"The country will be happy only if labourers are joyous. So the management and the administration should take all efforts to keep them contended."

- Kural 520
REVIEW OF LITERATURE

This chapter has two parts. The first part deals with the definition and concepts relevant to the study. It traces the international – national and state level efforts in the field of labour welfare. It also deals about the labour welfare measures incorporated in our Constitution, in our labour legislation and describes the progress of labour welfare through our five-year plans and ends up with the New Economic Policy on Labour.

In the second part of the chapter, evolution of labour and Labour Welfare as a subject of study and research has been traced. Also the development of new concepts like ‘Benchmarking’, and Human Resource Training in the context of liberalization and globalisation have been discussed.

“Labour is the essence of life”. A society, which constructs indignity around that essence of life may survive but cannot progress. As George writes, “materials and machines are inert factors, but man with the ability to feel, to think, to conceive and to plan is by far the most valuable and at the same time the most different element to inspire, control and motivate”. The notion of productivity and creativity is entirely dependent on the positive thinking constructed around labour.

Labour problems center round the purchase, sale and performances of labour services. Labour problems arise because of the fact that under the

conditions of large-scale industry people have to depend on others for their livelihood. They may have to accept jobs, which they do not like; they may have to work under unpleasant conditions; they may have to accept wages, which are not enough for their average way of living.\footnote{Chung K.H. and Megginson L.C., Organizational Behaviour, Harper and Row, New York, 1981, p.393.}

2.1. DEVELOPMENT OF THE CONCEPT OF LABOUR WELFARE:

The concept of welfare is related to cultural, historical and environmental conditions. It differs from time to time and country to country. In the words of Paul Chu, "welfare services are as varied as life itself and are consequently being adapted in new circumstances. They form a fluid and developing pattern, which changes as human needs changes, as problems of adjustment with social environment arise or with the changes which are perpetually going on in the structure of society itself. It is no wonder, therefore that concepts of industrial welfare vary from country to country and that within the same country the significance attached to the term may differ from industry to industry and even from undertaking to undertaking."\footnote{Paul Chu – Reprint from "The Modern Approach to Industrial Welfare" – International Labour Review – June, 1955 – p.2} It is generally agreed that "blood, toil, sweat and tears" have achieved modern industrial growth and that this has been a rather high price, which individuals and different societies have paid. All these and many other problems necessitated for labour welfare measures.

Such being the nature of labour welfare the development of its concept is worth noting. This development is evolutionary. Three distinct phases in this evolution of the concept of labour welfare are marked. These are: the Paternalistic approach, the Industrial Efficiency approach and Social approach.

2.2 LABOUR PROBLEMS – AN INTERNATIONAL CHARACTER:

The focal point of labour problems is the labour market where such issues as wage rates, hours of work, conditions of work and job tenure are supposed to be solved. Labour problems are not peculiar to anyone country or locality. The struggle of wage earners to better their living standards and working conditions is occurring in every country since labour problems are common to many areas and countries; they can hardly be the product of particular persons or local conditions. The concessions granted to labourers in one country have also been demanded in other countries.

Thus labour problems have developed an international character. The international labour organisations have been established to develop mutual understanding on labour problems, to find out one ways and means to establish industrial peace, to protect the rights of the workers and thus, to organise labour at international level. Thus today labour problems that are occurring in one country is not confined to that country alone but have its effect upon other countries also. Hence the labour problems have developed an international character.

The International Labour Organisation (ILO) was set up in 1919. Earlier it was Robert Owen, the well-known labour leader of Great Britain who for the first time pleaded at the conference of Aixtachappelle, for international action to improve the conditions of labour. Trade unionist, social reformers and philanthropists continued to agitate for international action in order to improve the conditions of industrial life of labour. The movement culminated in the formation of International Association of Labour legislation in 1897.
Four years later this association founded an International Labour office in Basle and during 1905 – 06 drew up the first International Labour Convention prohibiting the night work of women and the use of phosphorous in the manufacture of matches.

The provisions of this convention could not be implemented on an international scale due to the lack of enthusiasm on the part of the major Governments and outbreak of the 1 World War. But with the end of war, there was a mounting pressure from the Trade Union movements of U.S.A., Great Britain, France and other countries for comprehensive labour legislation and this helped to create a general feeling that any attempt to create a better world should include systematic effort to improve labour conditions.

The Allied Powers took notice of this feeling and accordingly the Versailles Peace Conference appointed a commission on Labour Legislation, which recommended the creation of permanent agency for the purpose of regulating the conditions of employment from the international aspect and finding the international means necessary for common action. Thus Peace Conference led to the creation of the International Labour Organisation in 1919, an event of considerable significance to labour all over the world.

2.2 (1) AIMS AND OBJECTIVES OF I.L.O.

The main aims of International Labour Organisation are:

To remove injustice, hardship and privation of large masses of toiling people all over the world

To improve their living and working conditions and thus establish universal lasting peace based upon social justice
• The regulation of hours of work, laying down the maximum workload for day and week.

• To give suggestion and recommendations for the prevention of unemployment.

• To make suitable steps for protection of the workers against sickness, disease and injury arising out of employment.

• To take steps and give special attention for the protection of children, young persons and women.

• To take suitable steps for the protection of interests of those workers who have been employed in countries other than their own.

• To take steps for the recognition and implementation of the principle of equal remuneration for work of equal value.

• To take steps for the recognition and implementation of the principle of freedom of association and to make provisions for vocational and technical education.

2.2 (2) INDIA AND INTERNATIONAL LABOUR ORGANISATION.\(^5\)

India has been a member of this international institution since its birth in 1919. India has gained a lot from International Labour Organisation. Although our record of ratification of the conventions has not been impressive (only 22% being ratified) yet these conventions have considerably influenced the course of Indian labour legislation directly as well as indirectly.

Many important labour enactments such as Factories Act and Employees State Insurance Act owe their origin to the conventions of International Labour Organisation. The Government of India has set up a commission in August 1994 to examine the existing frame work for implementing the International Labour

\(^5\) Appendix 2.1. ILO -Conventions ratified by India
Organisation conventions relating to child labour, collective bargaining, non-discrimination in employment and freedom of association and organisation of workers. The Labour Standards as given by ILO may be classified as,

- **Standards of Protection**, which includes regulation of duration and scheduling of working time, standards of ensuring occupational health and safety etc.

- **Standards of Participation** provides the rights and the means required for the joint setting and implementation of labour standards by employers, workers and the government, and for the active involvement of workers in the process of restructuring.

- **Standards of Promotion** that is internationally recognized include, improvement of qualifications of labour through education and training, improving the quality of product etc.  

2.3. **HISTORICAL DEVELOPMENT OF LABOUR WELFARE IN INDIA**:

Labour welfare activity in India was largely influenced by humanitarian principles and legislation. During the early period of industrial development, efforts towards workers welfare was made largely by social workers, philanthropists and other religious leaders, mostly on humanitarian grounds. Before the introduction of welfare and other legislation in India, the conditions of labour welfare were miserable. Exploitation of child labour, long hours of work, bad sanitation, absence of safety measures etc. was the regular features of factory life. The earliest legislative measures could be traced back to the passing of the Apprentices Act of 1850. The next Act was the Fatal Accidents Act of 1853. Then came the merchants Shipping Act of 1859. These Acts were mainly to regulate the employment.

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2.3.(1) BEFORE INDEPENDENCE:

The movement to improve the working conditions of Indian labour started with the passing of the first Indian Factories Act in 1881. The Act applied to factories employing not less than 100 persons. The Mullock Commission was appointed by the Government of Bombay in 1884 to review the working of the Factories Act of 1881. As a result of the recommendation of this commission the Factories (Amendment) Act was passed in 1891. It applied to all factories employing persons or more.

The Indian Factories Act of 1911 was made applicable also to seasonal factories working for less than four months in a year. In the meanwhile, voluntary action in the field of labour welfare also made considerable progress. The outbreak of the I World War in 1914 led to a number of new developments. The Russian Revolution made tremendous impact on the attitudes of Government and society towards labour. Establishment of ILO in 1919 was the important landmark in the history of labour welfare movement in our country.

In 1922 Indian Factories (Amendment) Act was passed which was made applicable to all the factories using power and employing not less than 20 persons. The Royal Commission On Labour under the chairmanship of J.H. Whitley was appointed in 1929 to enquire into and report on the then existing conditions of labour in industrial undertakings, plantations etc. in British India. Accepting the recommendations of the committee, the Government passed the Factories Act of 1934.7 A number of committees also were set up by the provincial Governments to enquire into the working conditions of labour including the provisions of housing facilities.

Another milestone in the field of labour welfare was reached with the appointment of Labour Investigation Committee (Rege Committee) in 1944. The

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committee was asked to investigate the problems relating to wages and earnings, employment, housing and social conditions of workers.

In May 1944, the grand charter of labour popularly known as the Declaration of Philadelphia was adopted by the member states of ILO. Amongst its aims and objects, the Declaration said that labour is not a commodity and that it is entitled to a fair deal as an active participant in any programme of economic development or social reconstruction.

2.3. (2) AFTER INDEPENDENCE:

After Independence the labour welfare movement acquired new dimensions. It was realised that labour welfare had a positive role to play in increasing productivity and reducing industrial tensions. The state began to realise its social responsibilities towards weaker sections of the society. The emergence of different Central Trade Union Organisations – INTUC (1947), HMS (1948), UTUC (1949), BMS (1955), CITU (1970), NLO etc. gave a further fillip to the growth of labour welfare movement.

On the basis of the recommendations of Rege Committee, the Government of India enacted the Factories Act, 1948. To draft this important piece of legislation, the services of Sir Wilfrid Garrett9 were utilised. The Factories Act of 1948 came into effect from 1st April 1949. It is a comprehensive piece of legislation.

2.3 (3) TRADE UNION AND INDUSTRIAL SAFETY:

It is found that trade unions not only increase nominal wages by improving the marginal productivity or by restricting the supply of labour, but also "they bring about a rise in the real wages of workers, by improving the

9 Sir Wilfrid Garrett was Chief Inspector of Factories in the United Kingdom before he came to India.
conditions of work and employment, and also by forcing the employers to pay a share in the profits in the form of bonus, dearness allowances etc. from time to time.\textsuperscript{9}

The union has tended to strengthen the very power of monopoly to which it presumably is opposed. “The union originally created by workers to make their bargaining more effective, has now become so powerful that it has reduced both the worker and the employer to a subordinate position.”\textsuperscript{10} Although the workers should be “conscious of their own rights, they must also realise their responsibilities and duties for the partnership in industry”.\textsuperscript{11}

In the modern industrial society trade unions is a force. No managers of working organisations can ignore the influence of trade unions on the behavior of their work force and on the environment of management. Generally the motive of a trade union is to bargain with employers and tries to improve the economic conditions of their members. Collective bargaining take place “when a number of work people enter with negotiations as bargaining unit with an employer or groups of employers with the object of reaching an agreement on conditions of employment for the work people concerned”.\textsuperscript{12} By insisting upon payment of standard rates of wages for their members trade union ensure efficient functioning of the industrial units.

To quote Lloyd, “in pre-union days most management did not attend major importance to the industrial relations function. The coming up of a union changes the situation drastically”.\textsuperscript{13} To ensure cordiality between trade union and management, three things are essential, viz., “and standardisation of wages within

\textsuperscript{10} Frank Tannenbaum – A Philosophy of Labour – Alfred Kroff – New York – 1951 – p.130.
the industry, uniformity of wages in all occupations in an area and fair margin between the wages of semi-skilled and skilled workers".14

Trade unions can play an important role in the planned economic development of a nation. They can help in the accelerated pace of economic development in many ways. Since production is "the joint effort of five M's – Man, Machine, Material, Management and Money, an ideal process of rationalisation of an industry is one which reforms it in all these five ways".15

To quote Meyers, "Trade unions are generally too weak and workers lack sufficient resources to survive long strikes. So if compulsory education were not available, workers and their unions would be at the mercy of employers, most of whom would refuse to deal with unions or make any concessions voluntarily".16

Industry today is characterized by complicated mechanisms, delicate job requirements and fast moving production lines. One of the consequences of this is increasing accident. Heinrich defines accident as an "unplanned and uncontrolled even in which the action or reaction of an object, substance, person or radiation result in personal injury or probability thereof".17 The trade union should fight for industrial safety measures. It is all the more necessary because every year several lakhs of employees are injured in factories.

However, in the context of globalisation and privatisation, Trade Union has lost its charm and can no longer dictate the employer and vice versa, since Quality is the 'mantra' where no one can compel or regulate any other one. The employer and the employees are to act as 'partners' or a 'teammate'. To quote

15 Ghoseh Biswanath – The Changing Profile of India’s Industrial Economy – The World Press 1974-Calcutta-p.44.s
Prof. Basu, which is still apt, "one traditional concept of master-servant should be replaced with the concept of partnership between labour and management".18

With the growth of our labour movement and the far reaching technological changes taking place in our country and in our industry, the occupational civic and political responsibilities of our workers have very much increased.

To enable them to discharge these responsibilities educational and training programmes of various types and contents have become an imperative need today. The Government of India set up a semi-autonomous body called the Central Board of Workers Education with the objective of giving training and education to workers to develop leadership and to promote the growth of democratic process among employees.19

To quote B.K. Tandon, "we have been pursuing a labour policy which has resulted in so much legislation that it was neither warranted nor it could be implemented with any degree of success".20 The same is very much true in the present context. To quote S.P. Roy, "industrial law is the outcome of a desire to protect the working class in employment who are unable to protect themselves".21

The principal act to provide for various Labour welfare measures in India is the Factories Act in 1948, which was substantially amended in 1976 and in 1987. This Act contains, among other things, detailed provisions about, the health of workers, the safety of workers and the welfare of workers.

The following table gives a brief picture about the provisions of Factories Act:

18 Prof. Basu and Biswas—Industrial Administration—Thacker and Spring Co. Bombay-1960-p-425
19 P.C. Tripathy—H.R. Development—Sultan Chand and Sons-1999,p-233
### Table 2.1. Provisions of Factory's Act

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Health of workers (Sec. 11 to 20)</th>
<th>Safety of workers (Sec. 21 to 40)</th>
<th>Provision relating to welfare sections (Sec. 43 to 50)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Cleanliness</td>
<td>Fencing of machinery</td>
<td>Working facilities</td>
</tr>
<tr>
<td>2.</td>
<td>Disposal of wastes &amp; Effluents</td>
<td>Device for cutting of power in emergencies</td>
<td>Facilities for storing and dumping clothes</td>
</tr>
<tr>
<td>3.</td>
<td>Ventilation</td>
<td>Hoists and lifts</td>
<td>Facilities for sitting</td>
</tr>
<tr>
<td>4.</td>
<td>Artificial humidification</td>
<td>Proper construction &amp; maintenance of floors</td>
<td>First aid appliances</td>
</tr>
<tr>
<td>5.</td>
<td>Overcrowding to be avoided</td>
<td>No excessive weights</td>
<td>Canteen facilities</td>
</tr>
<tr>
<td>6.</td>
<td>Proper lighting</td>
<td>Safety of building &amp; machinery</td>
<td>Shelters and rest rooms</td>
</tr>
<tr>
<td>7.</td>
<td>Drinking water</td>
<td>Appointment of safety officers</td>
<td>Provision of bathroom</td>
</tr>
<tr>
<td>8.</td>
<td>Latrine &amp; urinals</td>
<td>Precautions against dangerous fumes &amp; gases</td>
<td>Creche facility welfare officers</td>
</tr>
</tbody>
</table>

In 1992 the government of India has established a non-statutory National Renewal fund to provide a social safety net for workers affected by industrial modernisation and restructuring of sick units. The following table gives about the important labour laws enacted in India since 1947.
<table>
<thead>
<tr>
<th>S.No.</th>
<th>LEGISLATING LABOUR</th>
<th>YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Industrial Disputes Act</td>
<td>1947</td>
</tr>
<tr>
<td>2.</td>
<td>Minimum Wages Act</td>
<td>1948</td>
</tr>
<tr>
<td>3.</td>
<td>Employees State Insurance Act</td>
<td>1948</td>
</tr>
<tr>
<td>4.</td>
<td>Factories Act</td>
<td>1948</td>
</tr>
<tr>
<td>5.</td>
<td>Maternity Benefit Act</td>
<td>1961</td>
</tr>
<tr>
<td>6.</td>
<td>Payment of Bonus Act</td>
<td>1965</td>
</tr>
<tr>
<td>8.</td>
<td>Employees P.F. &amp; Miscellaneous Act</td>
<td>1972</td>
</tr>
<tr>
<td>9.</td>
<td>Payment of Graduation Act</td>
<td>1972</td>
</tr>
<tr>
<td>10.</td>
<td>Equal remuneration Act</td>
<td>1976</td>
</tr>
<tr>
<td>11.</td>
<td>Bonded labour system (Abolition) Act</td>
<td>1976</td>
</tr>
<tr>
<td>12.</td>
<td>Essential services maintenance Act</td>
<td>1981</td>
</tr>
<tr>
<td>13.</td>
<td>Sick industrial company’s Act</td>
<td>1985</td>
</tr>
<tr>
<td>15.</td>
<td>Workmen’s compensation (Amendment) Act</td>
<td>1995</td>
</tr>
</tbody>
</table>

2.3. (4) LABOUR WELFARE AND INDIAN CONSTITUTION:

The need for labour welfare was emphasised by the Constitution of India in the Chapter of Directive Principles of State Policy particularly in the articles 38, 39, 41, 42, and 43.

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ARTICLE 38: "The State shall strive to promote the welfare of the people by securing and protecting as effectively as it may a social order in which justice, social, economic and political shall inform all the institutions of the national life".

ARTICLE 39: "The State shall, in particular, direct its policy towards securing – (a) that the citizens, men and women equally, have the right to an adequate means of livelihood; (b) that the ownership and control of the material resources of the community are so distributed as best to subserve the common good; (c) that the operation of the economic system does not result in the concentration of the wealth and means of production to the common detriment; (d) that there is equal pay for equal work for both men and women; (e) that the health and strength of workers, men and women, and the tender age of children are not abused and that citizens are not forced by economic necessity to enter a vocations unsuited to their age or strength (f) that childhood and youth are protected against exploitation and against moral and material abandonment".

ARTICLE 41: "The State shall, within the limits of its economic capacity and development, make effective provision for securing the right to work, to education and to public assistance in cases of unemployment old age, sickness and disablement, and in other cases of undeserved want".

ARTICLE 42: "The State shall make provision for securing just and humane conditions of work and for maternity relief".

ARTICLE 43: "The State shall endeavor to secure, by suitable legislation or economic organisation or in any other way, to all workers, agricultural, industrial or otherwise, work, a living wage, conditions of work ensuring a decent standard of life and full employment of leisure and social and cultural opportunities, and, in particular, the state shall endeavor to promote cottage industries on an individual or co-operative basis in rural areas".
Thus the need for social and industrial welfare in India in all sections is clearly enunciated in our constitution.

2.3. (5) LABOUR WELFARE AND FIVE YEAR PLANS:

The Planning Commission also realised the necessity of labour welfare when it observed that: "In order to get the best out of a worker in the matter of production, working conditions require to be improved to a large extent".\(^23\)

The I Plan stated that labour problems should be approached from two angles – the welfare of the working class and the country’s economic stability and progress. The plan said that the basic needs of the worker for food, clothing and shelter must be satisfied. The recommendation made in regard to labour fall under the following heads: industrial relations, wages and social security, working conditions, employment and training and productivity. It was stated that economic progress was bound up with the maintenance of industrial peace.

The II Five Year Plan continued the policy laid down in the I Five Year Plan with necessary modifications which was called for by the Socialistic Pattern of Society envisaged for the future.

The III Five Year Plan stated that labour policy in India had been evolving in response to the specific needs of the situation in relation to industry and the working class and had to suit the requirements of a planned economy. It described the importance of labour by stating that the “economic progress has to be rapid enough to attain a level of full employment, and secure a rising standard of living for the people. The fruits of progress should be shared in an equitable manner and the economic and social organisation that is being created must be in keeping with the concept of socialist society. In the implementation of these

objectives the working class has an important role and a great responsibility and these will grow with the rising tempo of industrialisation.

The Committee on Labour Welfare (1966-69) set by the Government of India under the chairmanship of Shri R.K. Malviya reviewed at length the functioning of various statutory and non-statutory welfare schemes in industrial establishments, both in the public and private sector, including mines, plantations, railways etc. and made comprehensive recommendations for their improvement. The National Commission on Labour (1966-69)24 also covered several aspects of welfare services in different establishments and made useful suggestions for their improvement.

The IV Plan laid emphasis on labour Legislation since independence and agreement arrived at jointly between representatives of workers and employers and the Government2 and stated that these will continue to form the basis of labour policy during the IV Plan.

The V Plan underlined the furtherance of the objective set forth in regard to the labour policy in the earlier plans. The problem of evolving a national wage structure was given due attention in the plan.

In the VI Plan a specific allocation was proposed for area planning programme. The emphasis had been on maximum employment with minimum investment. To evolve a national policy on wages, unions and prices, a study group under the chairmanship of Shri S. Boothalingam was appointed.

In the VII Plan, a number of programmes were undertaken; to provide employment to all unemployed workers in the category of landless laborers, besides educated unemployment and women. The self-employment generation programmes continued. In order to pay equal remuneration to women and

24 Appendix 2.2. National Commission On Labour (First & Second)
children for equal work, Equal Remuneration Amendment Act, 1987 was passed. The Factories Act was amended in 1987 to provide various facilities to workers such as rest rooms, bathrooms, canteen etc.

In VIII Plan, the main thrust of labour policy is the improvement in the quality of labour productivity, skills and working conditions and provisions of welfare and social security measures especially of those working in the unorganised sector. Craftsmen Training and Apprenticeship are two major programmes of skill development designed to meet the diverse skill needs of the economy.

In the IX Plan (1997 – 2002) the Government has decided to set up Second National Labour Committee to review the labour legislation in the context of new economic policies and globalisation. The 9th five-year plan (1997-2002) was finalised in the National Development Council on February 19, 1999. One of the most daunting challenges facing the 9th plan is to provide employment not only for the additions to the labour force during the plan period, but also to reduce the backlog of unemployment accumulated from the past. Despite an expected reduction in the growth rate of population to 1.58% per annum by the end of the 9th plan, the labour force growth reaches a peak level of 2.51% per annum during the 9th plan period.

2.3. (6) PRESENT POSITION:

The Second National Labour Commission was set up on October 15, 1999 to suggest rationalization of existing labour laws in the organized sector. The 1751 page report of the commission was submitted to the Government recently. 25 The Report of the Second Labour Commission headed by Ravindra Verma serves mainly as a reminder of missed opportunities for labour law reform and the need to act before it is too late.

1 The Hindu, dated 8th September, 2002, p- 11.
Many of its proposals, including the promotion of unionization, bilateralism and arbitration, setting up of Central and State Labour Commissions and a mechanism for recognizing bargaining agents, have been recommended in the past by several committees. Noteworthy among these was the G. Ramanujam Committee, whose exemplary report of 1990 got lost in the political realignments then taking place in the country. Hence the Varma report serving as a timely reminder of these suggestions should be given due consideration, despite some flaws in its proposals.

The report rightly pointed out the weakening position of trade unions in the post – 1991 decade in the wake of globalization and loss of jobs in the organized sector.\textsuperscript{26} In the present context our main concern is with industrial restructuring and its impact on LABOUR. The process of industrial restructuring has led to a shift in management strategies. Some of these strategies adopted by management are, reduction in permanent work force, organisation of the bulk of the production through ancillary units, employment of casual, contract or other forms of unprotected labour, signing of agreements with individual workers by bypassing trade unions etc.

These new management strategies have created the following situations:

- An atmosphere of job insecurity among workers
- Curtailment of trade union action
- Strike becoming a less effective weapon for union and
- Increase in the frequency of lock-outs declared by the management

These developments on the management side put the trade unions on the defensive.\textsuperscript{27} Industrial Restructuring under the New Economic Policy is bound to accelerate this trend. All these are likely to erode further the support base of trade unions. These are the challenges that trade unions face in the 1990s in the country.

\textsuperscript{26} The Hindu dated 24th Sep. 2002, p-10.

\textsuperscript{27} Bhagofwal — Economics of Labour and Social Welfare Sahitya Bhawan – 1996. p-671
“The restructuring of industry in response to internal and external competition”, says the Economic Survey 1993-94, “is an urgent necessity”. This will inevitably cause reductions in the number of presently employed persons in the organised industrial sector. In order to have a human face restructuring must be accompanied by certain measures that ameliorate its bad effects.

National Renewal Fund and Board for Industrial and Financial Reconstruction are steps in the right direction, but they are not themselves adequate. Other measures that need to be taken are improvement in the general level of education, social security system on a bigger scale, unemployment and pension benefits in the case of job losses due to restructuring, job rotation and training of industrial workers etc. There is a genuine apprehension that industrial restructuring which has become necessary to make organised industry more modern competitive will cause loss of jobs. Further “ineffective and non-performing units will face closure with a consequential impact on jobs”.  

Even today the position is the same. It is now 10 years since India set on the path of economic reforms with a view to realising the vast potential that exists in the economy. Among the measures taken were:

- Major cuts on subsidies
- Cut on developmental expenditure
- Framing of an Exit policy
- Starting a process of globalisation of the economy by emphasising competition and
- Technological upgrading with a view to reducing the costs and improving the Quality of Indian products

The worldwide uprising of labour consciousness extended to India, where for the “first time the mass industrial workers awoke to their disabilities, particularly in the matter of wages and hours and to the possibility of combination”.

2.4. LABOUR AND LABOUR WELFARE AS A SUBJECT OF RESEARCH IN OUR COUNTRY:

“Labour as a subject of study and research has been like a creature which all want to watch for its oddities and complexities”, said T.S. Papola, President of Indian Society of Labour Economics. “Labour, as a subject of study, cannot be “disciplined” as it deals with human beings, who cannot be confined under the limits of any single discipline. That is the reason why a plea has often been made that it should be treated as an “interdisciplinary” subject and studied in an interdisciplinary perspective.” 30

IN 1950s

Two stalwarts in labour studies in India are (1) Stri V.V. GIRI – Labour Problems in Indian Industry (2) Prof. MUKHERJEE – “Indian Working Class” published during the 1950s continued to be the basic references for generations of students of Indian Labour. Labour studies in the early post-Independence period approached labour as a weak and exploited class and therefore focussed on strengthening the power base of labour and measures of labour welfare.

Thus subjects such as trade unions, social security and labour welfare featured prominently in the teaching syllabi and Ph.D. research. This was true not only in the case of number of new departments of labour welfare and social work that got started in several universities, but also in the traditional subjects of Economics and Sociology. Number of Acts like Factories Act 1948, Industrial Disputes Act was passed during this period.

IN 1960s:

Another trend in research that developed during the late fifties and continued most of the sixties was in the application of econometric techniques in the Labour Economics. Many researchers undertook studies on wage differentials among industries and regions using productivity, capital intensity and profitability for which data were available from Annual Survey of Industries, (ASI) as explanatory variables.

Parallel to these studies on the structure and pattern of wages, serious concerns were also expressed about the sharing of the gains of economics and industrial development by labour, not merely in terms of labour welfare measures, but mainly of the gaining in their wages and earnings. The National Commission on Labour (1969) has set a new landmark in documenting the progress in the labour conditions and labour policies.

IN 1970s:

With the advent of 1970 the national and international thinking on development of labour underwent a fundamental change. Development, till then visualised primarily in terms of economic growth, generated through capital accumulation and investment, was found to be inadequate to deal with the questions of distribution and human welfare. Labour does not represent only a factor of production but a participant in production and quite often itself a producer.

As a human being, labour is a part of the poorer masses. Labour, therefore, needs to be looked at neither as an agent disinterested in production and development outcomes, nor as a class distinct from the poor majority. Analytical implications of such an approach were: first, growth and distribution should not be seen as separate or sequential procession, but should be woven together in development strategy, and second, labour should not be seen as sharing in
somebodyelse's value added, but as partaking of the results of its own productive efforts. This change in thinking on the concept of growth, development and labour coincided with documentation of the results of two decades of planned development in India.

Research studies utilising the newly available data revealed that reduction in the incidence of poverty has been slow despite economic growth. Real wages had stagnated and unemployment was seen to be steeply rising. Trade unions with all their militant postures and political support could not do much to improve the lot of workers at large. This is due to the reason that only a small part of work force is there under organised sector. Trade unionism became less attractive since its relevance was confined to less than 1/10th of Indian labour force.

Industrial relations, another traditionally popular area of research studies was found to be of little relevance. This is because of an increase in self-employment. A major trend that developed in labour research during the 1970s was in the form of labour markets segments of work force.

IN 1980s:

During 80s among the different groups in labour force one that attracted significant attention of researchers in the area of labour was of women workers. Issues of status of women, their participation in economic activity and sex discrimination had become major items in the social and political agenda of the international and national organisations.

IN 1990s:

The Governments in 1991 have launched formal and around structural adjustment programme. Since the reforms were more sweeping and open, their impact was felt on the labour in the organised sector. Restructuring resulted in rendering a substantial number of workers redundant. Trade unionism seems to
have waned in importance as an area of research. A new trend of action oriented research and debate emerged on protection, security, rehabilitation and empowerment of workers.

2.5. CONCEPT OF HUMAN RESOURCE:

The concept of human capital is not a recent discovery. Its origin dates back to the late seventeenth century. When the economists, Sir William Petty (1623-1687) first attempted to estimate the monetary value of population of England in 1681. Petty considered labour as “the father of wealth” and as such he stressed that it should be included in the estimate of the total rational wealth. Value of human resource was explicitly recognised by William Apton in 1920 when he commented, “in a business a well organised and loyal personnel may be a more important asset than a stock of Merchandise”.

The fact remains, however, that it was Rensis Likert, Social Psychologist, The Institute for Social Research, University of Michigan, who first used the term ‘human assets’ in the late 1950, a term since replaced by human resources. So, he originally developed it.

2.5(1) H.R.D. IN THE INDIAN CONTEXT:

Since the early 1970s when the concept of HRD first began to be recognised by some organisation in India, a large number of organisation in the country have begun to display an interest in HRD. Many organisations appear to have simply labeled their Personnel Department as HRD or HRM departments to keep up with the fashions of the firms. The difference between the traditional personnel management function and HRD lies in the fact that while the traditional personnel management function is a routine, maintenance oriented, administrative function, HRD is a continuous, always going on development function. The major attention of HRD is on improving the human process.
With liberalisation of the Indian economy many changes are taking place in the corporate sector. There is pressure on the Indian industry to perform, produce quality goods and provide quality services. With increased competition there is need to become cost-effective and upgrade work methods, work norms, technical and managerial skills and employee motivation to face up to new challenges. HRD will have to play a very crucial role if the following changes, which are sweeping through our industry, are to prove successful.

- Restructuring of organisations
- Emphasis on core competency
- Technological changes
- Work-force empowerment
- More attention to special categories of workers
- Compensation linked to shareholder value
- More research in HRD
- Greater employee commitment

In a study of 7500 large companies in 13 countries conducted by the Walker Information and Worldwide Network – an Indian polis-based organisation, it has been found that although in respect of “employees focus” (defined as the extent to which an organisation attends to the needs and wants of its employees) India ranks very high (3rd) but in respect of “employees commitment” (defined as the extent to which employees are behaviourally interested in and attached to the organisation) it ranks surprisingly very low(9th). Long-term HRD interventions using behavioral understanding are, therefore, required to establish new work ethics and to build greater employee commitment.

31 The Economic Times, 19th September, 1996
2.5. (2) HRD in the 9th Plan: (1997-2002)

HRD is one of the thrust areas identified in the 9th plan. A lot of support is expected to come from Government in terms of building new infrastructure, mission mode project and preserving traditional knowledge bases. The availability of resources such as trained human power, energy, and market size are the parameters, which need periodical monitoring. HRD programmes include (1) the need-based training (2) attending short-term courses and workshop (3) and short-term programmes for retraining professionals.

2.6. BENCHMARKING & WORLD CLASS MANUFACTURING:

Since global competition is rising with more and more national economies becoming liberalised and globalised, it is imperative that a technique like benchmarking should find a place with manufacturers to reach a level of world-class status. “Benchmarking is used to improve performance by understanding the methods and practices required to achieve world-class performance levels.”

Rank Xerox created the benchmarking concept when they found that Japanese competitors were selling copiers at Rank Xerox’s manufacturing cost price. The Americans investigated, they went to Japan and learned about the practices of their competitors. They then worked to improve their own practices relative to the Japanese. This investigation and learning process has come to be known as benchmarking and the operational practices they saw in Japan are now known as World Class Manufacturing.

Robert C. Camp, the father of benchmarking has the largest individual contribution in benchmarking exercises at Rank Xerox. World-class organisations have to be visionary firms, which are “crown jewels” in their industries and are

Practices” ASQC Quality Press 87 p.15
widely admired by their peer group and have a long track record of making a significant impact on the world around them (Collins & Porras, 1988).

To be a world-class organisation, the firm does not have to operate worldwide or even nationwide. It may be a small local organisation, which leads in its area fields, embraces and actively demonstrates the characteristics of world-class performance. According to Joyce, world class performance maintains continued success through the development of an organisational environment that is different to peer and competitor firms in its philosophy and wealth creating formula.

2.6.(1) WCM: FEATURES:

WCM concept, traditionally, covered such diverse areas as Just In Time Manufacture, Total Quality Management, Employee Involvement. Just In Time (JIT) is closely related to "Lean Manufacturing", which takes this philosophy a stage further by attempting to eliminate waste in all areas of the organisation. Total Quality Movement (TQM) ensures the customer’s needs are identified and those systems are put in place to satisfy them. Customers can be external (the final customer) or internal (the next operation). Employee involvement (EI) means that employees are given a chance to become involved in the decision making process.

Benchmarking is the search for industry best practices that lead to superior performance. Benchmarking has been defined as “a continuous, systematic process for comparing performances of organisations, functions or processes against the “best in the world”, aiming to not only match those performance levels but to exceed them". 34

Quality is a relative term and is generally used with reference to the end use of the product. Quality of product is nothing but its usefulness for the intended purpose. In today's dynamic market, quality has become an imperative to withstand competition. Keswani and Lalke concluded that improvement in quality by reducing of defectives is a goal for every organisation. However, reduction of demerits requires additional investments.

In order to improve the quality of the product, the problem has to be identified and then solved. Sufficient and accurate data has to be collected. Basic problem in quality control is that of turning data into information that causes action—said Harrison. In line with such diversity in interpretation of benchmarking and quality, there are many kinds of benchmarking that have been listed in the literature. However, the following four kinds of benchmarking could be sufficient to cover the whole spectrum (Watson, 1992; Bogan & English, 1994; Pettersen, 1995; Yarrow, 1999): Performance benchmarking, Diagnostic benchmarking, Process benchmarking and Strategic benchmarking.

Recently Ahmed & Benson have defined benchmarking per-se in a manufacturing context as a "structured process comparing the performances of similar manufacturing assets against the best in the world, with the intention of learning and hence continuously improving".

A world-class process manufacturing plant delivers outstanding customer service from reliable assets exhibiting operational excellence. It is operated by

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53 Seth, Nitin, Deshmukh S.G. & Sagar R. I.E. Journal vol.XXIV no.19 October, 1995, p-15
highly motivated people and always maintains its licence to operate by satisfying the high safety and environmental standards of the process industries.\textsuperscript{41}

2.6.2 BENCHMARKING IN INDIA FOR WCM:

It is during the later part of 1990s that the term ‘Benchmarking’ has become popular in India. A few visits by Robert Camp, world renowned Benchmarking ‘Guru’ as well as some of the promotional activities led by National Productivity Council (NPC) have made the term known to Indian organisations. However, the term has been interpreted a little differently by different Indian organisations.

It is to be noted that most of the Indian manufacturing organisations have been mostly active in realigning their quality management systems with ISO-9000 certification requirements as a part of TQM drive during the same period.\textsuperscript{42} Many of us are now familiar with the 3 mysterious letters ISO tagged on by a variety of organizations in their communication with the outside world. The letters are usually succeeded by a series of numbers like ISO 9000, ISO 9002, ISO 14000 etc.

World-class Manufacturing essentially refers to achievement of globally competitive manufacturing capability through continuous improvement with involvement of employees by adaptation of various operational improvement tools and techniques.

Application of such tools and techniques requires a change in the corporate culture and value systems. Mechanical application of those tools may not be effective in getting results to the desired extent. On such realisation, a few forward-looking Indian firms especially in sectors with higher competition have

\textsuperscript{41} Ibid p.3
\textsuperscript{42} APO (1998), “Implementing Quality Management in Asia and Pacific Firms, Published by Asian Productivity Organisation, Tokyo.
been building up a culture of learning and improvement. Benchmarking being a structured method of effective learning is finding wider acceptance by these Indian organisations.

Many Indian companies are carrying out performance benchmarking with the help of consultants, which have accessibility to global data based in the concerned area. A few organisations in India who have achieved certain amount of distinction in implementing comprehensive TQM process are expected to initiate fruitful applications of process benchmarking.

Regardless of any specific structure for benchmarking, many Indian organisations are on the path of learning from others to become world-class manufacturers. Indian manufacturers look at benchmarking as an essential performance improvement tool and pursue the same effectively. The auto component industries like TVS group and Rane group are successfully implementing the benchmarking.

The next chapter on Research Design brings the objectives of the study, hypotheses, limitations, sample design of the study along with the methodology of the research work.