CHAPTER I

INTRODUCTION (HYPOTHESIS, OBJECTIVES, RESEARCH METHODOLOGY, AND
LITERATURE REVIEW) AND MEANING AND CONCEPT OF LABOUR POLICY

1.1 Introduction

A contented labour force is vital for the maintenance of harmonious industrial relations which are preliminary to economic growth. A country, therefore, should not leave its working force to the whims and fancies of the entrepreneurs who employ it for their own benefits. However, if we review the past record of the lot of working class, it presents before us a dismal picture and many a time it becomes rather difficult to believe it. Labour has always been subjected to exploitation and never allowed to get what it deserved. Its repercussions in the form of low production have been far to seek. However, the problem did not assume that serious proportions in the ancient and medieval periods, when large scale production was not common and there used to be a close contact between the employer and the employee, as it has with the advent of industrial revolution.

Although the Industrial Revolution opened up new vistas with far reaching consequences to mankind, yet it also witnessed the untold human miseries and sufferings, attendant to large scale production, in the early period of the 19th century. The State which had hitherto, by and large, been following the policy of
laissez faire and was mainly concerned with the maintenance of law and order, administration etc., had to interfere to look into the problems of industrial working force. Labour policy, therefore, in the wider sense, has been a creation of industrial revolution and the complexities of the modern society. But to say this is not to say that there had been no labour policy in the ancient and medieval periods, though it was hardly outlined in formal manner. It is from the traditions, conventions and practices that existed in the aforesaid periods that we can form an idea about the approach of the State towards labour. The lot of labour has always been far from satisfactory and even now we come across almost the same story especially in the case of unorganised labour and a large number of workers employed in the cottage and small scale industries. Although the things have since been improved in the case of large scale industry, yet there remains much to be desired.

1.2 Hypothesis

There has always been some or the other labour policy of every ruler/government since the ancient period of Indian history, whether in writing or otherwise. However, despite the efforts made by every successive government, it has not proved effective to the desired extent and has left much to be desired.

1.3 Objectives

The field of labour has offered a vast area for research and a lot of work has been done in this field of study. However, very little has been done to investigate and examine critically the labour policy and more so its effectiveness in a chronological
manner. Therefore, the main objectives of the present study include the following.

1. To critically examine the social and economic conditions existing during the ancient, medieval and British India.
2. To examine and assess the adequacy of labour conditions, specially their wages, working conditions and social status, during the aforesaid periods.
3. To critically evaluate the labour policy and its effectiveness during the aforesaid periods.
4. To identify the contribution made by Britishers in improving the lot of Indian workers.
5. To critically evaluate the labour policy/legislation and its effectiveness since independence.
6. To identify the shortcomings in the existing labour policy and its effectiveness and to make suggestion to improve upon the existing labour policy.
7. To visualise the future of labour policy in the 21st century.

1.4 Research Methodology

There is no doubt that labour policy covers a wide spectrum of stated and perceived objectives and the respective instruments and means commensurate with them. There is also no doubt about the availability of a vast published literature on the subject but, by and large, it is a mixture of light and shade. Hence, instead of selecting only a few aspects of labour policy, which could have been analysed more smoothly, it has been preferred to include all the related subjects and present a capsule view of the problem in a historical perspective.
Since the topic, "A Chronological Study of Labour Policy and Its Effectiveness in India", is as vast as the field of labour itself, a massive effort has been made in collecting the required material in the form of books, manuscripts, articles, reports, newspaper clippings, journals, reports on Five Year Plans, Government publications, deliberations of different bipartite and tripartite committees, Commissions, I.L.O. publications, history of labour movements in some of the industrially advanced countries, and then to compile and analyse the material so collected. All possible literature on labour legislations, particularly ones enacted during the British India and the post-Independence India, was also collected and critically examined so as to know about the labour policy and its effectiveness. Besides, the deliberations of important National Seminars and Conferences on issues related to labour policy have also been gone through and made use of. In order to collect the prevalent information and to know their reactions towards the present labour policy, interviews and discussions were also held with the experts, Government officials, workers, trade union leaders, managers, political leaders, etc. Thus, an all out effort has been made to collect and analyse all possible data and literature on different facets of the topic and then to draw conclusions and make suggestions.

There are a number of aspects of labour policy which can be considered relevant depending upon the purpose. For example, the treatment of labour policy under the Constitution and the resulting legislation, administrative practices and political decision making process is one way of looking at the labour policy. The tripartite machinery for mutual consultation, its
origin to the federal political-cum-administrative structure that existed after 1935 till independence in 1947, may be the other way of perceiving the labour policy. Another way may be to examine labour policy as laid down in each successive Five Year Plan and to evaluate the labour legislations as also the political and administrative actions in the light of the rules and the regulations primarily in the context of Code of Discipline, the Code of Conduct, the Industrial Truce Resolutions, collective bargaining, workers' participation in management, etc. Yet another way out to analyse the labour policy may be to review industrial relations, etc. Anyway, in the present study it has been the endeavour of the scholar to make use of different approaches as per requirement of the study of different facets of labour policy and its effectiveness from time to time.

1.5 Literature Review

As stated earlier, a lot of work has been done on various facets of labour problems but very few authors have endeavoured to write about the labour policy in ancient India. These are conspicuously absent or almost insignificant so far as the medieval period is concerned. Even during the British period and also since independence not much has been done for analysing the labour policy and its effectiveness. Similarly, no study worth the name has been undertaken to visualise the future of labour policy in the 21st century in our country. There has also been acute dearth of concrete suggestions so as to make labour policy and its implementation more effective in the times to come which appear to be highly challenging.
To quote some of the important studies which throw some light on the labour policy and its implementation or which are related to labor policy in a direct or indirect manner, we can refer to 'Labour in Ancient India' in which P.C. Jain has studied the labour condition in ancient India. In his study, 'Caste and Race in India', G.S. Ghurye has given a vivid account of Varna System in which people adopted profession according to their castes. The lot of the Shudras has been described as the worst amongst all. However, no light has been thrown on labour policy as such. In his 'Pratham Prasana', D.S. Baudh has pointed out that the profession of agriculture was considered to be less important than the study of Vedas. However, Burlingame has mentioned that during the ancient period even the rulers attached much importance to Indian agriculture and used to attend agricultural festivals. During Kautilyan period, the system of forced labour was quite common. During the Gupta period also it was there. In 'Labour Problems in Ancient and Medieval India,' S.P. Mishra has referred to some of the burning labour problems of the day. R.C. Majumdar, et al., in their 'An Advanced History of India', have also discussed the evils of caste system prevailing in medieval India. In his another work, 'The History and Culture of the Indian People', (The struggle for Empire) (ed), R.C. Majumdar has presented a pathetic picture of Shudras who had

5. Journal of the Royal Asiatic Society Bengal (Series III) Vol. VI.
7. The History and Culture of the Indian People, 'The Struggle for Empire' (ed), R.C. Majumdar, Bhartiya Vidya Bhawan, Bombay, 1966.
to perform the worst and the lowest type of menial jobs. S.C. Raychaudhary in his 'Social Cultural and Economic History of India' has pointed out that the Hindus treated the Muslim invaders as Melachhas. In 'The Mughal Empire' A.L. Srivastav has pointed out that under Mughals, people belonging to various castes, races, religions and customs lived side by side. So much so that even some Brahmans like Gujrati Nagars were found taking to study of Persian and were employed as officers. K.M. Ashraf in his 'Life and Conditions of the People of Hindustan', has pointed out that during the Medieval period the lot of peasants was very miserable and that they lived constantly in a state of semi-starvation. S.C. Raychaudhry has pointed out that taxes were not spent for the welfare activities of the people because the State had neither the responsibility nor the will to provide these facilities to its subjects. N.S. Gupta in his 'Industrial Structure During Medieval India' has referred to the importance and progress of the textile industry during the medieval period. W.H. Moreland has also made similar references. In their book titled 'The History of India As Told by Its Own Historians', Eliot and Dowson have pointed out towards the organisational structure of imperial Karkhanas. W.H. Moreland in his 'India at the Death of Akbar', has mentioned that the State officials

2. A.L. Srivastav, The Mughal Empire, Malhotra Brothers, Delhi, 1952.
4. Raychaudhary, S.C., Ibid.
5. Gupta, N.S., Industrial Structure During Medieval India, S. Chand & Co. New Delhi, 1970.
7. Eliot and Dowson, The History of India As Told by Its Own Historians (Vol.III), Kitab Mahal Pvt. Ltd.
recruited the workmen for imperial Karkhanas on the agreed term that the workmen would keep on making a regular illegal payment to him out of the monthly wages.

Romesh Dutt,1 in his 'Economic History of India', has pointed out that the country groaned under the economic tyranny under the system known as Quinquennial Settlement System. The condition of the rural labour was still the worst. Describing the role of Britishers, R.C. Majumdar, et al,2 have pointed out, in their 'An Advanced History of India', that during the first century of the British rule, the Britishers destroyed the Indian industry completely. He has further pointed out that after the 1st World War the Government realised the importance of industrialisation not only from economic but also from the military point of view. In his book titled, 'Labour Problems in Indian Industry', V.V. Giri3 has given a vivid account of the trade union movement and other problems of the Indian working class. V.B. Singh4 in his article, "Trade Union Movement in India", and R.P. Dutt5 in his book 'India Today' have given a detailed account of the strikes and lockouts during the British rule in India. Another good study titled 'Labour Movement in India' by G.K. Sharma6 has presented an exhaustive picture of the labour movement in India, specially during the British Period. The Report of the Royal Commission on Labour in India,7 1931, the

2. Majumdar, R.C., et al., Ibid.
Labour Investigation Commission, 1946,¹ and the National Commission on Labour, 1969² are the real bible on the labour conditions in India during the British period. These have presented an interesting account of the miserable condition of Indian working class. Some of the other studies which have referred to labour conditions and labour legislations during the British period and thereafter include 'Trade Unionism in Under Developed Countries' by S. Ghosh,³ 'Labour and Industrial Law' by S.N. Mishra,⁴ 'History of Indian Labour Legislation' by R.K. Dass,⁵ 'Indian Labour Problems' by S.C. Pant,⁶ 'Labour Problems and Social Welfare' by R.C. Saxena,⁷ 'The Economics of Labour and Industrial Relations' by T.N. Bhagoliwal,⁸ 'Indian Labour Relation' by G. Ramanujjan,⁹ 'Trade Union Movement in India' by A.S. Mathur and J.S. Mathur,¹⁰ 'The Labour Movement in India — A Survey' by P.C. Malhotra,¹¹ 'Indian Trade Union Movement' by S.C. Jha,¹² 'Growth and Pratice of Trade Unionism : An Area study' by K.N. Vaid,¹³ Labour Policy and Administration in India by M.  

¹ Report of Labour Investigation Commission.  
⁸ Bhagoliwal, T.N., Economics of Labour and Industrial Relation, Sahitya Bhawan, Agra, 1982  
¹³ Vaid, K.N., Growth and Practice of Trade Unionism — An Area Study, University of Delhi, 1962.
Kuttapan, 'Trade Unionism in India — Retrospect and Prospect by V.K. Sharma, 'The Study on the Labour Management Relations in Oil India Limited' by M. Dash, 'Personnel Management and Industrial Relations' by D.C. Sharma and R.C. Sharma, etc. In all these studies, the learned authors have discussed the various labour problems and growth of the labour movement followed by trade union movement. However, not much is to be seen about the details of the labour policy and its effectiveness in a concrete and precise manner.

The deliberations made at some of the National Conferences on issues pertaining to labour problems and seminars held in the country have also made some contribution. In this regard a reference can be made to the proceedings of the U.G.C. National Seminar on 'Planning for Industrial Relations in the 21st Century' organised by the Department of Commerce and Business Management, Punjab University, Chandigarh on March 20 and 21, 1987. The papers presented in this conference make an interesting reading and are available in the form of a book titled 'Planning for Industrial Relations Management — A 21st Century Perspective' ed. J. Rastogi, et al. Some of the other studies which have been reviewed in the context of the present study include 'Trade Unionism in India: A study of Industrial Democracy' by S.D. Punekar, 'Unionism in a Developing Economy' by C.K. Johiri.

1.6 The Concept, Meaning and Implications of Labour Policy

The progress has its own drawbacks. Man advances further but along with his progress maladies multiply and new problems rise. While the large scale production led to mass production of goods that were both economic and of good quality — thus, helping in the improvement of standard of living of people, it also created a lot of labour problems. Exploitation of labour became a very common feature. Majority of the employers started behaving in a very cruel fashion, unmindful of the sufferings and tortures they were causing to the working class. Under such circumstances, it became obligatory on the part of the State to intervene and lay down certain rules and regulations so that the untoward behaviour of employers could be checked and properly regulated. That laid the foundation of the modern labour policy of the Government of India. In the meantime, the emergence of Karl Marx and the development of political economy gave a boost to the image of labour which was hitherto considered only as one of the factors of production. It was thought desirable to recognise the personality of human factor and pay heed to his conditions, sentiments and his personality in

toto. Since employers had not yet learnt the desired lesson, the Government had to be active so that the interest of the workers could be protected. In this regard the credit goes to the British Government in India which made a sound beginning in the direction of laying down a sort of labour policy, though it left much to be desired. So was the case with its effectiveness during the British period in India. The various labour laws enacted during this period were good enough in the initial stages as it was, the same could not prove effective to a great extent. However, in the post-independence period, the Government of India has taken some concrete steps to reinforce and further strengthen and improve the labour policy initiated by the Britishers in India. A glimpse of the labour policy of Government of India can be had by going through the clauses pertaining to labour, contained in the various Five Year Plans and the enactment of and amendment to various labour laws. As a result of the labour policy of the Government of India, a marked improvement is noticeable in the working and living conditions of labour, specially in the organised sector. This has also helped in regulating the climate of the industrial relations and improving the industrial output.

So far as the term 'policy' is concerned. It is derived from the Greek term 'politeia' relating to polity, i.e., citizen. It has also the impact of Latin word 'politis' which means polished, i.e., to say clearly. As a matter of fact, policy refers to a line of action chalked out and pursued by an organisation, government, political party, statesman, ruler, etc. It is rather a well defined course of action. It lays down the guideline to be followed by the subordinates so as to achieve the desired objectives.
According to Koontz and O'Donnell also, policies are general statements or understanding which guide or channel thinking in decision making of subordinates. According to Edwin B Flippo, a policy is a manmade tool or predetermined course of action that is established to guide the performance of work towards the organisational objectives. It is a type of standing plan that serves to guide subordinates in the execution of their tasks. Dale Yoder has also pointed out that policy is a predetermined, selected course established as a guide towards accepted goals and objectives. Edward Schleh has described policies as a road map for administrators.

Almost a similar type of opinion has been expressed by Terry. He says that policy is a verbal, written or implied overall guide setting up boundaries that supply the general limits and directions in which managerial actions will take place. In this way policies provide the framework within which the decision makers are expected to operate while making organisational decisions. Policies are, thus, specific guidelines and constraints for managerial thinking on decision making and action. They are the basis for executive operations — inspiration for the acts of commission and deterrents for the acts of omission.

According to Gladden, the process of policy making is the activity of those who, in short, decide what is to be done. Policies become instrumental in ensuring consistency in working of an organisation or the Government. Dale Yoder has also

2. Flippo, E.B., Principles of Personnel Management, Kogakusha Co. Ltd., Tokyo, p. 84.
pointed out that policies serve as guidelines to give consistency and continuity to the total operation. Similarly, Gladden has asserted that there is the essential element in the continuity in policy, so that the plan of action arising in the course of policy making is usually related to some underlined principle or outlook which, nevertheless may merely be implied.

According to Dale Yoder, policies declare what is intended, they describe what is proposed. Thus, policies throw a light on the content of the Government programmes. They tell us what is intended by the Government and how we have to achieve the intended objectives. According to W. W. Haynes, et al., policies include that body of understanding which makes the action of each member of the group in a given set of circumstances more predictable to other members. They are also often regarded as substantative programmes referring specially to the comment of what is being done.

1.7 Who Makes Policy?

As stated earlier, policies are formulated by those who decide what is to be done, i.e., who have the authority to decide. In the case of corporate sector, it is primarily the top management which formulates policies, though in the exercise it may take the help of other sections of the organisation. In the case of a democratic country like India, it is the ruling party which formulates policies in consultation with the bureaucrats of the country. The role of administrative leader in the formulation

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3. Yoder, D., Ibid., p. 28.
of the policies is very crucial. He should be a man of vision and should have a lot of general awakening and necessary expertise in the field. The policies so formulated are to be implemented by the executive class/Government machinery earmarked for the purpose.

1.8 Features Affecting Policy Formulation

A number of factors play an important role in the policy formulation by the Government which are as follows:

1.8.1 Ideology of The Ruling Party

Whatever policies are formulated by the Government, are greatly affected by the ideology of the ruling party. Since in a democratic country like India, every political party prepares an election manifesto which it promises to implement, if it comes to power, the policy formulation is affected by the ideology of the respective party that becomes the ruling party.

1.8.2 Advisory Boards

The Government may appoint advisory bodies to help it in the formulation of policies. Such advisory bodies consist of various experts and representatives of concerned parties.

1.8.3 Officials

The Government is greatly assisted by officials many of whom are professionals and experts in their respective fields. Such officials provide concrete advice and relevant information and data at all stages of the process of policy formulation. They also help in the drafting of bills, rules and regulations. They also help in preparing the administrative structure and methods needed to implement the policy. It is, therefore necessary that the
Government officials should have professional skill, and experience expertise.

1.8.4 Philosophy

Government policies are also influenced by the philosophies and doctrines of outstanding teachers and philosophers popular in a country, because policies based on such philosophies are likely to be more acceptable to masses.

1.8.5 Committees and Commissions

Committees and commissions on certain matters may be helpful in the policy making. The government may appoint committees of enquiries or commissions to examine and report back to the government.

1.8.6 Traditions

The traditions, history, social and economic environment, etc. also affect the policy formulation by the government, because at times it becomes difficult to ignore certain traditions and historical events.

1.8.7 Community

The citizens of a country also play an important role in influencing the policies of the government. In case they are an enlightened lot, they can be instrumental in forcing the government to go for realistic and fruitful policies. The citizen can also form certain groups representing certain interests and can work as 'pressure groups'. At times, political parties also work as pressure groups. Similarly there can be pressure groups of
trade unions, professional associations, employers' associations, etc.

1.8.8 Press

Press which is considered to be the fourth state, also plays a very important role in the formulation of policy. A free press helps a lot in disseminating of information. It brings to light the contemporary writings of all kinds on various issues which have got a great bearing on policy formulation.

1.8.9 External Environments

The events taking place in the external environment, including the international events are also kept in view while policies are to be formulated.

1.9 Implementation of Policies

Once a policy is formulated, it has to be implemented. A policy can be better executed if there is a well-organised administrative machinery, which should be headed by effective leadership. Such machinery should be well versed with regard to the following:

1.9.1 Planning

Planning is an essential element of management. It is basically done to trap the future. It involves chalking out a detailed programme to accomplish a particular job within the prevailing conditions. Koontz and O'Donnell are right when they remark "Planning is deciding in advance what to do, when to do it and who is to do it. Planning bridges the gap from where we are to where we want to go. It makes it possible for things to occur
which would not otherwise happen." It is the theory behind the action. Planning is a continuous process and this is done at all levels of management. But the lower level management tends to derive its own plan from the plan of high level management. Higher level management keeps broader objectives as a whole and takes a long run view whereas the other keeps in mind only immediate objectives and sectional approach in planning. In short, planning is a pre-requisite of doing anything.

1.9.2. Organising

The process of dividing work into convenient tasks or duties, of grouping such duties in the form of posts, of delegating authority to each so that work is carried out as planned is known as organising. Organising may be conceived as structuring of functions and duties to be performed by a group of people for the attainment of objectives. On several occasions the policy could not be successful simply because this function has not been properly and effectively performed.

1.9.3. Staffing

Whereas organising helps the executives to establish position and lay down their functional relationship to each other, the different positions in the structure are kept manned through staffing. It, therefore, provides with adequate, competent and qualified personnel at all levels of management. The staffing function has assumed greater importance these days because of the rapid advancement of technology, increasing size of organisations and complicated behaviour of human beings. It is a pervasive function of management.

1.9.4. Directing

The execution of plans, policies and programmes are started only after getting guidelines and directions. It actuates the members to work efficiently and effectively for the attainment of objectives. Directing involves issuing instructions to the subordinates, communicating to them, guiding, motivating and leading them. It is an important but difficult function. Because, if good plans have been made, and a sound organisational structure built up and competent staff appointed, the operation of the plans, policy and programme cannot be successfully performed unless it is directed into operation in the right perspective. It is full of complexities and involves dealing with people of different and uncertain temperament.

1.9.5. Controlling

Control is to guide somebody or something in the direction in which it is intended to go. It ensures that the performance conforms to the plans. Controlling involves comparison of the result with the plan and finding out deviations, if any, and take corrective steps. It helps in removing all bottlenecks and in bringing efficiency in work performance and operations as a straight pointer to the needs of the situation. The principle of feedback when incorporated in the control system can be of great use in this direction.

1.9.6. Reporting

Reporting involves noting orders, receipt of information, despatching information, etc. It is a kind of routine office work. By this way the information is passed to top level management and
orders are noted. It is basically formal recording procedure of the activities. It goes along with the straight line of responsibility and makes the lower level answerable to the upper one in black and white.

1.9.7. Budgeting

Finances are the life blood of any industrial activity. If a proper outlay is not prepared before a work is initiated, it is bound to face problems or even failure. Budgeting is financial planning. It is one of the important features of the policy implementation.

1.10 Effectiveness of the Policy

As stated earlier, a policy is intended to be executed effectively. A policy will be said to have been implemented effectively only if it has been able to achieve the intended objectives. It is here that the administrative machinery of the government comes into picture. A policy may be good but poorly implemented. Such a policy does not serve any purpose.

It is, therefore, essential that the implementation of the policy is properly monitored. Periodical exercises may be undertaken to ensure that policy is being implemented in the right perspective and corrective steps may be taken as and when there is any deviation from the stated course of action.

Whether policy should be rigid or flexible, is a slightly debatable issue. However, there cannot be denying the fact that if the circumstances so demand, the government should not hesitate to make the required changes in its policy. It has been observed that while there has not been much wrong about the policies of the
government, there has been a lot of bungling in their implementation. Consequently, most of government policies have not proved effective to the desired extent and the labour policy is no exception to it.

Conclusion

Thus it is clear from the foregoing discussion that by labour policy, we mean the course of action by which a set of principles, policy and programmes are adopted by any party or Government for the advantage or welfare of the working class. However, labour policy is an integral part of public policy and is basically confined to the working class and its problems like working and living conditions, social security, welfare, industrial relations, labour productivity, trade unions, retrenchment and lay off, etc.1

As stated earlier also, the labour policy as it is understood today, has been the creation of industrial revolution and the complexities of the modern society. However, this does not necessarily mean that there had been no labour policy in the ancient and medieval period. Though it was hardly outlined in a formal manner but we can definitely form an idea about the approach of State towards labour from the traditions, conventions and practices prevalent in the aforesaid periods. Thus, the concept of labour policy has been pretty old.