

e- content for PMIR –Semester-II/Paper code-VI (CC-6)

Industrial Relations

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Closure

Permanent Closing down of an organization, a situation when workers want to work but management does not find the work viable. Closure may be done due to many reasons like non-availability of raw materials, organization running in loss, expiry of lease, products have become outdated or heavy loads of dues, declining demand for the product and too much competition in the market. There is a difference between 'closure' and 'lock-out'. Unlike Closure, lockout is regarded as an industrial action which is used in case of industrial dispute.

Industrial Disputes Act, 1947 makes a detailed provision regarding closure. Under this act, an employer has to give 60-days notice in advance, take permission from the appropriate government and pay compensation to the employees, if he intends to close down his undertaking. However, the provision regarding closure will not apply to those undertakings in which" (1) Less than 50 workmen are employed or were employed in any day in the preceding twelve months, (2) An undertaking set up for the construction of buildings, bridges, roads, canals, dams or for other construction work or project.

Lay-Off

"Lay-off means the failure, refusal or inability of an employer on account of shortage of coal, power or raw materials or the accumulation of stocks or the breakdown of machinery or natural calamity or for any other connected reason to give employment to a workman whose name is borne on the muster-rolls of his industrial establishment and who has not been retrenched.'

Lay-off is a type of situation which occasionally occurs in industry when management is willing to take work and workers are also willing to work, but the situation is such that work cannot be taken, then it is called lay-off. Lay-off should not be confused with closure. Lay-off is temporary but closure is permanent. In Lay-off, workers are still on the job and employer-employee relationship is uninterrupted. But in closure, the job is gone and the employer employee relationship ceases to exist.

Lay-off may arise due to a number of situations as stated above like: (a) Shortage of coal (b) Absence of raw materials (c) Breakdown of machinery (d) Natural calamity like flood, earthquake or storm (e) Accumulation of stock (f) Power failure etc.

Lay-off may be of two types: (a) Lay-off due to factors beyond the control of the employer, (b) Lay-off due to factors within the control of the employer. Absence of coal, raw material, breakdown of

machinery, natural calamity like factors are said to be beyond the control of the employer and, therefore, in such conditions Lay-off is justified and unions also do not protest. Lay-off due to accumulation of stocks, economic reasons, products out of fashion etc. are within the control of the employer and lay-off in such situations are opposed by trade unions. Employer may avoid this type of situation by proper planning and foresightedness.

Lay-off is also used as an industrial action by employers in situations of industrial disputes but this is controversial. If management decides to go for lay-off in situations of industrial disputes, they are unwise because they will be required to pay 50% percent of wages to all workers without any work. In India, in order to deal with such types of situation, the Industrial Disputes Act, 1947 has a separate chapter on Lay-off.

Every workman whose name is borne on the muster rolls of the industrial establishment and who presents himself at the time appointed for the purpose during normal working hours on any day and is not given employment by the employer within two hours of his so presenting himself, shall be deemed to have been laid-off for that day within the meaning of this Act.

Provided that if the worker, instead of being given employment at the commencement of any shift for any day is asked to present himself for the purpose during the second half of the shift for the day and is given employment then, he shall be deemed to have been laid off only for the first half of the day.

Provided further that if he is not given any such employment even after so presenting himself, he shall not be deemed to have been laid off for the second half of the shift for the day and shall be entitled to full basic wages and dearness allowance for that part of the day.

There are two types of provisions relating to Lay-off under the Industrial Disputes Act, 1947. They are called: (a) General Provisions and (b) Special Provisions. General provisions apply to those undertakings where the number of workers is 50 and above but less than 100. On the other hand, special provisions apply to undertakings having a workforce of 100 or above. The detailed provisions have been given under the chapter on Lay-off under the Industrial Disputes Act, 1947.

Lock-out

Term associated with industrial disputes. Whenever there is industrial dispute in an organization, parties may make use of industrial actions like lock-outs or strikes, go-slow or picketing. In strikes workers refuse to work and in lock-outs, employers refuse to take work. There are three important features of lock-out: (a) It is always done in a situation of industrial disputes or conflict; (b) Employer refuses to take work for a temporary period. (c) Through lock out the employer compels the union to come to management's terms.

Lock-out has been defined under the Industrial Disputes Act, 1947 as 'lock out means (temporary closing place of employment), or the suspension of work or the refusal by an employer to continue to employ any number of persons employed by him.'

The most obvious employer's weapon, the counterpart to the unions' strike, is the lock-out. A lock out is a cessation of work initiated by the employer: closing his plant in order to make some bargaining gain. Lock outs are comparatively infrequent in this country, since the employer has the initiative in setting wages and working conditions and can, therefore, set those which he desires. It is the union which then raises objections and goes on a strike in order to compel a change. If forced to choose between a strike and a lock-out, management usually prefers the former since it has public relations

advantages. It can set the conditions which push the union into a strike and therefore do not need to lock-out its employees. The side which is the aggressor in bringing about a work stoppage is the one which is at the initial disadvantage in explaining its position to the public.

Retrenchment

Terminating the services of surplus employees. Where the employees are capable and willing to work, the management also desires to take work from them, but in cases where no work is available, their services are terminated. This is called retrenchment.

The Industrial Disputes Act, 1947, has attempted to define 'retrenchment' but the definition is not straight and simple. It states that retrenchment does not include the following: (a) Termination on the ground of continued ill health (b) Termination due to misconduct (c) Quitting, resignation or voluntary leaving of the job (d) retirement or superannuation.

Under the Industrial Disputes Act, 1947, provisions have been made to regulate retrenchment. The provisions are of two types: (a) general provisions relating to retrenchment applicable in undertaking employing less than 100 workers, and (b) special provisions relating to retrenchment applicable in undertakings employing 100 workers or more.