CHAPTER-I

INTRODUCTION
INTRODUCTION

In the beginning of the modern industrial society, the economic system consisted of a large number of small competitive business and industrial establishments, each employing a small number of workers, when the relationship between the employer and his employees was informal, personal and intimate. But with the overwhelming growth of giant-sized joint-stock companies and business corporations, each employing a large number of workers, the relationship between the employer and employee has no longer remained intimate and informal. So also, the factors like the rise of trade unions, employer's associations, development of personnel management, and state intervention have greatly influenced the employer-employee relationship. All those factors have not only changed the nature of this relationship but also transformed the earlier private relationship into a relationship of public importance, consequently affecting the welfare of the community as a whole.

1.1 ROLE OF PUBLIC SECTOR IN INDIAN ECONOMY

From the inception of the planned economic development and especially since the second plan, the Public sector formed an integral part of the import-substituting,
industrialisation strategy. Public sector projects were carefully developed in the plan exercise and provided with the required financial allocations. This strategy aimed at replacing imports with domestic production at a fairly rapid pace and created demand and supply linkages, stimulating private investment in the rest of the economy. Public and private investments simultaneously made in a whole "inter-related complex" of industries - like steel, coal, electricity and railways - helped in turn to increase domestic output a wide front. In the process, India's import dependence in capital goods sector was reduced to the lowest in the developing world. Public sector enterprises launched in the Second Plan essentially reflected the role of the state entrepreneur. Over the years, this nature of the role of public sector of course changed as it also assumed the role of nursing the sick enterprises from the private sector. During the plan periods following the second plan, the public sector diversified into areas other than manufacturing by accepting various other additional responsibilities such as stabilising food economy through the Food corporation of India, commodity price stabilisation through the cotton corporation of India and the Jute corporation of India, production of foreign trade through the State Trading Corporation of India (STC) and minerals and metals Trading corporation of India (MMTC). During 1970 the public
sector's activities diversified further through nationalisation of Banks, a step that has played a significant role in mobilising financial saving in the economy.

These developments show that after the Third Plan, public investments which till then were decided mostly on the basis of plan priorities, were influenced by various other pressures. The public Sector enterprises, therefore, become increasingly instrumental for meeting immediate or other demands such as producing mass consumption goods, stimulating growth in economically backward areas or using locally available raw materials. Furthermore, a large number of industries which become sick under private sector management were taken over by the government with a view to maintaining production and protecting employment. Consequently, public sector enterprises to-day (1993-94) cover widely different types of enterprises, with an investment of Rs.159307 crores (Table-1.1) and employment providing to the tune of over 192.10 lakh persons.

One of the essential features of the public Sector which separates it from the Private Sector is the presence of "Multiple Objectives". A Private Sector unit has somewhat unified frame for its operations i.e. to maximise profits for its share holders. In comparison, the public
Sector is beset with a number of objectives like promotion of self-reliance, model employer, industrialisation of backward areas, support and development of domestic technology, employment generation etc. From only five enterprises with an investment of Rs.29 crores at the commencement of five-year plan in 1951, the country today (1994) has 240 Public Sector enterprises with an investment of Rs. 159307 crores. The profile of the central PSUS (Table-1.1) reveals that during the year 1993-94 out of 240 operating Public Sector Units, as many as 120 were profitable as compared to 131 during the previous year. Profits of these profit making enterprises went up from Rs.7384 crores in 1992-93 to Rs.9722 crores in 1993-94 with an increase of 31.7 per cent (Table-1.1). But the loss of the remaining loss making companies increased from Rs. 4113 crore to Rs. 5287 crore, an increase of over 28.5 per cent during the same period. The over all rate of return over capital employed in PSUS increased from 2.33 per cent during 1992-93 to 2.78 per cent during 1993-94. But the gross margin (i.e before depreciation, interest and taxes.) of PSUS as per cent of capital employed declined from 18.01 in 1992-93 to 17.33 in 1993-94. The heavy capital investment in the past combined with a massive interest burden is reported to have reduced the gross margins of PSUS.
### TABLE-1.1 PROFILE OF CENTRAL PUBLIC SECTOR ENTERPRISES

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<td>1 Operating enterprises</td>
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<tr>
<td>i) profitable enterprises</td>
<td>104</td>
<td>123</td>
<td>133</td>
<td>131</td>
<td>120</td>
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<tr>
<td>ii) Loss making enterprises</td>
<td>83</td>
<td>111</td>
<td>102</td>
<td>106</td>
<td>117</td>
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<td>(RS. Crores)</td>
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<td>2 Capital Employed</td>
<td>21935</td>
<td>102083</td>
<td>117991</td>
<td>140110</td>
<td>159307</td>
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<tr>
<td>3 Gross Margin</td>
<td>4012</td>
<td>18312</td>
<td>22223</td>
<td>25227</td>
<td>27600</td>
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<td>4 Gross Profit</td>
<td>2654</td>
<td>11102</td>
<td>13675</td>
<td>15957</td>
<td>18438</td>
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<td>5 Net Profit</td>
<td>445</td>
<td>2272</td>
<td>2355</td>
<td>3271</td>
<td>4435</td>
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<tr>
<td>6 Profit of profit-making enterprises</td>
<td>1293</td>
<td>5394</td>
<td>6079</td>
<td>7384</td>
<td>9722</td>
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<td>7 Loss of loss</td>
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<tr>
<td>Making enterprises</td>
<td>848</td>
<td>3122</td>
<td>3723</td>
<td>4113</td>
<td>5287</td>
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<tr>
<td>(Per cent)</td>
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<td>8 Ratio Gross Margin to Capital Employed</td>
<td>19.20</td>
<td>17.94</td>
<td>18.83</td>
<td>18.01</td>
<td>17.33</td>
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<tr>
<td>9 Percentage of Gross Profit to capital employed</td>
<td>12.10</td>
<td>10.88</td>
<td>11.59</td>
<td>11.39</td>
<td>11.59</td>
</tr>
<tr>
<td>10 Ratio Net profit to capital employed</td>
<td>2.00</td>
<td>2.33</td>
<td>2.00</td>
<td>2.33</td>
<td>2.78</td>
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The profitability of PSUS in terms of ratios of gross margins and gross profits to capital employed have not improved over the last ten years. However the ratio of net profit to capital employed showed marginal improvement in 1993-94.

1.2 IMPORTANCE OF INDUSTRIAL RELATIONS IN GENERAL AND PUBLIC SECTOR IN PARTICULAR

Industrial development of a country is significantly influenced by the quality of the human factor and its utilisation. Sensitivity of human mind has a lot of bearing on industrial peace and productivity. It is needless to say that without harmonious labour management relations, it is impossible to develop a contented, committed and co-operative work force to achieve objectives of the enterprise. Labour is as necessary to management as management is to labour. For one to try to eliminate the other is economic suicide. Therefore the creation and maintenance of good relations between the workers and management is the very basis on which the development of an industrial democracy depends.

1.2.1 Importance of industrial relations

Industrial relations constitute one of the delicate and complex problems of modern industrial society. The penultimate decade of the present century was a significant
one in the field of industrial relations in the country. The maturity of the trade unions, firm but fair dealings by employees, and the egalitarian approach by the government were some of the significant trends. Thus, industrial relations acquired new dimensions with growing awareness among workers and involvement of trade unions and government in labour matters. The problem in industrial relations is the problem of mistrust that can be tackled only by shifting the focus from the individual's work ethics to the ethical principles of management or organisation. As Mr. Moolgankar, Chairman, TELCO, very rightly points out, "good industrial relations require a culture of openness within the organisation of mutual respect and decent behaviour. Trust in your people must be perceived by them through their organisational hierarchies right down to the bottom before the trust by them radiates back to you". Industrial relations, therefore, may be described as a process of restoring the legitimacy and efficiency of the management's call for collective effort. It has to be seen as a matter of establishing credibility rather than as simply a political or economic strategy and attention needs to be directed to the word "relation" rather than "industrial" in the concept of "industrial relations".

This contention implies that stable industrial relation is the foundation on which the whole structure of the enterprise stands. Stable relationship ensures a
situation when requirements of management and work force are discussed in a spirit of mutual trust and confidence. The management endeavours to develop stable relations with a view to getting a disciplined and conscious work force. The work force, on the other hand, expects liberal thinking by the management and more human approach to its need. The government would also like stable relations for better production and healthy maintenance of law and order. Hence the efficiency of industry is directly related with the quality of industrial relationship. Good industrial relations practice seeks to effectively prevent or resolve all differences and disputes as they arise between the concerned parties.

1.2.2 Importance of industrial relations in public sector.

The increasing role of the modern state as an entrepreneur in the sphere of industry and commerce is one of the notable developments of the twentieth century. Over the last four decades, the growth of public Sector enterprises in India has been phenomenal in terms of investment, production, employment and other range of activities. In Indian Public Sectors the employment at the end of 1993 stood at Rs. 193.87 lakhs. In case of Orissa, the State level public enterprises have also proliferated in different fields of economic activity. From an amount of Rs.38.12 lakhs, on the eve of the First Five Year Plan, the investment in the SLPES has sort up to Rs.2506.48 crores in
1991-92. In 1995 the Public Sector has a commanding progress with 36 enterprises employing 1,20,000 persons (regular and contract). But owing to the lack of good industrial relations public sectors, have been confronted with many baffling problems which always pose a challenge to its overall performance in a widely diversified environment. Though the public sector is expected to play the role of a model employer and influence industrial relations in the country, it is generally observed that public enterprises are crippled with the problem of industrial relations. Indian industry particularly in public sector undertakings seems to be having a work culture of nonperformance or under performance. Further the efforts of the employees are not properly directed towards achieving the mission and objectives of the organisation. The profitability profile of the central PSES (Table-1.1) shows a considerable number of central PSES (117) are making losses out of 240 operating units. An analysis of industrial disputes (in terms of strikes and lockouts) by spheres during 1993 shows that in central sphere 9,53,867 workers were involved in 1393 disputes resulting in a loss of 20300653 man days. In the state sphere 26130 workers were involved in 66 disputes. The losses in various categories were 202598 man days, Rs.5146673.45 wages and Rs.44769708.00 worth of production. At this crucial juncture both central and the state government suggest the privatisation of non-performing Public Sector undertakings. The State Government has already taken initiative to
restructure and revamp the management of 36 State enterprises of which many are sustaining loss over the years. As a result 12 public sector industries have been converted to private sector on the basis of outright sale, lease and management contract for specified period. In view of the above, a positive and forward looking attitude concerning industrial relations in public sector is of increasing importance and significance. The employers and the employees must create a climate of industrial relations where both the parties have mutual love, understanding and faith on each other. This is essential for the success of industrial as well as national development.

In order to emphasise the importance of industrial relations for national development the National Commission on Labour has rightly observed: "A quest for industrial harmony is indispensable when the country plans to make economic progress. It may sound platitudinous but is nevertheless true that no nation can hope to survive in the modern technological age, much less become strong, great and prosperous, unless it is wedded to industrial development and technological advance. Economic progress is bound up with industrial harmony for the simple reason that industrial harmony inevitably leads to more cooperation between employers and employees which contributes to better labour productivity and thereby contributes to all round prosperity of the country. Healthy industrial relations, on which the industrial harmony is founded, cannot therefore,
be regarded as a matter in which only the employers and employees are concerned; it is of vital significance to the community as a whole.\textsuperscript{11}

1.3 REVIEW OF LITERATURE

Several studies have been made in the area of industrial relation, in general and industrial relations in state undertakings in particular. In this section a review of works of some important scholars at various points of time has been made.

1.3.1 Studies on industrial relation

J. T. Dunlop (1958)\textsuperscript{12} has contributed the concept of a system theory in his book "Industrial Relations System" with analytical explanation to arbitrary and loosely used by contemporary British and American Writers. His view of Industrial Relations System is part of a system of one industrial Society on a same logical plane as our economic system is. There are various actors working in this system which is part of the total Social system (wider society), economic system and political system with their inter relationship. Every industrial relations system involves three group of factors: (i) Workers and their organisations, (ii) Managers and their organisations, (iii) Governmental agencies concerned with the work place and the work community. Industrial relations system create a
complex of rules to govern the workplace and work community. These rules may take variety of forms in different systems: agreements, statutes, orders, decrees, regulations, awards, policies, practices and customs etc. The actors in an industrial relations system are confronted with environment contexts. Those contexts are comprised of technology, market or budgetary constraints and the power relations and status of the actors. The system is bound together with an ideology or understanding shared and contributed by all the actors. This piece of work is instrumental and applicable to all economies in the world. But application of this system may differently be treated in respect of different organisations depending on their status, ideology, environment etc.

C.B. Kumar (1961)\textsuperscript{13} deals with machinery, problems and factors of industrial relation with some practical suggestions. Where as N. F. Dufty (1964)\textsuperscript{14} has made an attempt to narrate the history of trade unions in India and the development of industrial relations.

A. S. Mathur (1968)\textsuperscript{15} has successfully tried to narrate the historical background and made an analysis of industrial unrest. He has elaborately dealt with labour policy of the Government with empirical studies on trade union activities. It is his D.Lit published theses and an invaluable contribution to the literature of industrial relations.
C. A. Myers. (1970) describes the origin, growth and development of Indian trade unions, strikes etc.

"Labour Problems in Indian industry" is a monumental contribution of V. V. Giri (1972) to labour literature of the world as a veteran trade union leader and the President of India. This work is the brain child of his wide experience in the field as labour leader, Labour Minister and exposition of his feelings on conditions of labour and their problems in Indian industries. This book has touched variety of areas such as trade union movement which has been elaborately discussed with the problems of trade unions. He has reflected the future of trade unions in India with the changing scenario all over the world. He has devoted one chapter on rationalisation and automation and its impact on industrial relations. Extensive use of Government policy on Wage, social security, industrial hygiene, industrial housing, child labour, women labour and agriculture labour have been wildly discussed. This piece of work was published in 1972 and needs modification in different chapters as various changes have taken place in the modern industries.

G. P. Sinha and P.R.N. Sinha (1977) were the pioneers in the field of industrial relation in this country. Their contribution "Industrial Relations and Labour Legislation" is a master piece for students, teachers and practitioners of industrial relation in the country. They have discussed industrial relation and Labour legislation in India in detail giving parental linkage to experiences of Great Britain. They have also made a reference to trade unions and industrial relations in India with its historical perspectives. They have not forgotten to refer to the American experiences wherever necessary.

Different policy programmes adopted by Government of India, Great-Britain and USA have also been focussed as and when it was felt necessary. A detailed discussion has been made on trade union movement in India along with experience in Great-Britain. The book deals with how labour management co-operation has reduced the industrial disputes in the country. Further the book has combined the industrial relations and labour legislation considering them as two sides of a coin. A chapter has been devoted on ILO, their formation and activities etc. This book is no doubt very useful to all categories of persons in the field of labour relations.

Y. R. K. Reddy (1981) offers a deep insight into the actual trend in frequency, participation, loss and duration
of strikes in India. He has observed that the trend has evidenced a positive growth not only in strike activity but also in participation, loss and duration of strikes.

S. N. Dhyani. (1984)\(^2\) has made a detailed analysis of industrial relations Bill 1978, industrial relations machinery and settlement procedure. He has also pointed out the dangers of multiplicity of unions and their effect on industrial relations.

The book "Industrial Relations and Labour Laws" a great contribution of Prof. S.C. Srivastava (1984)\(^2\) of Kurukhetra University, is a piece of work dealing with theoretical aspects of industrial relations and the trade unions and their problems. One part of the book has been devoted towards regulation of industrial disputes where powers of the Government have been examined along with the discussions on managerial priorities in industrial undertakings. This book has compartmentalised the discussions only on industrial relations laws but it is completely a theoretical one and needs empirical studies to supplement their arguments.

K. P. Chakravarti. (1985)\(^3\) has attempted to investigate and examine the industrial relations situation in India. He has emphasised that a clear path to industrial peace is the early settlement of grievances on merit, no matter what happens to the prestige of the management and the union.
Meenakshi Nayar. (1985)²⁴ has made an endeavour to develop a conceptual model of effectiveness of industrial relations at the enterprise level by building on two distinct streams of literature: organisational theory and industrial relations. The purpose is to develop a model of industrial relations sub-systems with its effective sub-systems and their operationalisation.

The book "Industrial Relations and New Technology" is a masterpiece of work on industrial relations on the changing face of technology, by Annette Davies(1986)²⁵. Every nation has tried to enter into globalised market economy emphasising on qualitative product, least possible cost of product in high productivity which can allow them to compete in the world market. In this context the book is highly relevant one as the high technology is bound to be adopted by industries thereby affecting the industrial relations to certain extent. Adoption of human resources from work place as such this will create ideological difference between the unions and management. It is an empirical study which has been made to have timely assessment of impact of introduction of technology and the relations of unions and management in different industries. The book deals with perspectives on technical change, the technical debate, the constraints on choice and the political change, Socio-economic constraints and the industrial relation context of technical change. An attempt has been made to go with empirical study with application
of different models of industrial relations with proper research methodology. The author has highlighted the implications of technical changes on work force with the change of Government employment policy, the management-Union relations, and strategies.

G. L. Gour. (1986)\(^26\) in his study, has examined the role of trade unions in creating a harmonious industrial relations climate.

B. K. Dutta. (1987)\(^27\) has putforth the impact of industrial relations. He observes that the success of industrial relation depends on the love, understanding and mutual faith between the employer and the employee.

Y. K. Tewari. (1987)\(^28\) has discussed possible challenges before trade unions in his study. He views that plethora of trade unions in an industrial establishment is neither in the interest of the workers nor in the interest of the national economy.

K. S. Bhangoo. (1987)\(^29\) in his study concludes that there is a wide gap between the number of unions registered and the number of unions submitting returns. He finds that the membership of the unions steadily increased but average membership per union remained almost the same.
The human Resources management was considered to be perhaps unmanaged discipline in the country which attracted the attention of many experts. The book "Industrial Relations" prepared by Arun Monappa (1988) has tried to bring out a number of solutions to the problems of industrial relations in Indian Industries. Government is the greatest controller of industrial relations scenario in the state which has been elaborately discussed by Dr. Monappa with empirical studies. The Government as a leading actor in the Indian Industrial Relations (IIR) has had a major role to play. It plays the dual role—one as the policy maker another as a model employer or owner of gigantic public sectors in different fields. Prof. Monappa, has examined the role of the Government in detail in his piece of work. The field of industrial relations in Indian context is over burdened with thoughts of selection of collective bargaining agent. Now the public and private sectors have been well equipped with personnel departments which usually go with their plan, strategies for future development of human resources, and to meet the demands of the unions. All this has been dealt with in this book with experience for various sectors. Employees grievances, discipline, industrial conflict, labour welfare and social security, workers participation in management and workers education schemes have been widely discussed in the light of labour policy and Five Year Plans of the country.
S. A. Siddique. (1989)\textsuperscript{31} has explained the distinct features of the third world industrial relations systems based on broad social, economic and political factors. He has remarked that the third world has a very weak trade union organisation; the system of collective bargaining is rarely used in industrial relations; and most importantly, a comprehensive legal framework dominates the scene of industrial relations.

P.L. Rao, (1990)\textsuperscript{32} has studied some of the significant trends in industrial relations such as maturity of trade unions, firm but fair dealings by employees and the egalitarian approach by the government.

J. Banaji, and R. Hensman. (1990)\textsuperscript{33} have highlighted an industrial relations theory of industrial conflict. They observe that the conflict is a result of situational factor and not objective in orientation. It is affected not only by the specific situational variables but also by the organisational culture there by making conflict management a probabilistic one rather than deterministic.

A. Viswanathan.(1990)\textsuperscript{34} in her study says that industrial relations in India are played by pluralism which should be replaced by appointing a single bargaining agent.

have remarked that all is not well with the industrial relations scene in the public sector. They observe that the glamour for higher wages, cry for labour participation in management from trade unions, lack of cohesive policy for bonus are disconcerting features of the industrial relations scene in India.

Prof. C.S. Venkata Ratnam. (1992)\textsuperscript{36} focused on the impact of macro-economic policy changes on employment and industrial relations in the short as well as in the long run. He stresses the need to bring about changes in the labour policies in tune with the industrial policies.

Promod Verma, (1992)\textsuperscript{37} assesses the growth of industrial conflicts during various phases of economic development from 1921 to 1984. He observes that there has been upward trend in all the three indicators of conflicts the number of disputes, workers involved and mandays lost, although subject to cyclical changes and irregular movements.

Prof. Duddar Datt, (1993)\textsuperscript{38} has discussed the impact of new economic policy particularly of liberalisation and deregulation on industrial relations and employment in India. He has divided liberalisation in three distinct phases, last being extensive liberalisation phase (1985-86 to 1990 and there after) According to him in this phase there has been a clear negative impact on employment. There
has been increase in the severity of strikes and lockouts. He finds that lock outs impose severe punishment both in magnitude and intensity on the working class. New economic policy has served the interests of private sector. All the forces unleashed by the new economic reforms are emphasising a higher growth of output without a commensurate growth rate of employment.

1.3.2 Studies on industrial relations in public sector undertakings

Kanwarlal, (1971)\textsuperscript{39} Agarwal (1972)\textsuperscript{40} Janardhan (1976)\textsuperscript{41} Venkatratnam (1976)\textsuperscript{42} Gangadhar Rao (1978)\textsuperscript{43} Santosh (1980)\textsuperscript{44} have evaluated the problems of industrial relations in different public sector undertakings. Their observations by and large reveal that the problems of industrial relations in public sector enterprises are serious and need to be improved on the basis of sound industrial relations policy and its implementations.

Surya Kumar (1981)\textsuperscript{45} has pointed out that practices followed in some selected units of Hyderabad city in creating a climate conducive to industrial relations. The study identifies the factors which have direct bearing on the labour-management relations.

Raman Rao, (1982)\textsuperscript{46} has highlighted the reasons for labour management conflict in Andhra Pradesh State
Electricity Board. He has established that important reasons of conflict between the labour and management were due to lack of organisation structure, lack of understanding of the workers' problems on the part of the management and unfavourable attitude of trade union leaders towards the industrial relations.

R.C. Roy, (1985) asserts that the problems of labour in Orissa can be lessened by taking greater care in implementing workers' education programme, resolution of controversies through industrial relations machinery and positive attitude of management and trade union leaders.

In her study Reeta Mathur (1986) examines various issues of industrial relations in the steel industries and finds that minor grievances get deep into the organisation as important factors in industrial relations. She suggests to establish a system of redressal of employees grievances in the shortest possible time and at the lowest possible level.

Ganga Prasad (1987) presents a picture of industrial relations in Life Insurance Corporation of India and also examines the various factors which affect the industrial relations in LIC. He opines that inadequate welfare facilities, non implementation of the collective bargaining and workers participation in management schemes, unfavourable attitude of management towards unions etc. impede cordial industrial relations.
P.K. Mohanty, (1988) and K.M. Sahoo, (1989) have made a detailed examination of the industrial relation climate in Rourkela Steel plant. They have highlighted the role of collective bargaining and workers' participation in management to reduce labour unrest.

D.V. Giri (1988) has emphasised on the negative and positive aspects of industrial relations in the Paradip Port in Orissa. According to him the management did not take initiative to settle disputes. Most of the disputes were settled with the State intervention.

The study made by S.C. Parida (1989) is mainly intended to evaluate the methods of conflict resolution in Rourkela Steel plant as well as the efficiency of the machinery for conflict resolution. He finds that the conflict in industrial relations is managed well in Rourkela Steel plant due to management's openness towards workers' grievances.

A comprehensive study on industrial relations in public sector units has been made by KVK Chand, (1989). His study attempts to measure the existing problems of industrial relations in terms of certain indices like the number of strikes, number of man days lost, number of workers involved etc. Apart from this, his study examines the working of the machinery for settlement of disputes and also the collective bargaining as a method of improving industrial relations.
N. Hanumantha Rao. (1989)\textsuperscript{55} analyses the problems related to industrial relations in Singareni Collieries Company Limited in his research project. He lays emphasis on the prompt implementation of agreements by the management to avoid industrial unrest.

Atmanand (1990)\textsuperscript{56} analyses the trends and issues of industrial relations in the state of Bihar. He maintains that the industrial relations scenario continues to be marred by mutual distrust, hostility and unabated loss of millions of mandays due to strikes, lock outs and other forms of industrial actions.

P.P. Arya (1990)\textsuperscript{57} studies the impact of union membership on industrial relations in Heavy Electricals and Indian Telephone industries and finds that the union structure significantly influences union membership which in turn influences the labour management relationship.

Om Prakash (1990)\textsuperscript{58} observes that participative management seems to be quite a neglected aspect of organisational climate in public sector. Viable information system, appropriate forum, acceptable choice of representatives, adoption of employee stock share ownership plan, and indication of limits with regard to the powers of worker's representatives are major adjuncts of participative management.
Surya Mukherjee (1991) in his study presents the process of introduction of the concept of labour participation in management at BHEL, Tiruchi. The study describes a situation faced, a decision or action taken by an individual manager or by the organisation at the strategic functional or operational levels.

The study of A. Gani (1992) seeks to examine the nature and extent of rank and file participation in trade union activities and identify the correlations influencing membership and participation in five textile units of Jammu and Kashmir. He asserts that age, experience, skill, wage level, political activism and job satisfaction exert a strong influence on the level of membership participation.

1.4 RELEVANCE OF THE STUDY

A brief review of the available literature reveals that a good number of studies have been conducted in the field of industrial relation in general and public sector in particular. Most of the studies show that it is the management of human resources which plays a key role in opening up new opportunities for increasing productivity as well as promoting the growth of the enterprise and those who work in it.

It is an accepted fact that man is the most complicated product of creation and thus industrial relations which
is concerned with everything relating to man in employment, requires a great deal of continuous study and understanding. In the present society all of us are vitally affected, directly or indirectly by the industrial activities throughout our lives. The degree of industrial harmony and prosperity existing in the society in which we live cannot be a matter of indifference to any one of us. Therefore there is the need to study the issues and problems in the field of industrial relations.

Though a few studies on industrial relations in public sector have been conducted in the national level, no sincere attempt has yet been made to study the problems of industrial relations in the state undertakings of Orissa.

The Industrial Development Corporation of Orissa Limited (IDCOL) is one of the most important state undertakings which reflects Orissa’s determination to accelerate industrial growth. Sponsored by the Government of Orissa and registered as a public limited company in March 1962, IDCOL is the pioneer in modernising Orissa’s industrial outlook. It manages 9 units directly along with 2 subsidiaries, 3 assisted units and 3 joint sector units. Its annual turnover today is over one hundred forty crores. It employs 5738 persons directly and about 3000 persons indirectly. IDCOL is a mission to achieve the best in terms of industrial and economic growth of the state.
Considering the importance of IDCOL in the industrial scene of the state, it is very much felt that a sincere attempt should be made to study the major issues and challenges of industrial relations.

These underline the necessity of searching studies so as to identify the nature and extent of the problem of industrial relations in IDCOL and to suggest measures for coping with the challenges. The finding of the study can be expected to pay rich dividends in terms of directions for industrial relations planning and policies in IDCOL. As there was no intensive study before, it is hoped that this study would provide a base for further exploration by scholars, policy markers and operational agencies.

1.5 OBJECTIVES OF THE STUDY

The main objective of the study is to examine the functions of industrial relations in the IDCOL. The study attempts to identify and highlight the problems related to industrial relations and to suggest measures for improvement of industrial relations in IDCOL.

More specifically the objectives of the study are:

1. To study the trend of industrial relations in IDCOL in terms of strikes, lockouts, Gherao and go-slow etc. along with their causes and consequences.
2. To examine the existing machinery for the prevention and settlement of industrial disputes in IDCOL.

3. To highlight the role of trade unions in maintaining industrial relations and to investigate into the problems of trade union in IDCOL.

1.6 HYPOTHESIS

1. Good industrial relations in IDCOL helps in enhancing the volume of business in different areas in the State.

2. Bad industrial relations in Public Sector (IDCOL) may lead to privatisation.

3. Trade unions contribute a great deal for healthy industrial relations.

1.7 SCOPE AND PERIOD OF THE STUDY

Though the term industrial relations in its broader sense covers all employee-employer relations of an organisation, this project is restricted to the study of industrial relations pertaining to the workers' trade unions and the management.

For the purpose of study 'workers' are deemed to be persons who are actually engaged in the production. The
ministerial staff are excluded from the purview of the study. Similarly the management includes all executives of the different units.

Industrial relations embrace a lot of activities and issues. But the scope of this project includes like industrial unrest, preventive machineries such as grievance procedure, collective bargaining, joint committees and workers' participation in management. The study also covers settlement machinery such as conciliation, arbitration and adjudication etc.

The study relates to a period of thirteen years from 1980 to 1992. The 1980's have started a new era of growth and expansion in IDCOL which motivated the researcher to select this period for his study. IDCOL has also adopted the restructural plan and separated three of its directly managed Units (HIW, HCW and BPAW) on 1.4.1993. This has got tremendous impact of separation of labour force, production, investment and profit etc. which may reflect some distorted picture of the corporation in respect of functioning for which 1993 has been taken as cut point year.
1.8 METHODOLOGY

1.8.1 Data source

The study is based on two sets of data: primary and secondary. The secondary data have been collected from various publications of IDCOL as well as the Government of Orissa. The annual reports on the working of various labour enactments from year to year of labour department, Government of Orissa, published data of the various industrial units of IDCOL on the working of different schemes in the subject also form the secondary source of data. Besides these records and documents from various units as well as the corporate office of the IDCOL, relevant reports and records of the Labour Commissioner, Government of Orissa, Bhubaneswar have been used with their permission.

The primary data have been collected by making a field survey. The information were collected from the sample respondents through three sets of scheduled questionnaires personally by the researcher. The sample respondents were selected by Random sampling method from among the workers, Trade Union leaders and management personnel.
1.8.2 Samples design

For the purpose of sample design 9 major units of IDCOL, have been taken into consideration. The units are as follows:

1. Hira Cement Works and IDCOL mines, Baragarh, Sambalpur.
3. Ferro Chrome Plant, Jajpur Road, Cuttack.
5. Re-Rolling Mill, Hirakud, Sambalpur.
6. Hira Cable Works, Hirakud, Sambalpur.

Since the study focuses on the industrial relations of IDCOL, it is decided to examine the opinions of the workers, Trade Union leaders and management personnel of the above 9 units.

In selecting the sample sufficient care was taken to include different categories of workers, management and Trade Union leaders. For this purpose stratified, purposive and random samplings were used.
The workers' representatives in the sample include the persons from different categories of skilled, semi-skilled and unskilled workers. Due attention has also been given in choosing the persons who have idea of industrial relations situation in the plants.

The trade union respondents include Presidents, Vice-presidents, general secretaries, treasurers and executive members of all 21 Unions functioning in different units of the corporation. Selection of these respondents is made on the basis of availability of leaders at the time of field visits. On this basis 48 trade union leaders are selected as sample.

In selecting management respondents in the sample, precautionary measures have been taken to include management representatives of different categories e.g. technical and non-technical, and from different departments.

After a careful scrutiny of the schedules it is decided by the researcher to cover 637 workers and 90 management respondents on the assumption that at least 70 per cent of respondents would respond promptly, out of 637 and 90 schedules intended for workers and management respondents respectively, the researcher is able fill in
only 426 schedules from workers and 61 schedules from the management respondents. The field survey is conducted in all the 9 directly managed units located in different places of the state. The response is satisfactory as 67 per cent of the schedules issued in total are duly filled in and received as regards to the worker and management respondents (Table-1.2).

The following are the numbers included in the sample for analysis.

<table>
<thead>
<tr>
<th>Categories of respondents</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Workers</td>
<td>426</td>
</tr>
<tr>
<td>2. Trade Union</td>
<td>48</td>
</tr>
<tr>
<td>3. Management</td>
<td>61</td>
</tr>
<tr>
<td>Total</td>
<td>535</td>
</tr>
</tbody>
</table>

1.9 FRAME WORK OF ANALYSIS (TECHNIQUES)

The information collected from both primary and secondary sources are suitably classified and tabulated for the purpose of analysis and interpretation. The analysis has been made with the simple statistical tools of analysis like, percentage, average along with the following techniques and tools which are discussed in detail.
There are 11 units in total directly managed by the IDCOL. But for the purpose of study it is shown as 9 units which reflects the entire picture of IDCOL.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Units*</th>
<th>Workers Actual strength</th>
<th>Workers Sample</th>
<th>Questionnaire Distributed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hira Cement works and IDCOL Mines.</td>
<td>Skilled 371</td>
<td>Semi-skilled 289</td>
<td>Unskilled 171</td>
</tr>
<tr>
<td>2</td>
<td>Kalinga Iron works</td>
<td>Skilled 505</td>
<td>Semi-skilled 158</td>
<td>Unskilled 329</td>
</tr>
<tr>
<td>3</td>
<td>Ferro Chrome plant</td>
<td>Skilled 154</td>
<td>Semi-skilled 212</td>
<td>Unskilled 158</td>
</tr>
<tr>
<td>4</td>
<td>Hirakud Industrial Works</td>
<td>Skilled 168</td>
<td>Semi-skilled 29</td>
<td>Unskilled 156</td>
</tr>
<tr>
<td>5</td>
<td>Re-Rolling Mill</td>
<td>Skilled 52</td>
<td>Semi-skilled 48</td>
<td>Unskilled 70</td>
</tr>
<tr>
<td>6</td>
<td>Hira Cable Work</td>
<td>Skilled 88</td>
<td>Semi-skilled 44</td>
<td>Unskilled 35</td>
</tr>
<tr>
<td>7</td>
<td>Boiler piping and Accessories works</td>
<td>Skilled 37</td>
<td>Semi-skilled 18</td>
<td>Unskilled 65</td>
</tr>
<tr>
<td>8</td>
<td>Baripada spinning Mills</td>
<td>Skilled 256</td>
<td>Semi-skilled 179</td>
<td>Unskilled 226</td>
</tr>
<tr>
<td>9</td>
<td>Aska Spinning Mills</td>
<td>Skilled 133</td>
<td>Semi-skilled 121</td>
<td>Unskilled 175</td>
</tr>
</tbody>
</table>

|          | 1864 | 1098 | 1385 | 4245 | 173 | 112 | 141 | 426 | 637 |

* There are 11 units in total directly managed by the IDCOL. But for the purpose of study it is shown as 9 units which reflects the entire picture of IDCOL.
TABLE 1.3 Contd...

<table>
<thead>
<tr>
<th></th>
<th>Management (Actual Strength)</th>
<th>Management (Sample)</th>
<th>Questionnair Distributed</th>
<th>Trade Union Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tech-</td>
<td>Non-</td>
<td>Total</td>
<td>Tech-</td>
</tr>
<tr>
<td></td>
<td>nical</td>
<td>Technical</td>
<td></td>
<td>nical</td>
</tr>
<tr>
<td>58</td>
<td>54</td>
<td>112</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>79</td>
<td>51</td>
<td>130</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>43</td>
<td>29</td>
<td>72</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>52</td>
<td>17</td>
<td>69</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>7</td>
<td>11</td>
<td>18</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>11</td>
<td>12</td>
<td>23</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>19</td>
<td>7</td>
<td>26</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>41</td>
<td>32</td>
<td>73</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>39</td>
<td>26</td>
<td>65</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>349</td>
<td>239</td>
<td>588</td>
<td>34</td>
</tr>
</tbody>
</table>

35
1.9.1 (a) Annual growth rate

The annual growth rates are to trace year to year changes in respect of time series data. The annual growth rates are computed by using the following formula.

Annual growth rate (per cent) = \( \frac{P_1 - P_0}{P_0} \times 100 \)

Where, \( P_1 \) = current year figure
\( P_0 \) = Previous year figure.

1.9.2 Correlation

The relationship between two variables has been tested with the help of Karl Pearson's coefficient of Correlation (r), the value of which lie between ± 1. It is based on the following formula.

\[ r = \frac{\sum XY}{\sqrt{\sum X^2 \cdot \sum Y^2}} \]

Where,

\( X \) = Deviation from Arithmetic Mean of the first set of variables
\( Y \) = Deviation from Arithmetic Mean of the second set of variables
\( N \) = No. of pairs of observation.
1.9.3 Content Score

The content score is a score secured by each factor. In order to get the content score, weights have been assigned to each rank and the weighted score for each factor has been found out. The weighted scores are the content scores. As we have taken ranks up to fourth place we have assigned 4 points to 1st rank, 3 points to 2nd rank, 2 points to 3rd rank and 1 point to 4th rank.

1.10 LIMITATION OF THE STUDY

1. Though industrial relations embrace a lot of activities and issues, the present study is confined to issues like industrial unrest, grievance procedure, Joint committees, collective bargaining, workers participation in management etc. The study also includes settlement machineries like conciliation, arbitration and adjudication. In addition, Trade Unionism forms a part of the study.

2. Though units like Baripada Spinning Mill and Aska Spinning Mill are no longer under the direct management of IDCOL with effect from April 1990, they have been included in the present study. Further IDCOL Mines, an independent
Unit of IDCOL is studied combinely with Hira Cement Works for the purpose of convenience. Thus 9 units in total which are directly managed by IDCOL, are taken into account for analysis.

3. The study has been made up to the year 1992 as IDCOL has adopted the restructrual plan in April 1993 which may bring distortion in the analysis of data.

4. As regards to secondary data, systematic and relevant records are not available either at the corporate level or unit level offices. Moreover the executives of the personnel department were unwilling to cooperate and part with the necessary information from the company documents. Therefore, in most of the cases the analysis is restricted only to the responses of the sample workers, trade union leaders and management personnel. However, a humble attempt has been made to discuss various problems and issues involved in industrial relations situation of the corporation on the basis of the views expressed by different categories of respondents.
1.11 CHAPTER DESIGN

Keeping in view the objectives, the study is organised in seven chapters including introduction and conclusion. The introductory chapter focuses the role of Public sector in Indian Economy and importance of Industrial relations in general and state undertakings in particular. This is followed by (i) A review of literature (ii) Relevance of the study, (iii) Objectives, (iv) Hypothesis (v) Scope and period of study, (vi) Methodology (vii) Sample design (viii) Frame work of Analysis and (ix) Limitations of the study.

Chapter Two deals with the concept of Industrial Relations, System approach to Industrial Relations, National Commission on Labour on Industrial Relations in India, Industrial Relations Bill 1978, Industrial Disputes (Amendment) Act 1982, The Trade Unions and the Industrial Disputes (Amendment) Bill, 1988, Ramanujam Committee Report on Industrial Relations Law and Industrial Relations under Globalisation of Economy in India. It also highlights the Industrial Relations climate in India and Orissa.

Chapter Third is devoted to draw the present profile of the Industrial Development Corporation of Orissa Limited (IDCOL). An evaluation of its performance in the last
thirteen years in terms of Employment, Investment, production, Profitability, Contribution to state Exchequers and Expenditure on social overheads.

Chapter Four seeks to study the trends, causes and consequences of industrial unrest in IDCOL in terms of strikes, lock outs, Gherao and go-slow etc.

Chapter Five provides an insight into the working of prevention and settlement machinery in force to maintain good industrial relations in IDCOL.

Chapter Six attempts to outline the evolution of trade Union movement in IDCOL. It also deals with the problems of Trade Unions in IDCOL and examines the role of Trade Unions in maintaining industrial relations in IDCOL.

Major findings of the study have been summarised and suitable measures for the improvement of industrial relations in IDCOL suggested in the concluding chapter seven.
REFERENCES

7. Department of Public Enterprises, Govt. of Orissa.


