CHAPTER - I

INDUSTRIAL SCENARIO AND HUMAN FACTOR
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1. INTRODUCTION: (DESCRIPTION OF INDUSTRIAL POLICY RESOLUTION):-

Public sector has been playing a vital role in the economy of almost all countries in the world. In socialist countries, there is only the public sector which owns all the means of production; there being on private sector. Even in capitalist countries where the private sector controls a major part of the means of production, the public sector has become important, although in all respects it is subservient to the market mechanisms. In developing countries, the public sector has acquired a key place in economic development.

In India, immediately after independence, in November 1947 the All India Congress Committee appointed the Economic Program committee and the AICC resolution, after having deliberated over the merits and demerits of development of the industry expressed that:

“Our aim should be to evolve an economic structure which will yield maximum production without the operation of private monopolies and concentration of wealth, as this will create a proper balance between urban and rural economies. Such a social structure can provide an alternative to acquisitive economy, of private capitalism and the regimentation of totalitarian state.”

The above resolution led to the philosophy of mixed economy in India's economic development. From the date of announcement of the First Industrial Policy of the National Government on 6th April 1948, there has been a phenomenal growth of the Central Government enterprises in the last three decades of planning. In fact, even before the commencement of planning and the adoption of the goal of the “socialist” pattern of society, the public sector was assigned a very important role in the industrialization and economic development of the country. The industrial policy resolution of 1948 made it very clear that the manufacture of arms and ammunition, the production and control of atomic energy and the ownership and management of Railway Transport would be exclusive monopoly of the Central Government. It was resolved further that in another six industries the State alone would set up new undertakings. These six industries were: Coal, Iron and Steel, Aircraft manufacture, Ship building, manufacture of Telephone, Telegraph and wireless apparatus, excluding radio receiving sets, and mineral oils.

The Industrial Policy Resolution of 1956 enlarged the role of the public sector. It stated, “The adoption of the socialist pattern of society as a national objective as well as the need for planned and rapid development require that all industries of basic and strategic importance, or in the nature of public utility services, should be in the public sector. Other industries, which are essential and require investment on a scale, which only the state, in present circumstances, could provide, have also to be in the public sector. The state has therefore, to assume direct responsibility for the future development to assume direct responsibility for the future development of industries over a wider area.”
1.1 **Industrial Policy**

(Industrial Scene at the time of Independence)

On the eve of independence, India had an extremely undeveloped, distorted and unbalanced industrial structure. Industries contributed less than one sixth part of national income. The country did have some industries like cotton textiles, jute and sugar, but there were virtually no basic, heavy and capital goods industries on which programmes of future industrialization could be based. Whatever major industries were there, they were largely concentrated in a few areas such as Mumbai, Surat, Ahmedabad, Jamshedpur, Kolkata, Delhi etc, while the rest of the country remained industrially neglected. Thus after independence, the government of India has to undertake effective measure to increase the tempo of industrialization, correct regional imbalances in industrial development and rectify the distorted industrial structure through rapid development of capital goods industries.

**Meaning of Industrial Policy:**

The Industrial Policy is a statement which defines the role of the government in industrial development, the place of the public and private sectors in industrialization of the country, the relative role of large and small industries, the role of foreign capital etc. In brief, it is a statement of objectives to be achieved in the area of industrial development and the measure to be adopted towards achieving these objectives. The industrial policy thus formally indicates the spheres of activity of the public and the private sector. It lays down rules and procedures that would govern the growth and pattern of industrial policy is neither fixed nor inflexible. It is amended, modified and redrafted according to the changed situation, requirement and perspectives of development.

**Objective of Industrial Policy:**

1. **Rapid Industrial development:**

The industrial policy of the Government of India is aimed at increasing the tempo of industrial development. It seeks to create a favourable investment climate for the private sector as well as mobilize resources for the investment in public sector. In this way the government seeks to promote rapid industrial development in the country.

2. **Prevention of concentration of Economic Power:**

The industrial policy seeks to provide a framework of rules, regulations and reservations of spheres of activity for the public and private sectors. This is aimed at reducing the monopolistic tendencies and preventing concentration of economic power in the hands of a few industrial houses.
3. Balanced Industrial Structure:

The industrial policy is designed to correct the prevailing lopsided industrial structure. Thus for example, before independence, India had some fairly development goods industries. But the capital goods sector was not developed at all and basic and heavy industries were by and large absent. So, industrial policy had to be framed in such a manner that these imbalanced in the industrial structure are corrected. Thus by laying emphasis on heavy industries and development of capital goods sector, industrial policy seeks to bring a industrial structure.

1.2 Industrial Policy 1948:

India’s first industrial policy after independence was announced in April 1948 under this policy, industries were classified into four group. The first groups comprising the manufacture of arms and ammunition, atomic energy and railway transport were made the sole monopoly of the state. The second group consisting of Iron and steel, Aircraft and Shipbuilding, minerals, oils etc, was sought to be progressively owned by the state. The third group of industries, which included chemicals, heavy machinery, minerals, cement etc, was to be regulated and controlled by the government. The fourth group that included all remaining industries was made open to the private sector, the industrial policy of 1948 thus laid down the foundation of a mixed economy wherein the public sector were to co-exist and work in their demarcated areas.

Within a few years of the operation of the 1948 Industrial policy, some significant changes took place in the economic and political spheres that called for changes in industrial policy as well. The country had launched a programme of planned economic development with First Five year plan. The second plan gave high priority to industrial development aimed at setting up a number of heavy industries, steel plants, capital goods industries etc, for which direct government participation and state involvement was needed. Further in December 1954, the parliament adopted the “Socialistic pattern of society “ as the goal of economic policy, which called for the state or the public sector to increase its sphere of activity in industrial sector and thus prevent concentration of economic power in private hand.

1.3 Industrial Policy Resolution 1956:

In view of all these developments a new industrial policy was announced in April 1956. The main features of this industrial policy resolution of 1956 were as follows:

New classification of Industries:

The industrial Policy of 1956 adopted the following classification into 3 categories viz (i) Schedule A Industries, (ii) Schedule B and (iii) schedule C industries according to the degree of state ownership and participation in their development.
1. Schedule A Industries:

This category includes 17 industries. The future development of these industries was to be the exclusive responsibility of these states. These industries include arms and ammunition, atomic energy, railways, aircraft building, air transport, shipbuilding, iron and steel, mineral oils heavy electrical etc. These industries, thus from the exclusive domain of public sector.

2. Schedule B Industries:

There were 12 industries placed in Schedule B which were to be progressively state owned. In regard to the development of these industries, the state was generally to take initiative in setting up new undertakings. However, the privat sector was also expected to supplement the efforts of the state in this categories. Some industries in the schedule were machine tools, aluminum and other non-ferrous metals, fertilizer, antibiotics and other essential drugs, road and sea transport, etc. The schedule B industries thus depended for their development on the public as well as the private sectors.

3. Schedule C Industries:

All the remaining industries fell in the schedule C, the future development of which was left to the initiative of the private sector. The state however was to provide necessary assistance to private sector for development of industries.

The private sector was in turn, expected to fit itself into socio-economic framework of state policy and be subject to overall regulation and control by the government.

1.4 ASSISTANCE TO PRIVATE SECTOR:

While the industrial policy of 1956 sought to give a document role to public sector, at the same time it assured fair treatment to the private sector. The policy said that the state would continue to strengthen and expand financial institutions that extend financial institution that extend financial assistance to private industry and co-operative enterprises. The state would also strengthen infrastructure (power, transport, etc) to help private sector.

1. Expanded role of cottage & Small-Scale Industries:

The industrial policy of 1956 laid stress on the role of cottage and small-scale industries for generating large employment opportunities, making greater use of local manpower and resources and reducing regional inequalities in industrial development. It stated that the government would continue pursuing a policy of supporting such industries through tax concession and subsidies.

2. Balanced Industrial Growth among various regions:

The 1956 Industrial policy sought to reduce regional disparities in industrial development. The policy stated that facilities for development will be made available to industrially backward areas, will provide incentives such as tax concessions,
subsidised loans, etc. to the private sector to start industries in these backward regions.

1.5 INDUSTRIAL POLICY STATEMENT 1980:
With the fall of Janta government and return of the Congress to power, a new industrial policy statement was issued on July 23 1980, which reiterated the industrial policy of 1956 as the framework of industrial development. This policy sought to check the decline in the industrial growth rate that was caused by the under emphasis on small-scale sector and the virtual neglect of large industries under the previous industrial policy of 1977. The industrial policy statement of 1980 laid down the following objectives.

1. Optimum Utilization of installed capacity:
The new policy sought to increase industrial production through optimum utilization of the installed capacity and expansion of industries.

2. Maximizing Production and productivity and Employment Generation:
The 1980 industrial policy sought to increase industrial production through improvements in productivity. Industrial development was to be so designed as to generate higher employment opportunities.

3. Correcting Regional Imbalances:
The policy sought to correct regional imbalance in industrial development by preferential development of industries in the backward regions. The policy also called for effective steps for dispersal of industries away from big cities and urban industrial centers.

4. Emphasis on cottage and small-scale industries:
The 1980 industrial policy stated that in case of these products whose production can be secured efficiently through small-scale industries they would continue to be reserved for the small-scale sector.

5. Promotion of Export Oriented Industries:
The 1980 Industrial policy statement gives special consideration and encouragement to industries whose production was exclusively meant for exports.

Besides the above mentioned features, the industrial policy statement of 1980 gave preferential treatment to development of agro based industries and sought to protect consumers against high prices and poor quality goods. In essence the industrial policy statement of July 1980 was only a further elucidation of 1956 industrial policy.

1.6 THE NEW INDUSTRIAL POLICY:
The industrial policy announced on July 24, 1991 which heralded the economic reforms in India, has enormously expanded the scope of the private sector by opening up most of the industries for the private sector and substantially dismantling the entry and growth restriction. Adjective such as “dramatic”, ”revolutionary”, “drastic” etc have been used to describe the nature of the change in the industrial policy. The industrial policy-reforms have reduced the industrial licensing requirements, removed restrictions on investment and expansion, and facilitated easy access to foreign technology and foreign direct investment.
Objectives:
The major objectives of the new industrial policy package are:
1. To build on the gains already made.
2. To correct the distortion or weakness that may have crept in.
3. To maintain a sustained growth in productivity and gainful employment.
4. To attain international competitiveness.

It has been stated that the pursuit of these objectives will be tempered by the need to preserve the environment and ensure the efficient use of available resources. All sectors of industry, whether, small medium or large, belonging to the public, privat or co-operative sectors will be encouraged to grow and improve on their past performance.

1.7 EXPANSION OF THE SCOPE OF PRIVET SECTOR AND DISMANTLING OF ENTRY AND GROWTH RESTRICTIONS:

The scope of private sector has been expended enormously by drastically reducing the number of industries reserved for the public sector and by substantially dismantling the barriers to entry and growth.

Deli censing: All but 18 industries were freed from licensing. The number was later reduced, in stages to six. The industries subject to industrial licensing account for only a very small share of the value added in the manufacturing sector.

Removal of MRTPA Restrictions: Most of the provision of the MRTP Act, pertaining to concentration of economic power i.e. that requiring prior permission were scrapped.

Liberalization of Foreign: The Policy toward foreign capital and technology has been modified very significantly and progressively liberalized FDI is allowed in all industries, except industries falling in a small negative list, in varying levels, ranging from 26 to 100% of the total equity.

Since 1992-93 the India stock market is open for investment by Foreign Institutional investors (FIIs) and India companies satisfying certain condition may access foreign capital market by Euro issue.

Related Measures: The industries policy reforms have been supplemented and reinforced by reformism related areas. Progressive integration of the India economy with the global economy has been acknowledged as one the objectives of the Exam policy. The import policy has made more liberal by drastically reducing the tariff level and quantitative restrictions and by procedural reforms. Another very significant change has been the reform of the foreign exchange rate policy. The rupee was made practically convertible on current and later it was made fully convertible. Measures have been initiated to move towards capital account convertibility.

The capital Issues Control Act, and the office of the controller of Capital Issues were scrapped and free pricing of capital issued was introduced. Price controls have been gradually eased out. Several restriction imposed in respect of foreign investment, like phased manufacturing programme, exchange balancing etc, have been, by and large removed.
1.8 **AN EVALUATION OF THE NEW POLICY:**

The economic reforms ushered in since 1991 are revolutionary indeed in comparison with the policy and procedural reforms hitherto attempted in India. It undoubtedly is a bold step in the direction of freeing the India industry from the shackles of abortive and crippling controls.

Although further policy changes and reforms are needed, changes already introduce, if implement in real earnest, will certainly provide a considerable growth inputs. However, real de-bureaucratizing is a challenging task. the bureaucracy has a tendency to attempt to defeat the measures aimed at deregulations. A strong mandate and political will and bold administrative measure are essential for implementing several of the proposals. The Government, however, often shows signs of confusion and lack of boldness on the face of opposition from trade unions, politicians and bureaucrats. There will certainly be strong opposition from these groups to protect their vested interests. For example, in the governments stand on privatization has not been clear. In our country the might of the organized minority often gets prominence over the right and welfare of the unorganized majority.

The policy environment now in India is much more conducive for both domestic and foreign investment then in the past. However, there are now a host of countries trying to woo foreign investment with much more conducing economic environment than in India. Further, cultural factors also tilt the balance in other nations as far as foreign investment is concerned. Further, foreign business still regards the policy and procedural system in India perplexing. Even many India entrepreneurs feel that the policy / procedural and development environment in countries like China are much superior to that to that in India and a number of them prefer to locate production bases abroad. The development of the infrastructure sector has been tardy in India even after the liberalization. Because of these factors one should not expect wonders out of the belated measures.

However, for the first time the domestic industry has been given a considerable way to prove itself. This dynamism coupled with an enhanced external collaboration and competition should be expected to provide a considerable momentum for development. At the same time, the government should strive to remove the remaining, lacunae and to implement the proposed reforms in letter and spirit.

1.9 **INDUSTRIAL LICENSING POLICY:**

**Meaning and objectives of Industrial licensing policy:**

The Industrial policy lays down the overall objectives of industrial development while the licensing policy provides the instruments to regulate and guide the programmes of industrialization to achieve those objectives.

**The Main aims of industrial licensing are:**

1. To regulate the development of industries in accordance with the plans of overall economic development.
2. To control monopolistic tendencies and prevent concentration of economic power.
3. To protect small scale sector from the competition by the large- scale industries.
4. To achieve dispersal of industries among various regions to balanced regional growth.
5. To ensure optimum Utilization of scarce capital as limited foreign exchange resources.

1.9 (A) REVIEW OF THE INDUSTRIAL LICENSING SYSTEM

Prevention of concentration of economic power and reduction of disparities of income and wealth were among the major objectives of economic policy in India. Quite naturally, these aspects were emphasized also by the industrial policy. In fact, the Constitution of India specifically directs the state to achieve these objects. The Industrial Policy resolution of 1956 had at the very outset quoted the relevant parts from the preamble and Directive Principles and emphasized the urgency “to reduce the disparities in income and wealth which exist today and to prevent private monopolies and the concentration of economic power in different fields in the hands of small number of individuals.” The Industries (Development and Regulation) Act, enacted in 1951 with main objective of giving practical effect to the Industrial Policy, gave the Government sweeping powers of control over the industrial sector.

There was, however, a growing impression that the operation of the economic system had been resulting in the distribution of the benefits of development more in favour of the upper strata. In particular, it was felt that industrial licensing had failed to realize the objectives of the industrial policy. The Government of India had, therefore, made some inquiries into these aspects.

The Planning Commission in 1960 appointed the “Distribution of Income and Levels of living Committee (Mahalanobis Committee) to inquire how the additional income generated in the First and Second plans had been spread in the country. In view of the suggestion made by the Mahalanobis Committee that more comprehensive and detailed information regarding the many aspects and ramifications of economic power and controls in the private sector be obtained, a five member Monopolies Inquiry Commission under the Chairmanship of Mr. Das Gupta was appointed by the Central Government in April 1964 to inquire into various aspects of concentration of economic power and monopolistic and restrictive trade practices and to suggest corrective legislative measures. In 1966, Professor Hazari was appointed Honorary Consultant by the Planning Commission to review the operation of licensing under the IDR Act, and to consider and suggest modifications in licensing accordingly.

Some of the important disclosures made by the reports of the above inquiries are given below:

(i) the working of the planned economy had contributed to the growth of big companies;
(ii) the working of the industrial licensing system enabled the large industrial houses to obtain a disproportionately large share of the licenses issued;
(iii) some of the large industrial houses were guilty of non-implementation of licenses and preemption or foreclosure of capacity;
the operation of the industrial licensing system was not successful in achieving the objective of regional dispersal of industries;

(v) the large industrial houses were the major beneficiaries of the public financial institutions.

The Industrial Licensing policy Inquiry committee (ILPIC), popularly known as the Dutt committee, was appointed in July 1967 to inquire into the above observations. The Report of the Dutt committee, submitted in July 1969, more or less confirmed most of the above conclusions.

The Dutt Committee suggested that the large industrial houses should be given licenses only for projects involved in ‘core’ and ‘heavy’ investment sectors. It also identified industries falling in these sectors as being those having to do with basic metals heavy machine building and heavy machine building and heavy chemicals. It also observed that licenses for non-priority industries should not, as a rule, be granted to concerns belonging to these houses.

The reports of the monopolies Inquiry Commission, Professor Hazari and the Industrial Licensing Policy Inquiry committee, thus, revealed that the operation of the licensing system failed to realize the objectives of the industrial policy. And this called for a re-orientation of the industrial licensing policy.

1.10 **POLICY OF LIBERALISATIONS IN 1991**

Having realized the deleterious effects of the unromantic regulations, piecemeal measures of policy liberalizations began to be introduced by around the beginning of the nineteen eighties and this trend towards liberalization gathered a little more momentum under the Rajiv regime.

These liberalization measures were introduced with the following objectives: acceleration of industrial development;

(i) better capacity utilization;

(ii) achieving economies of scale;

(iii) removing / reducing procedural impediments;

(iv) development of backward areas;

(v) export promotion and import substitution ; and

(vi) increasing competitiveness and competition.

Important measures taken during the eighties to rejuvenate the industrial sector include:

(i) delicensing of a number of industries;

(ii) board banding,*

(iii) facility for re-endorsement of production;

(iv) enlargement of list of industries open to large houses and foreign concerns and other policy relaxation in respect of MRTP and FERA companies;

(v) enhancement of investment limit for exemption from licensing;

(vi) enhancement of investment limit of small scale and ancillary unit;

(vii) greater thrust to the industrialization of backward areas;

(viii) greater thrust to industries with export potential;

(ix) liberalization of import policy; and

(x) liberalization of foreign collaboration.
These measures, although piecemeal in nature, have produced very favourable effects. They have imparted some amount of dynamism to the Indian economy, particularly to the industrial sector. Growth rates of industrial production and exports accelerated. The increase in competition and the gradual emergence of a buyer’s market in several industries where a seller’s market prevailed in the past has been encouraging technological upgradation, improvement in efficiency, more attention to quality, competitive pricing, more attention to after-sales service and customer satisfaction etc.

1.11 **PUBLIC SECTOR POLICY**

As pointed out earlier, development of 17 industries were exclusively reserved for the public sector and in another 12 important industries the public sector was to play a dominant role. Further, the public sector could enter any other industry as and when the government so desired. As a result, there was a large expansion of the public sector, establishing monopoly or near monopoly or a dominant position in many industries, controlling the commanding heights of the economy.

In view of the development the nation has achieved by now and the unsatisfactory performance of the public sector, the new policy has redefined the role of the public sector. Accordingly, the number of industries reserved for the public sector was pruned down to eight. This was further pruned to four. These four industries are defense products, atomic energy, railway transport, and minerals specified in the schedule to the Atomic Energy Order, 1953.

The new policy also proposes selective privatisation of enterprises. Further, it is also proposed to close down unviable public enterprises and to bring the viable sick public sector units under the Board for Industries and financial reconstruction (BIFR) or a separate body that may be created on the lines of the BIFR to deal exclusively with sick public sector units.

(For more details of the public sector policy, see the chapter on Public, private, joint and Cooperative Sector.)

1.12 **MRTP ACT**

The Monopolies and Restrictive Trade Practice Act, 1969, has had a very adverse effect on competition and industrial growth. The two principal objectives of the MRTP Act, 1969 were:

(i) prevention of concentration of economic power to the common detriment, and

(ii) prohibition of monopolistic, restrictive and other unfair trade practices which are prejudicial to the public interest.

The new policy acknowledges that with growth and complexity of industrial structure and the need for achieving economies of scale for higher productivity and competitive advantage in the international market, the interference of government through the MRTP Act on the investment decisions of large companies has become deleterious in its effects on Indian industries growth.
With a view to preventing concentration of economic power, the MRTP Act had laid down that dominant undertaking with assets of one core or more and other undertakings which either by itself or together with interconnected undertakings had assets of Rs.100 crore or more should obtain the prior permission of the central government for establishment of new undertakings, expansion of existing undertakings, merger, amalgamation or take-over. The new policy has repealed these provisions. In other words, henceforth the MRTP Act will be confined mostly to achievement of second objective mentioned above, viz., prohibition of monopolistic restrictive and unfair trade practice.

It has been proposed that provision of the MRTP Act will be strengthened in order to enable the MRTP Commission to take appropriate action in respect of the monopolistic, restrictive and unfair trade practices. the newly empowered MRTP Commission will be encouraged to require investigation *suo moto* or on complaints received from individual consumer or classes of consumers. Amendment will be made in the MRTP Act for enabling the MRTP Commission to exercise punitive and compensatory powers.

1.13 POLICY FOR SMALL SCALE SECTOR

A new policy for the small and tiny enterprises was announced by the Government on 6th August 1991. The main thrust of the new policy is impart more vitality and growth to employment and exports. The salient features of the new policy are:

(i) De-regulation, de-bureaucratization and simplification of statutes, regulations and procedures;
(ii) Increase in the investment limit in plant and machinery of tiny enterprises from Rs. 2 lakh, irrespective of the location of the unit; Now it is Rs. 25 lakhs.
(iii) Inclusion of industry-related services and business enterprises, irrespective of their location, as small-scale industries;
(iv) Ensuring both adequate flow of credit on a normative basis and quality of its delivery for viable operation of the SSI sector;
(v) Setting up of a special monitoring agency to oversee the genuine credit needs of the small-scale sector;
(vi) Introduction of suitable legislation to ensure prompt payment of small industries bills;
(vii) Introduction of a scheme of Integrated Infrastructural Development (including technological back-up services) for small-scale industries;
(viii) Setting up of a Technology Development Cell in the Small Industries Development Organisation;
(ix) Market promotion of SSI products through co-operative/public sector institutions, other specialized professional/marketing agencies and the consortia approach;
(x) Setting up of Export Development Centre in the Small Industries Development Organisation;
(xi) permission for equity participation in small-scale units by other industrial undertakings up to 24 per cent of their shareholding.
1.14 RATIONALE AND OBJECTIVES:

A. The main considerations responsible for expanding the role of public sector are as follows:
   1. The failure of the private sector in certain crucial areas;
   2. The exploitation of society by the private sector;
   3. The demand for economic justice; and
   4. The need for accelerating the pace of economic growth.

B. OBJECTIVES

Main objectives behind the creation of the public sector in India are as follows:

1. To accelerate the pace of economic growth;
2. To develop those priority sectors which are ignored by the private sector;
3. To prevent the concentration of economic power;
4. To gain control over the “commanding heights” of the economy;
5. To achieve self-sufficiency in strategic sectors and to diversity the economy;
6. To act as a force and put up an effective competition to the private sector;
7. To promote the development of backward areas and reduce inter-regional economic imbalances;
8. To effect an equitable distribution of income through social overhead capital, adopt a proper employment policy and other measures; and
9. To generate surplus to finance future development programmes.

C. ORGANISATIONAL STRUCTURE

Generally, public sector enterprises fall in to one of the following categories:
1. Statutory Corporations;
2. Govt. Limited companies set-up under the Companies Act.
3. Departmental enterprise.

2. MANAGEMENT STRUCTURE OF PUBLIC SECTOR UNDER-TAKINGS:

In Indian, public enterprises are placed under the control of different functional ministries. The ministries have the responsibility to ensure that enterprises under their administrative control function effectively and in a manner conducive to the achievement of the objectives underlying their formation. For this purpose, they lay down, in consultation with the management of the enterprises, their annual targets of production/turnover, and carry out a periodical appraisal of their performance at review meetings.

Public enterprises have been established with public funds to serve social purposes, and hence there should be public control over them to ensure that they discharge their duties promptly and efficiently and fulfill their objectives. Public control is exercised through the Government and Parliament the representatives of
the people. Government and Parliamentary controls over public enterprises do not mean that the enterprises should not have any autonomy. It is the general policy, overall performance and decisions with long-term implications that are generally sought to be controlled by the Government and parliament. Autonomy vs. Accountability has been, however, one of the unsettled issues in public enterprises.

2.1 **OBSERVATIONS OF PANDIT JAWAHAR LAL NEHRU:**

I have no doubt that normal governmental procedure applied to a public enterprise will lead to the failure of that public enterprise. Therefore, we have to evolve a system for working public enterprises where, on the one hand, there are adequate checks and protections, and on the other, enough freedom for that enterprise to work quickly and without delay. Ultimately, it has to be judged by the results, though one can’t judge a government enterprise by financial results alone. In judging a big enterprise, one has to judge by final results. Of course, there are checks and audit in all, but checks come afterwards. The chief man on the top must be able to do quickly what he wants to do. Government control over public enterprises is usually exercised by giving guidelines and directions for the functioning of the enterprise; appointing the top managerial and administrative personnel like the Chairman/Managing Director and members of the Boards of Directors; requiring Government approval for long-term plans, large investments and major policy changes; calling for periodic reports returns; accounts and audit control, etc. Parliamentary control is exercised by discussions in parliament and parliamentary committees.’

In the early days, the Government tended to exercise too much control and only limited powers were delegated to enterprise. However, on the recommendations of the Administrative Reforms Commission, it was decided to reserve only the following well-defined powers for the Government:

a. Appointments of Chief Executives and full-time and part-time members of the Boards of Directors.
b. Sanctioning of capital programmes involving expenditure of a certain magnitude.
c. Approval of five-year annual plans of development and capital budgets.
d. Authorization of capital to be raised and the conditions thereof.
e. Approval of the revenue budget where a deficit was required to be met by the Government.
f. Calling for returns, accounts and other information’s on the activities of the enterprise.
g. Giving directions to the enterprise on matters involving national security or substantial public interest.

Expect the chief executives and members of the Boards of Directors, who are appointed by the Government, appointment to all posts are made by the enterprises. Government nominates on the Boards of Directors usually two Government officials, one representing the administrative, ministry and the other representing the Ministry.
of Finance. These part-time Directors, by providing a two-way channel, are expected to facilitate liaison between the Government and the public enterprise.

3. STATEMENT OF THE PROBLEM

India’s public sector enterprises under the central and state Governments constitute the core of industry. Public sector has indeed come to assume the commanding heights of the economy. Increasingly massive investments are being made in this sector and efforts are being made to adopt not only the new technology, but also the innovative methods of management. Despite best efforts in both the directions the problems of human resource management in public sector enterprises are, however, becoming increasingly more complex. Irrespective of the implicit assumption that the public sector enterprises should be the pacesetters in all areas of management and serve as “model employers”, the fact remains that many managements ill plague the public sector enterprise in general. The trade unions functioning in these enterprises encourage excessive demands from workers by exploiting the concept of “model employers”. Even after adopting the progressive management policy, the “Management bules” afflict the public sector enterprises in large measures. The studies report tremendous lag in managerial style. They also point out that bureaucratic civil service culture in the absence of a systematic management culture be devils many public sector enterprises. The civil servants heading these enterprises are not attuned to the precepts of modern management culture and commit many mistakes in respect of performing the managerial tasks. Under political pressure, they often ignore the principle of good management and meekly subject their decisions to political expediency. An understanding of some issues involved is necessary to appreciate the difficulties faced by public sector managements, especially in respect of the human resource management. Some of the major difficulties that confront the management culture of public sector enterprises in India are –

1. Labor leaders who control the unions in the public sector at times enjoy easy access to the corridors of power of the state Governments and even of the Central Government. In such a situation, the management of the enterprise naturally feel discouraged, apathetic and does not take initiative to solve the disputes, but awaits the directive form the above, since political pressure is fact of life.

2. Most of public sector enterprises face an extremely disturbed industrial relation situations. The conflict between trade unions and management are frequent and acute.

3. The top management cadre in most public sector enterprises have the feet of clay and are extremely vulnerable to succumbing to political pressure in making all kinds of compromises with militant trade union leaders.

4. Public sector employees are more prone to strike than private sector employees.

5. There is a very high degree political interference in the management of public enterprises. The natural implication is that the management of public enterprises becomes helpless to make an independent stand in regard to the settlement of many labour matters.
6. Minor incidents of labor management differences are magnified by political interests and often time questions are raised in State Assemblies or in the Parliament, which sometimes demoralize the management of public enterprises. This gives rise to indiscipline, disobedience and mudslinging at the management by the labor.

Public sector undertakings have, of late, been the subject of much controversy. The debate on public sector versus private sector has assumed significance in view of the recurring losses in majority of the public sector undertakings in the country. The entire issue is being examined in terms of ‘productivity’ ‘profitability’ ‘employment generation’ and ‘industrial growth’. The debate somehow appears to be more emotionally surcharged and less pragmatic in as much as it avoids the issue of examining the place of public sector undertaking in a country wedded to democratic socialism, implying growth with social justice. Public sector undertaking in this scheme of things are not meant for mere productivity or profit generation; they have been set up to accelerate the process of industrial growth with deliberate accent on growth with social justice.

The debate has another drawbacks; it rarely emphasizes the social ethos of public sector undertakings, seldom highlights the culture of human resource management as obtained in the public sector undertakings, and quite frequently gives little thought and attention to the inherent infirmities, defects and drawbacks in the personnel policies, procedures and programmes. Studies on public sector undertaking have not gone deep into the basic philosophy of human resource management with specific focus on personnel policies, procedures and programmes. One rarely find any study on public sector undertakings which probes into the culture of human resource management emphasizing human rather than material variables.

The proposed study intends to highlight this hitherto relatively little explored dimension of a big public sector undertaking. It proposes to explore, examine and reflect upon the personnel policies and procedures BHEL from the viewpoint of contemporary techniques of human resource management.

4. **OBJECTIVES OF THE STUDY**

The study has the following objectives;

1. To examine the organizational pattern and the styles of human resource management with a view to explain values and view- points which dominate the organization’s actions.

2. To analyze various activities of personnel administration connected with staffing, training, developing wage and salary administration, motivation, employee services and benefits, labour relations and staff cooperation for the attainment of organizational goals.

3. To look into conditions of employment and procedures that enables the employees to develop a sense of unity with the enterprise and to carry out their duties in a willing and effective manner.
4. To unravel the role of trade unions in the organization with special reference to consultative participation by the employees in the management of the organization and in framing of conditions and policies for the worker’s participation in the management.

5. To look into the opportunity structures for growth within the organization to persons who are willing to learn and undergo training to improve their future prospects.

6. To explain wage payment policies pursued by the organization to ensure efficient working of the organization for the accomplishment of organizational goals.

7. To describe the organizational climate for the development of human resource potentials from the viewpoint of motivation, participation, satisfaction, incentives, rewards and leadership.

8. To specify standards or measuring yards for evaluating performance levels.

9. To examine the texture of organizational policies and procedures relating to policy on recruitment or hiring employees, policy of manpower planning and development, policy on terms and conditions of employment, policy on terms and conditions of employment, policy on industrial relations, policy on communication with employees, and policy of day-to-day administration.

10. And finally, to suggest measures and ways making improvements in the administration of personnel policies and practice from the standpoint of human resource management.

5. **NATURE AND SCOPE**

The study is of descriptive, analytical and diagnostic nature. It combines the essential elements of social sciences inquiry to explain the culture of organizational management in a government owned industrial enterprise. In that sense the study is exploratory, evaluative and prescriptive.

The scope of study extends to examining the policies and procedures relating to human action programme in the organization, comprising of the following.

a. Human resource planning.
b. Employment policies and procedures.
c. Training and development of employees.
d. Management development programmes.
e. Evaluation techniques, wage and salary administration programmes.
f. Employee benefit and service.
g. Handling of employee problems.
h. Communication.
i. Labour relations.
6. INTERNATIONAL LABOUR ORGANISATION AND INDIA:

6.1 INTERNATIONAL LABOUR ORGANISATION (ILO) 
Introduction

Although many labour problems and come to be treated on an international basis, yet the establishment of International Labour Organization in 1919, for the first time placed the various labour problems on a regular international basis and since then it has carried on very useful work for establishing international standards for the improvement of labour in all countries of the world.

6.2 Origin of the International Labour Organization:

All the end of the First World War, India, though a dependent country, was given a place in the Peace Conference and in the League of Nations which was established as a forum for international understanding. The Peace Conference led to the creation, in 1919, of the International Labour Organization (ILO) an event of considerable significance to labour in all countries. The main objects of the organization were: "(i) to remove injustice, hardship and privation of large masses of toiling people all over the world; and (ii) to improve their living and working condition and thus establish universal and lasting peace based upon social justice." As a signatory to the Treaty of Versailles and as a member of the league of Nations, India was automatically admitted to the ILO, at the time of its inception in 1919. Persistent efforts by the delegates of country in the International Labour Conferences, aided by the support of friendly nations, secured for India, in the third year of its membership, one of the non-elective Government seats on the Governing Body of the ILO as a country of industrial importance. Since then the country has continued enjoy this status. With the outbreak of the Second World War, the League of Nations became defunct. The ILO and all that it stood for received a rude shock and there was a lull in its activities. The deep conviction the world over that the way to peace still lay through social justice made the ILO hold a special session of the International Labour Conference at Philadelphia (June 1944) to consider the programmes and policies to be pursued by it when peace arrives. The aims and purposes of the ILO were redefined in the form of a Declaration, the Declaration of Philadelphia, which was later made part of the ILO constitution.

The International Labour Organization was thus originally started as an associate of tech League of Nations with the object of protecting the working classes from all social and economic exploitation, achieving social justice for them and raising their living standards. An agreement bringing the organization into relationship with United Nations, and defining its status as a specialized agency of United Nations, the new world body created in October 1945, came into force upon its approval by the United Nations General Assembly on December 14, 1946.
6.3 Aims and Objects of the International Labour Organization:

Thus the International Labour Organization was the outcome of the realization on the part of the statesmen in the world that no lasting peace was possible unless an end could be put to social and economic inequalities. These objectives were sought to be realized by arousing world consciousness in favour of these objectives and in cooperation with labour, industry and Governments in various parts of the world. A Labour Charter of the Charter of the Freedom of Labour consisting of nine fundamental principles is the basis of International Labour Organization. They are: (i) the guiding principle shall be that labour should not be regarded merely as a commodity or an article of commerce; (ii) the right of association for all lawful purposes by the employers as well as the employed shall be recognized; (iii) the payment to the employees should be a wage adequate to maintain a reasonable standard of life, as understood in their times and countries; (iv) an 8 hours' day or 48 hours' week should be adopted as the standard to be aimed at where it has not already been attained; (v) a weekly rest of at least 24 hours which should include Sunday, wherever practicable, should be adopted, (vi) child labour should be abolished and such Limitations should be imposed on the labour of young persons as shall permit the continuation of their education and assure their proper physical development; (vii) the principle should be that both men and women will receive equal remuneration for work of equal value; (viii) the standard set by law in each country with respect to the conditions of labour, should have due regard to the equitable economic treatment of all workers both national and foreigners;

6.4 Constitution of the International Labour Organization

The International Labour Organization consists of various member States, India has been an active member of this organization since its very inception. The Organization is financed by contributions paid annually by Governments of member states. The budget is divided among them according to a scale that is fixed by the Conference, on the recommendation of the Governing Body, by a two third majority of votes cast by the delegates present. The ILO has some Regional Advisory Committees, the (Asian Advisory Committee, the African Advisory Committee and the Inter-American Advisory Committee) and a number of specialized bodies function under the general authority of the Governing Body. Some of them are standing expert bodies like the Committee of Experts on the Application of Conventions and Recommendations Committee of Social Security Experts and Permanent Agricultural Committee. Others are ad hoc bodies, which meet as and when found necessary to consider specific problems. ILO has in addition panels of consultants on Problems of Women Workers Problems of Young Workers Co-operation Indigenous and Trial Population and Worker Education and Recreation. Finally, there are committees linking the ILO with other branches of the United Nations and its Specialized Agencies. On problems of common concern to more than one agency, there are arrangements for inter-agency consultations, which are expected to avoid duplication of effort and bring about the much needed co-ordination. Today, the ILO stands as one of its specialized agencies of the United Nations with a longer history than any of its sister organizations. This in itself is proof of the good work done by the organization in the field of promotion the dignity and welfare of man through international co-operation. This was made possible by the keen interest evinced by member countries in its work and by the efficient staff support provided by the International Labour Office, which is one of the operative arms of the organization.
The ILO is a tripartite organization consisting of representatives of Government, employers and workers of the member countries. There is parity of representation as between Government and non-government groups and also between employers and workers groups. The structure of the organization has helped in welding together employers and workers in different countries into independent organizations. In India, the first national federation of workers the AITUC was born within one year of the setting up of the ILO to represent Indian workers at the International labour Conference. Since Independence, the INTUC has taken its place as the most representative organization of Indian workers. In the early days, the employers had their organizations too, but for activities not necessarily connected with labour. The requirements of representation on ILO brought them closer. Of late, the Council of Indian Employers has been helping Government in choosing the employers delegation. For a long time now, the representative of employers and workers in India have secured through their respective constituencies, elective posts on the Governing Body of the ILO.

The three principal organs of the International Labour Organization are: International Labour Office, which is its permanent Secretariat; (b) the Governing Body, which is its executive; and (c) the International Labour Conference. The composition of these organs is as follows;

(A) International Labour Office. The office is responsible, interalia, for collection and distribution of information on subjects relation to the conditions of Industrial life and labour, examination of subjects coming up before the Conference and Committees and preparation of documents thereon, conduct of special investigations, etc. It thus serves as a research centre and a clearing house of information on social and industrial questions. It publishes the monthly international Labour Review, the fortnightly Industry and Labour and other periodicals. The office is staffed by experts drawn from many different countries, The Director General is the Chief Executive of the office. Mention may be made here of the branch office of the International Labour Organization at New Delhi (India) which was established in 1928. It serves as a link between the International Labour Office at Geneva on the one hand and the Government, employers, and workers organization in India on the other. It keeps its Head Office informed of the social and economic developments in India by periodic reports and acts as a clearinghouse of information on subjects falling within the scope of the organization. The Director is the head of the branch office.

(B) Governing Body. The Governing Body of the International Labour Office is a tripartite body and consists of 40 members, 20 representing Governments, 10 representing employers and 10 representing workers. Half the Government seats are held permanently by the Governments of chief industrial importance of which India is one. The remaining Government seats are held by the representatives of the Governments elected for a period of three years by the Governments delegates of the member countries other than the countries of chief industrial importance. The employers and workers members are elected for a three year period by the employers or workers delegates respectively to the Conference and are regarded as being representatives of the entire body of employers and workers' delegates to the Conference. The Governing Body normally meets three times a year and its chairman and vice chairman are
elected annually. The main functions of the Governing Body are: to elect the Director General; to integrate the work of the various committees and commissions of the International Labour Organization set up to deal with particular aspects of social and labour conditions; determine policy and work programme; and to prepare the annual budget.

(C) The General Conference (International Labour Conference) The General Conference, which is usually convened in June every year, is composed of four representatives of each of the member countries of whom two are Government delegates and the other two delegates represent respectively the employers and work-people of each of the member countries. Each delegate may be accompanied by advisors not exceeding two in number countries. Each delegate may be accompanied by advisors not exceeding two in number for each item on the agenda of the Conference. The representatives of Governments, employers and workers are equal in status at the Conference. The non-government delegates and advisers are to be chosen by the Governments concerned in agreement with the industrial organizations, where they exist, which are most representative of the employers or work-people, as the case may be. In addition to the regular delegates and advisers, the Conference may be attended by representatives drawn from non-metropolitan territories, representatives of official international organizations and representatives of non-governmental international organizations with which the International Labour Organization has entered into consultative relationship such as the International Confederation of Free Trade Unions and the World Federation of Trade Unions.

The Conference is the policy-making body of the Organization. Its principal function is to establish international social standards in the shape of Conventions and Recommendations. Besides determining the expenditure and income budget of the Organization from year to year the Conference also adopts Resolutions on the current or future work of the Organization. Some of the Resolutions, at times, prescribe standards of social and economic policy, which are of permanent interest.

The international Institute for labour Studies was established in 1960 as a center for advanced studies in the social and labour field. The Institute has two broad aims: education for leadership in the labour and industrial relations and research for developing ideas on labour policy. In addition relations and research for developing ideas on labour policy. In addition to research work carried out by the staff of the Institute or under its auspices, the Institute's research conferences bring together, social thinkers and social practitioners from various parts of the world.

6.5 Influence of the I.L.O on the Labour Policy and Labour Legislation in India.

The influence of the International Labour Organization on labour policy and labour legislation in India cannot be denied. As a matter of fact labour policy and labour legislation in almost all the progressive countries are now generally based on the principles enunciated and provisions laid down in the International Labour Code of the International Labour Organization. Consequently, in India also, as in all other progressive countries, inspiration has been drawn from the Conventions and
Recommendations of the International Labour Organization in evolving a Labour Code and an appropriate labour policy for India. In addition to the various Conventions which have been ratified by India, several salient features of other International Labour Conventions are also contained in the labour laws in force in the country, although for technical reasons it has not been possible so far to make an outright ratification of these other Conventions. Thus, "many of the labour laws passed in India since 1920 have derived their motive force from discussions at Geneva Conferences. The creation of the International Labour Organization and the adoption by the body of the Draft Conventions and Recommendations appear to have given their impetus to the development of labour legislation in India."

6.6 Influence of the I.L.O on Trade Union Movement and Industrial Relations in India.

The Trade Union Movement and industrial relations in India have been influenced considerably by international contacts. Modern Trade Union Movement in the country may be said to have begun after World War I and, therefore, it can be said that the banning of the labour movement in India coincided with the establishment of the International Labour Organization. The International Labour Organization has influenced the growth of labour movement in the country in a fairly large measure by creating a sense of solidarity among the worker, by removing the feeling of isolation among them, and by awakening the consciousness among them of their rights and privileges. The representative of the workers have an opportunity of attending the International Labour Conference and the early Federations of Trade Unions in India came into being due to the necessity of electing delegates for such Conferences. Moreover, "the close contact of the Indian delegates, especially those representing labour, with their colleagues in other countries at the annual International Labour Conferences has proved to be a great source of inspiration for international solidarity and social justice." Besides, labour organizations in foreign countries have helped the workers' organizations in India in other ways also, in the past the British Trade Union Congress, the International Federation of Trade Union and the Third Internation at Moscow rendered financial help for the relief of the workers in India during the strikes and other industrial disputes. The International Labour Organization has also supplied valuable information to the workers and their organization on various aspects of different labour problems through periodicals, labour reports, etc. The influence of the International Labour Organization on the labour movement in the country has been very great.

The International Labour Organization is an inter-governmental agency. Representatives of Governments, of managements and of labour organizations participate in its work. Its purpose is to promote social justice in all the countries of the world. To this end it collects and disseminates information about labour and social conditions, formulates international standards and supervises their national application. It also engages in operational activities and provides technical assistance in carrying out social and economic development programmes. On the operational side, the International Labour Organization provides Governments with expert advice and technical assistance in matters connected with labour and social policy. All these activities are closely co-ordinate with a view to the fulfillment of the purpose for which the International Labour Organization was created the promotion of peace through social justice. India today is one of the most prominent members of the International Labour Organization; one of those, it seems that have been benefited most from its pioneer work.
7. THE HUMAN FACTOR IN EMPLOYMENT & CONCEPTS OF INDUSTRIAL RELATIONS & HUMAN RELATIONS

7.1 The Human Factor in Employment

The importance of human factor in any enterprise cannot be exaggerated. News media give prominence to various incidents in labour-management relations, Politicians, governmental agencies, educators and various community groups express their interest in the aims and problems of employees and ever widening research in behavioral science is casting new light on interpersonal relations in the working environment.

As personnel management seeks to help build an effective and satisfied working team, all executives, in their personnel responsibilities, must give due consideration to the technical skills of the people. This is the factor of production aspect of the people in an organization. But since people also bring to the work-place various personal feelings, desires, perceptions, motives, values and drives, an employee must be dealt with as a human being. In dealing with people in an organization it is essentially to encompass all dimensions of the human factor. Human beings manifest themselves through group interactions as well as individual actions. Human aspects are subjective and changeable, qualitative and dynamic, varying with cultural and personal backgrounds, economic events and with the passage of time. A close observation of employees, thus, serves to reveal that they are complex creatures. On the surface and in the exterior phases of their work, they are obviously physiological creatures and, therefore, require various inputs of food, rest and environmental conditions and thus they have physiological needs. Sustaining the physiological dimensions also requires that protection be provided against hazards, which might lead to physical disabilities or might cause physical pain or loss of income resulting from an inability to continue work. Thus, employees need physiological security. Again, an employee has a feeling dimension-likes and dislikes of a very personal nature. In short, he is an emotional creature. Thus, people possess a psychological dimension, have psychological needs and they act psychologically. Further, employees also have a social dimension they like to interact with people. They want status, prestige, compliments and other things, which, in part, can only come if they interact appropriately in various group situations. Thus, they both act socially and have social needs. Besides employees have a ethical dimension- they have ideas of what is right and wrong and, therefore, they have ethical needs. Thus, the employees must be viewed as physiological, sociological, psychological and ethical creatures. They are basic parts of the human factor.

The defense mechanisms of people are also dynamic in character. In various ways, most individuals prepare and carry out plans either to enhance or defend their physiological and other needs. Threats or imagined threats to these bring forth individual and group reactions of varying degrees and kinds. Management has to be alert to react correctly to defensive and defense-causing behavior.

It is also important to remember that the employees are to be viewed not as static individuals; on the contrary, they are in a continuous process of change and maturity. In maturity they are characterized by increasing self-determination in place of a passive activity; increasing varieties of behavior in place of limited ways of behavior; increasing movement to equality with other in place of subordinate positions and increasing awareness of others in place of self concern or just self awareness.
It is thus obvious that labor's physical and mental attributes are pertinent to organizational productivity and it is also true that emotional and group aspects, ethical and cultural qualities, perceptions and aspirations and various needs and drives of people impinge upon the affairs of an enterprise. The human factor in employment is, therefore, multi-dimensional.

7.2 Human Relations

Industrial relations refer to the relations between the employer and the workers in a plant (undertaking) at any specified time. Human relations in industry refer to a policy to be adopted in the undertaking to develop a sense of belongingness in the workers improve their efficiency and trained them as human beings and partners in industry and not merely as a factor of production. Thus, the term industrial relations is a comprehensive one and it covers both industrial relations proper and matters regulated by law or by specific collective agreements arrived at between the trade unions and the employers. Each country has its own pattern of industrial relations, a pattern determined by its own national traditions and economic and social characteristics. Problems of Human Relations are personal in character and are related to the behavior of worker where moral and social elements predominate.

Problems of industrial relations are usually dealt with at three levels, the level of the undertaking, the industry level and at the national level. Matters related to human relations are best discussed at the level of the undertaking although some matters may demand discussions at higher levels also.

7.3 Definition and Implications of Human Relations

According to Yoder and other human relations approach is a device for three way communication and employees participation in decision making process. Under this approach greater attention is paid to human aspect of the employee than that paid to technical and economic aspects. In short, human relations approach considers employment and work conditions or situation from the standpoint of individual's objectives. It emphasizes upon policies and techniques towards improving employee morale and job satisfaction. According to R. Saltonstall, Human Relations is a study of people in action. The main function of the manager is to coordinate the work amongst workers. Effective leadership needs knowledge of human relation. In the words of Keith Davis, "Human Relations is motivating people in organization to develop team work which effectively fulfils their objectives and achieves organizational objectives. According to John. F. Mee, "Human relations is a medium through which both employees and the company mutually cooperate to achieve more production through high morale which after all is the economic purpose of all business and industries.

An analysis of the definitions of human relations given above lay greater emphasis upon the human factor than the economic and technical aspects of the enterprise. The human beings are part of the organization. The main object of the human relations approach is to motivate people for work through employees cooperation and team work and assuring economic, social and psychological satisfaction to the employees. The fulfillment of organizational objectives is possible
only when employees needs are satisfied, Thus effective human relations aim at the achievement of double objective as illustrated below:

1. Higher Output
2. Development of Cordial Relations
3. Reduction in Cost
4. Research Possibilities

7.4 **Principles of Human Relations**

The most basic guide to personnel action in any organization or enterprise derives from its philosophy towards people. Broadly speaking, a personnel philosophy may tend towards either of two directions. First, employee may be viewed as a technical factor, which more or less passively or actively resists managerial leadership.

1. People must be molded, controlled and closely supervised by management to achieve the goals of the enterprise. Secondly, of late, the employee has been viewed as a human factor with inherently constructive potentials. There is much evidence to support the thesis that constructive forces in people are better realized when a participative attitude underlies management’s programmes. There is a growing acceptance of the idea that helping people to grow is as important as growth of the enterprise. that helping people to grow is as important as growth of the enterprise. Specific principles or guidelines for effective human relations may be derived from this philosophy which, of course, are not immutable or inflexible lays but should be amended as conditions change and as more is learnt about the behavioral patterns of the human factor individually and in groups. These principles according to Michael J. Jucius (Personnel Management, 1978) may be put as below.

2. People should be dealt with as complete individuals. Employees may be hired for their technical capabilities and economic usefulness but their cooperation and interactions with management are largely influenced by their personal feelings, cultural and social attitudes and ethical norms.

3. Managerial action should be sensitive to how people feed about work assignments personnel policies and decisions which affect employee interests and such sensitive to how people feed about work assignments personnel policies and decisions which affect employee interests and such sensitivity should be in line with group as well as individual relations.

4. Employees should be made to feel worthwhile and related. Personal feeling of accomplishment, pride in one's craft or profession and a harmonious kinship with fellow workers as well as with the enterprise are day to day needs if technical productivity is to be of the highest order.
7.5 **Methods or Approaches to Human Relations**

Human relations depend on a number of factors, which are still imperfectly understood though their importance is being increasingly realized. Many approaches for establishing human relations are being tried in different countries. Methods or approaches to human relations in industry tend to depend on factors and attitudes which evolve in day-to-day negotiations and relationships and which reflect codes of behavior based on changing industrial and social conditions. They tend to depend also on the developing rights and responsibilities of occupational organization and on the state of industrial relations proper. Possibilities of improving human relations in industry are greater where there are strong progressive organizations of employers and workers and where there is a foundation of good industrial relations.

Some of the important factors that go to make up a human relations policy as laid down in a Resolution adopted at the 4th Session of Metal Trades Committee of the I.L.O are (i) A sound organizational structure of the firm with clear specifications of functions, duties and responsibilities for every one engaged in the undertaking, (ii) adequate conditions of employment- fair wages, good working conditions and the like. (iii) suitable policies for the methodical selection, placement and orientation of the workers in the undertaking, (iv) training and education for all (v) real and equal opportunity of advancement for all employees, with promotion from within, whenever possible, and suitable policies regarding job termination, (vi) attention to the role of supervising personnel, to their function as representatives of top management, who are expected to explain the purposes of management to the workers and to interpret the questions and needs of workers to management, (vii) genuine two-way communication between management and workers, between individual employees, and between groups of employees at all levels of the undertaking, (viii) generally to seek every means of promoting positive cooperation in the undertaking and to seek concrete and lasting achievements of equal value for the workers and management, and (ix) above all, there should be sincerity in the approach, otherwise no measure to promote human relations can be successful."

The object of human relations policy is to make the workers feel involved in the industry or the undertaking in which they work and improve their efficiency and thus maintain good industrial relation. In maintain sound human relations the following basic considerations should be kept in view:

(i) Recognition of the dignity of the individual and of his right to personal freedom and equality of opportunity. One should have right to select one's own occupation, freedom of speech and the right to practice one's own faith;

(ii) Mutual respect, confidence, understanding, goodwill and acceptance of responsibility on the part of both employer/management and worker, and their representatives in the exercise of their rights and duties in the operation of the plants;

(iii) Similarly, the same qualities are essential in the relationship within and between organizations of employers and employees;

(iv) Employer should see the contributions made by trade unions towards human relations. Recognition must be granted provided the relations between employers and employees and between their respective
organizations are based on their interests in the enterprise or industry and are not governed by political consideration;

For advancement and efficient enterprise, security of employment, a high standard of living and social progress are to be achieved. This means that the worker and his organization should recognize the importance of technological improvements, new methods and efficient equipment and the employer should recognize his obligation to share with the worker all resulting economic benefits.