prevent occupational diseases, protect workers from hazardous conditions, and promote a healthy working environment**.

1. Cleanliness (Section 11)

- Factories must be **kept clean and free from effluvia** from drains, latrines, or other sources of nuisance.
- **Specific duties include:**
 - Daily removal of dirt and refuse from floors, benches, staircases, and passages.
 - Washing floors at least once a week using disinfectants or other effective methods.
 - Provision of effective drainage where floors may get wet during manufacturing.
 - Maintenance of walls, partitions, ceilings, doors, and windows through painting, varnishing, or whitewashing periodically (generally every 3–5 years depending on type of paint).
- Dates of cleaning and maintenance must be **entered in a prescribed register**.
- The **State Government** may exempt certain factories or allow **alternative cleaning methods** depending on operational constraints.

Purpose: To maintain a hygienic environment and prevent disease outbreaks.

2. Disposal of Wastes and Effluents (Section 12)

- Factories must ensure **effective arrangements** for the treatment and safe disposal of wastes and effluents from manufacturing processes.
- Effluents must be rendered **innocuous** before disposal.
- The **State Government** may prescribe standards for treatment or require approval of the arrangements.

Purpose: To protect workers' health and prevent environmental contamination.

3. Ventilation and Temperature (Section 13)

- Every workroom must have **adequate ventilation** and a **comfortable temperature**.
- Measures include:
 - Proper design of walls and roofs to prevent excessive heat.
 - Separation or insulation of processes producing high temperatures.
- The **State Government** may prescribe **standards for ventilation and temperature**, including installation of measuring instruments.
- The **Chief Inspector** may order additional measures to reduce high temperatures if required.

Purpose: To prevent heat stress and ensure worker comfort.

4. Dust and Fumes (Section 14)

- Factories producing dust, fumes, or other impurities must implement **effective measures** to prevent inhalation and accumulation.

- Exhaust appliances should be installed **near the point of origin** and enclosed if possible.
- Internal combustion engines must **vent exhaust gases to the open air** or take measures to prevent harmful accumulation.

Purpose: To prevent respiratory illnesses and maintain air quality.

5. Artificial Humidification (Section 15)

- Applicable in factories where **air humidity is artificially increased**.
- Rules may prescribe:
 - Standards of humidification.
 - Methods of increasing humidity.
 - Prescribed tests for air humidity.
 - Adequate ventilation and cooling methods.
- Water used must be from a **safe supply or effectively purified**.
- Inspectors can order corrective measures if water or methods are unsafe.

Purpose: To protect workers from respiratory infections and adverse health effects of high humidity.

6. Overcrowding (Section 16)

- Workrooms must not be **overcrowded to the detriment of health**.
- Minimum space requirements:
 - Existing factories: **9.9 cubic meters per worker**.
 - New factories: **14.2 cubic meters per worker**.
- Space above **4.2 meters from floor** is not counted.
- Chief Inspector may post notices indicating **maximum occupancy** and can **exempt certain rooms** if compliance is unnecessary.

Purpose: To reduce the risk of accidents, stress, and spread of infectious diseases.

7. Lighting (Section 17)

- Sufficient **natural or artificial lighting** must be provided in all areas where workers work or pass.
- Glazed windows and skylights must be **kept clean**.
- Measures should be taken to prevent **glare, reflections, and shadows** that may cause eye strain or accidents.
- The **State Government** can prescribe standards for lighting in factories.

Purpose: To reduce accidents and eye strain, ensuring a safe working environment.

8. Drinking Water (Section 18)

- Factories must provide **safe and wholesome drinking water** at suitable points accessible to all workers.
- Points must be **legibly marked “drinking water”**.
- Water points should not be near **contaminants** like latrines or drains.
- Factories with **more than 250 workers** must provide **cool drinking water in hot weather**.
- State rules may require testing and maintenance of drinking water facilities.

Purpose: To prevent water-borne diseases and ensure worker hydration.

9. Latrines and Urinals (Section 19)

- Sufficient **latrine and urinal facilities** must be provided, conveniently located and accessible at all times.
- Separate facilities for **male and female workers** are mandatory.
- Must be **well-lit, ventilated, and sanitary**.
- Factories with **more than 250 workers** require **sanitary types** with tiled floors and walls, cleaned weekly.
- Sweepers must be employed to **maintain hygiene**.
- The **State Government** may prescribe ratios and additional sanitation requirements.

Purpose: To maintain hygiene and prevent the spread of infections.

10. Spittoons (Section 20)

- Factories must provide a **sufficient number of spittoons** at convenient locations.
- Spittoons must be **clean and hygienic**.
- Workers are prohibited from spitting outside spittoons; violations attract a **fine up to Rs. 5**.
- The **State Government** may prescribe types, numbers, locations, and maintenance rules.

Purpose: To maintain cleanliness and prevent disease transmission.

Employment of Young Persons under the Factories Act, 1948

The Factories Act, 1948 incorporates a **protective and regulatory framework** governing the employment of **children and adolescents** in factories. These provisions, contained in **Chapter VII (Sections 67 to 77)**, are aimed at **preventing exploitation, safeguarding health, ensuring education, and regulating working conditions** of young persons. The Act strikes a balance between industrial requirements and the welfare of minors.

1. Prohibition of Employment of Children below 14 Years (Section 67)

- Section 67 **absolutely prohibits the employment of children who have not completed fourteen years of age** in any factory.
- No such child can be *required or allowed* to work, making the provision mandatory and non-discretionary.

Objective: This provision reflects the constitutional mandate under **Article 24 of the Constitution of India**, which prohibits child labour in factories and hazardous employment.

2. Employment of Non-Adult Workers to Carry Tokens (Section 68)

- A **child above 14 years** or an **adolescent** can be employed only if:
 - A **certificate of fitness** under Section 69 is in the custody of the factory manager; and
 - The young person **carries a token** referring to such certificate while at work.

Purpose: To ensure easy identification and verification of lawful employment by inspectors.

3. Certificates of Fitness (Section 69)

This section lays down the **medical certification system** for young persons.

Who Issues the Certificate: A **certifying surgeon**, appointed under the Act.

Types of Certificates

- **Certificate as a Child:** Granted if the young person has completed **14 years**, meets prescribed physical standards, and is fit for factory work.
- **Certificate as an Adult:** Granted if the adolescent has completed **15 years** and is fit for a full day's work.

Validity and Conditions

- Valid for **12 months**.
- May be issued subject to conditions relating to:
 - Nature of work
 - Periodic medical re-examination

Revocation and Reasons

- The certifying surgeon may **revoke the certificate** if the holder becomes unfit.
- Reasons for refusal, renewal denial, or revocation must be **given in writing on request**.

Payment of Fees: Fees for certification are payable by the **occupier of the factory**, not by the child or guardian.

Significance: Medical certification ensures that young persons are not exposed to work detrimental to their physical development.

4. Effect of Certificate Granted to Adolescents (Section 70)

- An adolescent certified as fit to work as an adult is **deemed to be an adult** for the purposes of:
 - **Chapter VI (Working Hours of Adults)**
 - **Chapter VIII (Annual Leave with Wages)**

Restriction on Night Work

- No female adolescent or male adolescent below 17 years may work **between 7 P.M. and 6 A.M.**
- Absolute prohibition for female adolescents between **10 P.M. and 5 A.M.**
- Limited exemptions may be granted by the State Government in national emergencies.

5. Working Hours for Children (Section 71)

- A child shall not be employed:
 - For more than **4½ hours in a day**
 - During the **night**, defined as a period including **10 P.M. to 6 A.M.**
- Children may work only in **two non-overlapping shifts.**
- A child shall not:
 - Work in more than one factory on the same day
 - Be employed on weekly holidays

Purpose: To prevent physical exhaustion and protect the educational and developmental needs of children.

6. Notice of Periods of Work for Children (Section 72)

- Factories employing children must display a **notice of work periods** specifying:
 - Daily working hours
 - Shifts and relays
- The notice must comply with Section 71 and be maintained accurately.

Objective: To ensure transparency and prevent illegal extension of working hours.

7. Register of Child Workers (Section 73)

- The manager must maintain a **register of child workers**, containing:
 - Name of the child
 - Nature of work
 - Shift or relay

- Certificate of fitness number
- No child may work unless his particulars are **entered in the register**.

8. Hours of Work to Correspond with Register and Notice (Section 74)

- A child worker shall not be employed except in accordance with:
 - The notice displayed under Section 72; and
 - The register maintained under Section 73.

Purpose: To ensure strict administrative compliance and prevent manipulation.

9. Power of Inspector to Require Medical Examination (Section 75)

- An Inspector may order medical examination if:
 - A person appears to be a young person working without certification; or
 - A certified young person is suspected to be unfit.
- The young person shall not be employed until medically cleared.

10. Power of State Government to Make Rules (Section 76)

- The State Government may frame rules regarding:
 - Forms and fees for certificates
 - Physical standards
 - Duties and procedures of certifying surgeons

11. Saving Clause (Section 77) - The provisions of this chapter are **in addition to**, and not in derogation of, other laws relating to child employment, such as the **Employment of Children Act, 1938** (now replaced by later legislation).

Amalgamation of Trade Unions under the Trade Unions Act, 1926

The Trade Unions Act, 1926 recognises the **right of registered trade unions to reorganise themselves** to strengthen collective bargaining and trade union functioning. One such statutory mechanism is the **amalgamation of trade unions**, governed primarily by **Sections 24, 25, and 26** of the Act. These provisions lay down the **procedure, conditions, and legal consequences** of amalgamation, ensuring democratic consent of members and protection of existing rights.

1. Meaning and Concept of Amalgamation

Amalgamation refers to the **merger of two or more registered trade unions into a single trade union**, either:

- With or without dissolution of the existing unions; and
- With or without division or pooling of their funds.

The objective is to **promote unity, consolidate resources, and enhance the bargaining power** of workers.

2. Legal Provision Governing Amalgamation (Section 24)

Conditions for Valid Amalgamation

Section 24 provides that any two or more **registered trade unions** may amalgamate, subject to the following mandatory conditions:

1. Voting Requirement

- At least **one-half of the members entitled to vote** in each trade union must record their votes; and
- At least **60% of the votes recorded** must be in favour of the proposal.

2. Democratic Consent

- The section ensures that amalgamation is not imposed by union leadership but is based on **collective and informed consent of members**.

3. Flexibility Regarding Funds

- The Act permits amalgamation **with or without dissolution or division of funds**, allowing unions autonomy in deciding financial arrangements.

Significance - This provision ensures **internal democracy**, transparency, and voluntary association, which are core principles of trade union law.

3. Notice of Amalgamation to the Registrar (Section 25)

Procedure for Registration

Once the amalgamation proposal is approved, **written notice** must be sent to the Registrar:

- The notice must be:
 - Signed by the **Secretary** and
 - **Seven members of each trade union** participating in the amalgamation.
- If the **head office of the amalgamated union is situated in a different State**, a copy of the notice must also be sent to the Registrar of that State.

Registrar's Powers

- The Registrar shall verify whether:
 - The statutory requirements of the Act have been complied with; and
 - The newly formed trade union is **eligible for registration under Section 6**.
- If satisfied, the Registrar shall:
 - Register the amalgamated trade union under **Section 8**; and
 - The amalgamation shall take effect **from the date of such registration**.

4. Legal Effects of Amalgamation (Section 26)

Section 26 protects the **legal continuity and rights** of the amalgamating trade unions.

Protection of Rights and Obligations

- Amalgamation shall **not prejudice**:
 - Any right of the amalgamating trade unions; or
 - Any right of a **creditor** of such unions.

Continuity of Legal Proceedings

- Existing liabilities, contracts, and obligations continue to bind the amalgamated union.
- Creditors retain full legal remedies against the newly formed trade union.

Purpose: This provision ensures that amalgamation is **not used as a device to evade liabilities or defeat creditors' claims**.

5. Judicial Interpretation

In *Crompton Greaves Ltd. v. Its Workmen*, the Supreme Court recognised that trade unions are entitled to reorganise themselves through amalgamation to strengthen collective bargaining, provided statutory requirements are fulfilled.

Similarly, in *All India Bank Employees' Association v. National Industrial Tribunal*, the Court emphasised the importance of trade unions as democratic institutions, thereby reinforcing the need for member consent in matters such as amalgamation.

6. Importance of Amalgamation of Trade Unions

Amalgamation serves several important purposes:

- Strengthens collective bargaining power of workers
- Reduces multiplicity and inter-union rivalry
- Enhances financial and organisational stability
- Promotes industrial harmony and effective negotiation

Conciliation as a Mode of Dispute Resolution

1. Meaning of Conciliation - Conciliation is a **statutory, non-adjudicatory method of resolving industrial disputes** wherein a neutral third party, known as a **Conciliation Officer or Board of Conciliation**, intervenes to assist the employer and workmen in arriving at a **mutually acceptable settlement**. The objective of conciliation is not to impose a decision

but to **promote dialogue, compromise, and industrial harmony**. The process is governed by the **Industrial Disputes Act, 1947**, particularly **Sections 4, 5, 12, and 18**.

2. Statutory Framework under the Industrial Disputes Act, 1947

(a) Appointment of Conciliation Authorities

1. Conciliation Officer (Section 4)

- Appointed by the appropriate Government.
- May be appointed permanently or for a limited period.
- Has jurisdiction over a specified area or industry.

2. Board of Conciliation (Section 5)

- Consists of a Chairman and two or four members representing employers and workmen in equal numbers.
- Constituted for disputes of greater complexity or importance.

3. Duties and Powers of the Conciliation Officer (Section 12)

Duties

- To **investigate the dispute promptly**.
- To **induce the parties to come to a fair and amicable settlement**.
- To hold meetings, encourage negotiations, and remove misunderstandings.

Powers

- Power to call for documents and information.
- Power to enter the premises after giving notice.
- Authority to submit reports to the Government.

4. Procedure of Conciliation

1. Initiation of Proceedings

- Conciliation proceedings commence when a dispute is reported or apprehended.
- In **public utility services**, conciliation is **mandatory** before resorting to strikes or lockouts (Section 22).

2. Conduct of Proceedings

- The Conciliation Officer facilitates discussions and negotiations.
- The process is **informal and flexible**, unlike adjudication.

3. Outcome of Conciliation

- **Settlement Achieved:**
 - A memorandum of settlement is drawn up and signed by the parties.
 - A report is sent to the Government.

- **Failure of Conciliation:**
 - The officer submits a **failure report** stating reasons.
 - The Government may refer the dispute to adjudication under Section 10.

5. Legal Effect of Conciliation Settlement (Section 18)

- A settlement arrived at **in the course of conciliation proceedings** is:
 - Binding on all parties to the dispute, and
 - Also binding on all workmen employed in the establishment, including future employees.

Case Law - In *Bata Shoe Co. (P) Ltd. v. D.N. Ganguly*, the Supreme Court held that a settlement arrived at during conciliation has statutory force and is binding under Section 18(3).

6. Importance and Advantages of Conciliation

1. **Speedy Resolution** - Avoids prolonged litigation and industrial unrest.
2. **Preservation of Industrial Peace** - Encourages cooperation rather than confrontation.
3. **Cost-effective** - Minimal procedural expenses compared to adjudication.
4. **Flexibility and Informality** - Parties are free to negotiate terms suitable to their interests.
5. **Voluntary and Non-coercive** - No decision is imposed by the conciliator.

7. Limitations of Conciliation

1. **No Binding Decision Without Settlement** - Conciliator cannot impose a solution.
2. **Dependence on Willingness of Parties** - Failure likely if parties are rigid.
3. **Limited Use in Complex Legal Disputes** - Not suitable where authoritative interpretation of law is required.

8. Judicial Interpretation

In *Workmen of Delhi Cloth and General Mills Ltd. v. Management (1970)*, the Supreme Court observed that conciliation plays a **vital role in preventing industrial disputes from escalating** and should be encouraged as the first step in dispute resolution.

In *State of Bihar v. D.N. Ganguly*, the Court emphasised that the role of the Conciliation Officer is **persuasive and mediatory**, not adjudicatory.

Manufacturing Process

Statutory Definition

The term “**manufacturing process**” is defined under **Section 2(k) of the Factories Act, 1948**. According to this provision, *manufacturing process* means any process for—

1. **Making, altering, repairing, ornamenting, finishing, packing, oiling, washing, cleaning, breaking up, demolishing, or otherwise treating or adapting any article or substance** with a view to its use, sale, transport, delivery, or disposal; or
2. **Pumping oil, water, sewage, or any other substance**; or
3. **Generating, transforming, or transmitting power**; or
4. **Composing types for printing, printing by letterpress, lithography, photogravure, or other similar processes, or book-binding**; or
5. **Constructing, reconstructing, repairing, refitting, finishing, or breaking up ships or vessels**; or
6. **Preserving or storing any article in cold storage**.

Essential Elements of a Manufacturing Process

1. **Existence of a Process:** There must be some activity or series of activities carried on systematically.
2. **Treatment or Adaptation of an Article or Substance:** The process must involve physical or chemical treatment of an article or substance.
3. **Purpose of Use, Sale, or Disposal:** The activity should be carried on with a view to use, sale, transport, delivery, or disposal of the article.
4. **Wide Scope of Activities:** Even ancillary or incidental processes connected with production fall within the definition.

Scope and Nature of the Definition: The definition of manufacturing process under the Factories Act is **very wide and inclusive**. It not only covers conventional manufacturing activities but also includes **services such as pumping, power generation, printing, ship repairing, and cold storage**. The intention of the legislature is to **extend protection to workers engaged in diverse industrial activities**, irrespective of whether the final product is a tangible commodity.

Judicial Interpretation

In *State of Bombay v. Ali Saheb Kashim Tamboli*, the Supreme Court held that the **conversion of raw materials into finished goods** by applying labour or mechanical process amounts to a manufacturing process under the Factories Act.

In *Shankar Balaji Waje v. State of Maharashtra*, the Court observed that the definition should be interpreted **liberally** so as to achieve the welfare objective of the Act.

In *Ardeshir H. Bhiwandiwalla v. State of Bombay*, it was held that **cleaning and washing of goods for commercial purposes** constitutes a manufacturing process.

Illustrations

- Cleaning and sorting waste paper for use in a paper mill is a manufacturing process.
- Pumping water for industrial supply amounts to a manufacturing process.
- Printing and book-binding in a printing press fall within the definition.
- Preserving fruits in a cold storage is also considered a manufacturing process.

Importance of the Concept - The concept of manufacturing process is crucial because the **applicability of the Factories Act, 1948 depends on it**. An establishment will be treated as a **factory** only if a manufacturing process is carried on with the requisite number of workers. Thus, this definition determines the **rights, safety, health, and welfare protections** available to workers.

Modes of Settlement under the Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947 (hereinafter “the Act”) provides a comprehensive statutory framework for the peaceful resolution of industrial disputes with the objective of maintaining industrial harmony and ensuring social justice. The Act recognizes both **voluntary** and **compulsory** modes of settlement. The various modes of settlement may be broadly classified as follows:

1. Works Committee (Section 3)

A Works Committee is a **bipartite body** consisting of representatives of employers and workmen, constituted in industrial establishments employing 100 or more workmen. Its primary function is to promote **amity and good relations** between employers and workers by resolving matters of common interest.

The Works Committee acts as a **preventive mechanism**, aiming to resolve disputes at an early stage before they escalate into industrial disputes.

Case Law: In *North Brook Jute Co. Ltd. v. Workmen*, the Supreme Court held that the Works Committee is intended to deal with matters of **day-to-day working conditions** and not major industrial disputes involving policy decisions.

2. Collective Bargaining (Voluntary Settlement)

Collective bargaining is an **informal and voluntary method** of dispute resolution whereby employers and trade unions negotiate directly to arrive at mutually acceptable terms. Though not expressly defined under the Act, it is recognized under **Section 18(1)** as a valid mode of settlement.

Settlements arrived at through collective bargaining are binding only on the parties to the agreement.

Case Law: In *Karnal Leather Karamchhari Sangathan v. Liberty Footwear Co.*, the Supreme Court emphasized collective bargaining as a **preferred mode** of resolving industrial disputes in a democratic society.

3. Conciliation (Sections 4, 12 and 18(3))

Conciliation is a statutory and administrative process where a **neutral third party**, known as the Conciliation Officer, mediates between the disputing parties to facilitate a settlement.

If a settlement is arrived at during conciliation proceedings, it becomes binding under **Section 18(3)** not only on the parties but also on all workmen of the establishment.

Case Law: In *State of Bihar v. D.N. Ganguly*, the Supreme Court recognized conciliation as a crucial instrument for ensuring industrial peace through voluntary compromise.

4. Voluntary Arbitration (Section 10A)

Voluntary arbitration is a mode where parties to an industrial dispute agree to refer the dispute to an **independent arbitrator** by written agreement. This method combines voluntariness with legal enforceability.

The arbitration award is binding on the parties and is published by the appropriate government.

Case Law: In *Rohtas Industries Ltd. v. Rohtas Industries Staff Union*, the Supreme Court upheld the validity of voluntary arbitration and emphasized its role in reducing industrial litigation.

5. Adjudication (Compulsory Settlement) - Adjudication is a **compulsory and formal method** of dispute resolution through statutory authorities constituted under the Act. It includes:

(a) Labour Courts (Section 7)

They adjudicate disputes relating to discharge, dismissal, retrenchment, legality of strikes, and interpretation of standing orders.

(b) Industrial Tribunals (Section 7A)

They deal with broader issues such as wages, allowances, hours of work, and conditions of service.

(c) National Tribunals (Section 7B)

They adjudicate disputes of **national importance** or disputes affecting establishments in more than one State.

Awards passed by adjudicatory authorities are binding and enforceable.

Case Law: In *Bharat Bank Ltd. v. Employees* (AIR 1950 SC 188), the Supreme Court held that industrial adjudication is a **quasi-judicial process** aimed at ensuring social justice.

6. Settlement Outside Conciliation (Section 18(1)) - Settlements arrived at **otherwise than in the course of conciliation proceedings** are binding only on the parties to the agreement. Such settlements are contractual in nature and reflect mutual consent. This mode provides flexibility but has limited binding effect.

Case Law: In *Herbertsons Ltd. v. Workmen*, the Supreme Court observed that courts should encourage and uphold settlements arrived at voluntarily unless they are unfair or unjust.

