|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Chapter 5: Legislative Acts** | | | | |
| **Teaching Hours: 12** | **Marks Distribution** | | | |
| **Remember =**  **04 M** | **Understanding = 04 M** | **Applying =**  **4 M** | **Total =**  **12 M** |

**Topics and subtopics:**

**5.1** **Necessity of acts,** **important definition and Main provisions of acts.**

**5.2 Industrial Acts:**

**Indian Factory Act**

**Industrial Dispute Act**

**Workman Compensation Act**

**Minimum Wages Act**

**5.1** **Necessity of acts,** **important definition and Main provisions of acts.**

In management, acts and laws play a critical role in defining the structure and functioning of organizations. These acts are legal frameworks that guide the management practices, ensuring that organizations operate in compliance with local and international laws. Here's a breakdown of the **necessity**, **important definitions**, and **main provisions** of acts in management:

### **1. Necessity of Acts in Management**

Acts and regulations are necessary for several reasons:

* **Legal Compliance**: Organizations must comply with laws to avoid legal penalties and maintain their credibility.
* **Fairness and Equity**: Acts ensure that the organization operates in a fair and just manner, treating employees, customers, and other stakeholders ethically.
* **Regulation of Operations**: Acts provide guidelines that help structure how business processes, governance, and decision-making should happen.
* **Conflict Resolution**: Acts often provide a framework for resolving disputes, be they between employees, management, or external stakeholders.
* **Social Responsibility**: Many laws mandate organizations to contribute to the well-being of society, through practices like environmental protection and labor rights.

### **2. Important Definitions in Management Acts**

The definitions of specific terms under these acts can vary depending on the region and the type of law, but common definitions typically include:

* **Management**: The process of planning, organizing, leading, and controlling an organization’s resources to achieve its goals.
* **Employee**: An individual employed by an organization to perform specific tasks in exchange for compensation.
* **Employer**: A person or entity that hires employees and is responsible for their welfare and compensation.
* **Contract of Employment**: A legal agreement between an employer and employee that outlines duties, responsibilities, and compensation.

### **3. Main Provisions of Acts in Management**

Management acts can cover a broad range of provisions. Here are a few examples:

#### **Labor Laws (e.g., Fair Labor Standards Act in the U.S.)**

* **Minimum Wage**: Ensures employees receive a fair minimum wage.
* **Overtime Pay**: Provides guidelines on overtime compensation for employees working beyond regular hours.
* **Child Labor**: Prohibits employment of minors in hazardous jobs.
* **Working Hours**: Regulates the number of hours employees can work each day or week.

#### **Occupational Health and Safety Acts**

* **Workplace Safety**: Ensures the provision of safe working environments for employees.
* **Employee Health**: Mandates health standards to prevent work-related injuries and illnesses.
* **Training**: Requires employers to train employees in safety practices.

#### **Corporate Governance Acts (e.g., Sarbanes-Oxley Act)**

* **Financial Transparency**: Ensures accurate reporting of financial information.
* **Internal Controls**: Requires organizations to implement measures to prevent fraud and errors.
* **Accountability**: Mandates that corporate officers and boards of directors are accountable for company actions.

#### **Data Protection and Privacy Acts (e.g., GDPR in the EU)**

* **Data Privacy**: Protects the personal data of employees, customers, and other stakeholders.
* **Consent**: Requires obtaining explicit consent from individuals to collect and process their data.
* **Transparency**: Ensures that organizations inform stakeholders about how their data is used.

**5.2 Industrial Acts:**

Here are some important Industrial Acts relevant to management:

1. **Industrial Disputes Act, 1947**:
2. **Factories Act, 1948**:
3. **Trade Unions Act, 1926**:
4. **Payment of Wages Act, 1936**:
5. **Minimum Wages Act, 1948**: T
6. **Employees' Provident Funds and Miscellaneous Provisions Act, 1952**:
7. **The Maternity Benefit Act, 1961**:
8. **The Equal Remuneration Act, 1976**:

**Indian Factory Act**

### Key Provisions of the **Factories Act, 1948** in Management:

1. **Health and Safety of Workers**:
   * The Act mandates that factories provide a safe and healthy environment for workers, including proper ventilation, lighting, and sanitation.
   * It requires factories to maintain safety measures to prevent accidents and minimize hazards such as fire, electrical risks, and chemical exposure.
   * Employers are responsible for providing personal protective equipment (PPE) for workers working in hazardous conditions.
2. **Working Hours**:
   * The Act regulates working hours, ensuring that workers do not work for more than 48 hours per week.
   * It specifies the maximum number of hours an adult worker can work in a day (generally 9 hours), and overtime provisions must be compensated at a higher rate.
   * Workers are entitled to weekly holidays and rest periods between shifts to ensure they are not overworked.
3. **Welfare Provisions**:
   * The Act outlines welfare measures for workers, including the provision of clean drinking water, first aid facilities, and separate restrooms for men and women.
   * It also mandates the provision of crèches (childcare facilities) for factories employing a certain number of women workers.
4. **Workplace Hazards and Accidents**:
   * Factory management is responsible for maintaining a safe work environment, conducting regular inspections, and ensuring the implementation of safety measures.
   * In the event of an industrial accident or injury, the employer must ensure that compensation and medical aid are provided promptly under the provisions of the **Workmen’s Compensation Act**.
5. **Employment of Young Persons**:
   * The Act prohibits the employment of children under the age of 14 in factories and restricts the working hours for adolescent workers (those between 14 and 18 years old).
   * A specific register must be maintained with details of child laborers and adolescents employed in the factory, as well as their working hours.
6. **Health and Hygiene Facilities**:
   * The Act ensures that factories provide proper sanitation, clean drinking water, adequate ventilation, and proper disposal of waste.
   * It mandates the cleanliness of workplaces, including toilets, washing facilities, and the disposal of garbage to maintain hygiene.
7. **Annual Leave with Wages**:
   * The Act entitles workers to annual paid leave, calculated based on the number of days worked within a year. Typically, a worker is entitled to 1 day of leave for every 20 days of work.
8. **Worker Welfare Fund**:
   * The Act mandates the establishment of a welfare fund for the benefit of factory workers. The fund can be used to provide financial support for workers in cases of injury, illness, or death related to work.
9. **Registration of Factories**:
   * Every factory with 10 or more workers (using power) or 20 or more workers (without power) must be registered with the respective state government.
   * The factory management is responsible for maintaining certain records, such as the health and safety of workers, and reporting any incidents of injury or accidents.

**Industrial Dispute Act**

### Key Provisions of the Industrial Disputes Act:

1. **Definition of Industrial Disputes**: It defines an industrial dispute as a dispute or difference between employers and employees, or between employees themselves, that affects the work conditions, wages, or other industrial matters.
2. **Authorities and Machinery for Dispute Resolution**:
   * **Works Committees**: Composed of employer and employee representatives to facilitate communication and resolve issues at the workplace level.
   * **Conciliation Officers**: Appointed by the government to mediate between the disputing parties.
   * **Board of Conciliation**: A larger body formed to help resolve issues that can’t be settled by conciliation officers.
   * **Labour Courts and Industrial Tribunals**: For adjudicating disputes related to the rights and obligations of employers and employees.
3. **Layoff, Retrenchment, and Closure**: The Act specifies the conditions under which layoffs, retrenchments (laying off permanent employees), and closures of industrial establishments can happen. It requires employers to seek government permission under certain circumstances.
4. **Strikes and Lockouts**: The Act regulates strikes and lockouts, ensuring that they are legally conducted. It prohibits strikes and lockouts in certain circumstances, such as during the pendency of conciliation or adjudication proceedings.
5. **Disciplinary Matters**: It covers procedures for dismissals, suspensions, and terminations, ensuring that they are justifiable and follow due process.
6. **Industrial Dispute Settlement**:
   * **Settlement through Voluntary Arbitration**: This is a process where both parties agree to resolve disputes outside of formal adjudication.
   * **Adjudication**: A formal resolution process through Labour Courts and Industrial Tribunals.

**Workman Compensation Act**

### Key Provisions of the Workmen's Compensation Act:

1. **Liability for Compensation**:
   * Employers are required to pay compensation to employees who suffer personal injury or death due to accidents that occur during the course of their employment. This includes injuries that happen while the employee is engaged in tasks assigned by the employer or working on the employer's premises.
   * The Act covers both physical injuries and occupational diseases that arise due to working conditions (e.g., long-term exposure to harmful chemicals).
2. **Scope of Compensation**:
   * **Death or Permanent Disablement**: Compensation is paid to the dependents of a deceased worker or the worker themselves in case of permanent disablement.
   * **Temporary Disablement**: For temporary incapacity, the worker is entitled to weekly compensation for the period of disablement.
3. **Compensation Calculation**: The amount of compensation depends on the severity of the injury and the wages of the worker. The Act includes a detailed formula for calculating the compensation based on factors like:
   * The employee’s wages.
   * The nature of the injury (permanent total disablement, permanent partial disablement, or temporary disablement).
   * The age of the worker.
4. **Employer’s Duty to Notify**: Employers are required to inform the concerned authorities and file a report with the appropriate commissioner when an accident or fatality occurs in the workplace.
5. **Exemptions**: The Act does not cover workers engaged in domestic service or those working in certain hazardous industries unless specified by government rules.
6. **Defenses for Employers**: While employers have to pay compensation in most cases, they can defend themselves under certain conditions. For example, if the injury occurred due to the worker’s own willful misconduct or if the worker was intoxicated at the time of the accident.
7. **Penalties for Non-Compliance**: Employers who fail to comply with the provisions of the Act face penalties and could be required to pay fines or additional compensation.

**Minimum Wages Act**

Key aspects of the **Minimum Wages Act** in the management context include:

1. **Legal Compliance**: Employers are required to pay employees at least the minimum wage as fixed by the government for specific industries or regions. Non-compliance can lead to legal consequences.
2. **Wage Fixation**: The act mandates that wages must be fixed by the government based on factors like the type of work, industry, and location. Managers need to stay updated with the latest wage notifications for their specific area and industry.
3. **Wage Structures**: In management, it's important to design wage structures that meet or exceed the minimum wages while also considering factors like employee experience, skills, and job responsibilities.
4. **Record Keeping**: The act requires employers to maintain records of wages paid to employees. This is important for management to ensure transparency and avoid legal disputes.
5. **Wage Boards**: For certain industries, the government sets up wage boards to recommend minimum wages. Managers need to understand how these boards work and incorporate their recommendations into their payroll systems.
6. **Worker Welfare**: The act is designed to protect low-income workers, ensuring fair wages and preventing exploitation. Managers must be proactive in fostering a work environment where fair wages are a priority.
7. **Remuneration for Overtime**: Under this law, managers should ensure that employees are paid additional wages for overtime work, as specified by the relevant authorities.
8. **Enforcement and Penalties**: Management must also be aware of the enforcement mechanisms. Failure to comply with the act can result in penalties, fines, or even legal action against the employer.