CHAPTER - V

The Rourkela industrial complex: its genesis and growth
The process of development in India centres mainly around the concept of industrial progress and development. Before the commencement of the Five Year Plans in the country, India had to depend mainly upon private enterprises for its economic growth.

The private sector could not catch up with the ever-increasing demands as well as aspirations of the Indian people. It is the profit-motive rather than social welfare that guides most of the private enterprises. The private sector proved quite inadequate in bringing about the foremost goal of the Indian political system, i.e., social justice. Thus, large-scale public enterprises were developed in order to fulfil our societal goals. And, as a result, the concept of mixed economy came into existence in India.

With the advent of the Five Year Plans in the early Fifties, the public sector assumed a prominent position in Indian economy. In the words of Jawaharlal Nehru, "It is obvious in a country as under-developed as ours that we cannot progress, except by State initiative, except by enlarging the state sector, and except by controlling the private sector at important
The public sector in India covers a large number of industries and services of primary and strategic importance including that of iron and steel, heavy machine building, defence production, fertilizers, mining, locomotives, and transport and communication.

Constitutional Provisions and Industrial Development

The Constitution of India has paved the way for the growth of public sector as well as state participation in our industrial development. Article 39 of the Constitution of India, a vital component of the Directive Principles of State Policy as enumerated in Part - IV of the Constitution, says that the State shall in particular direct its policy towards securing that the ownership and control of the material resources of the community are so distributed as best to subserve the common good; and, that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment.2

Though the Directive Principles of State Policy do not have a binding force on the Government of India, still they are supposed to be "fundamental in the governance of the country and it shall be the duty of the state to

1. Jawaharlal Nehru, Speech in the Lok Sabha, The Times of India, New Delhi, 22nd December, 1954.
apply these principles in making laws." These principles are conceived as essential to usher in a new social and economic order in India.

It is assumed that the State shall strive to promote the welfare of the people by securing and protecting as effectively as it may, a social order, in which justice - social, economic and political, shall inform all the institutions of the national life.  

The Public Sector in India

The public sector in India has been conceived in the context of a proper as well as balanced economic development of the country. The Government of India resolved that the infrastructure industries and capital equipment must be managed by the public sector in order to discourage concentration of economic power in the hands of a few. The public sector has been entrusted with the tasks of filling up technological gaps; helping progress towards self-reliance; and, pulling up the masses from a low standard of living.

The Industrial Policy Resolution

The Industrial Policy Resolution of the Government of India, as adopted in 1956, says that the adoption of the

3. Article 37 of The Constitution of India*
4. Article 38, Ibid.
socialist pattern of society as the national objective as well as the need for planned and rapid development require that all industries of basic and strategic importance which are 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 the present circumstances, could provide, have also to be in the public sector. The State has, therefore, to assume direct responsibility for the future development of industries in a wider area.  

As a result of this Resolution and subsequent steps taken by the Government, the public sector has occupied the central place in the economic and social development of the country. It almost covers all the vital areas of the economy.

**Expansion of the Public Sector**

In India, there were only five public sector enterprises with a total investment of ₹29 crores in 1951, i.e., at the commencement of the First Five Year Plan. By the end of March, 1988, the number of public enterprises rose to 241 and the investment in them has increased to ₹71,299 crores.

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Former Prime Minister of India Mrs. Indira Gandhi,\(^6\) while describing the phenomenal expansion of the public sector in the country, once opined that it aimed at gaining control of the commanding heights of the economy. It promotes critical development in terms of social gain or strategic value rather than primarily on consideration of profit. And it provides commercial surplus for financing further economic development.

The ever growing importance of the public enterprises in the field of commercial and economic activities is intended to ensure control by the State over the economy and to prevent the growth of private capital accumulation.

This has led to the planning of material and human resources with a view to effecting the desired pace and direction of development. Sinha\(^7\) writes that: "Once the philosophy of planning is accepted, the inescapable conclusion is the increasing role of the government in order to provide a broader and stronger basis to the economy, to initiate useful but risky ventures of long gestation period, and, to set the tone of the economy by exercising control over resource allocation, pricing and working rules etc. ....." The public

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sector is accepted as the necessary precondition for economic planning and socialism.

Ashok Mehta, while analysing various tenets of democratic socialism, remarked that "Planned economy is the solution, evolved by the socialists, for achieving rapid economic development."

The unique place occupied by the public sector in India's planned economy is aptly summed up in the following words of D.G. Ganguli: "In India, the public sector is but an important limb of the economic body of the country and not the body itself as in the Soviet system; neither has the public sector tended to develop here resulting from the political ideology of the party in power as in Great Britain."  

The spread of the public sector - industry-wise and region-wise; the sophistication of technologies employed by them; the employment opportunities provided by them; and, the level of management techniques employed, are as striking as they are significant for the future development of the country's economy.

The Steel Industry in India

In India, the ten public enterprises, with the Steel Authority of India Limited (SAIL) at the top, account

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for more than fifty percent of the total investment in the public sector.

Steel has proved to be an economic multiplier and has also formed the backbone of modern civilisation. Indian steel industry is a case in point. It is representative of the overall industrial scene in our country in relation to investment, production, size, employment generation and industrial relations. The achievements and failures of this industry have far-reaching implications for the economic, industrial, and overall development of India.

The present study endeavours to analyse the industrial scenario at the Rourkela steel Complex in Orissa, India, with particular reference to trade-unionism in the context of leadership and authority pattern.

Orissa: the Land and its Resources

Orissa is one of the twenty-five states of India, ranking twelfth in population and tenth in area. It attained statehood on 1st April, 1936 as a result of the Government of India Act, 1935 along with the Sind province (now in Pakistan) during the British rule. At present it consists of thirteen constituent districts with Bhubaneswar as the state-capital.

The state of Orissa has abundant natural resources like minerals, forests and rivers, most of which
still remain unexploited. So, it is one of the economically poor provinces of India. A comparison would not be out of place. In the international community of states, India is a poor developing country in spite of its vast natural and human resources. Similarly, in India, Orissa is one of the poorest states in spite of its abundant resources and growth potentials.

Orissa is a maritime state, on the eastern coast of India, situated in between 18° and 23°N latitudes and between 81° and 88°E longitudes. It is basically an agricultural state. About eighty percent people of the state depend upon agriculture for a living. The total cropped area in Orissa is about 5.5 million hectares. The state contributes about ten percent of the total rice produced in India.

The Hirakud Dam Project in Orissa is a multi-purpose river valley project with the major objectives of power generation, flood control, navigation and irrigation. It has a 4801.2 meters long concrete-cum-masonry-cum-earth dam on the river Mahanadi in Sambalpur district which is regarded as the longest dam of its kind in the world.

The total installed capacity in the field of power generation from hydro-electric and thermal projects in Orissa comes to about 1300 MW. With the completion of the proposed Talcher Super Thermal Power Project, being
commissioned by the National Thermal Power Corporation of India, it will increase up to 3,000 MW.

Orissa is one of the largest producers as well as exporters of high-grade iron and manganese ores in India. Iron-ore mines are located in the districts of Sundergarh, Keonjhar, Mayurbhanj and Cuttack. Both the Rourkela Steel Plant in Orissa and the Tata Iron and Steel Company in Bihar depend upon iron ores from Orissa mines. Orissa also accounts for one-fifth of the total output of manganese in India.

Coal is found in Dhenkanal and Sambalpur districts. The other minerals found in Orissa are chromite, lime-stone, dolomite, graphite, China clay, fire clay, white-clay and soap-stone. Besides, the large bauxite deposits in Orissa are now put to use by the upcoming public sector giant National Aluminium Company Limited (NALCO) in Koraput and Dhenkanal districts of the state.

Orissa is the land of excellent traditional art and handicraft. It is famous for its stone-carvings, wood and chalk carvings, filigree work, applique work, bell-metal industry, basket-making, and horn work. It is a leading producer of handloom products, and products of cottage and village industries.

Industry in Orissa

Prior to Independence, Orissa did not have any large, or even medium, industry worth the name. In
mid-Forties, Orissa had a cement factory at Rajgangpur in Sundergarh district; a match factory at Talcher in Dhenkanal district; a soap factory at Khariar Road in Kalahandi district; and, a few ice factories in Cuttack and Sambalpur districts.

After independence of the country, the state government and the central government established a number of industrial units in Orissa including the pig iron, cement, ferrochrome, sugar and salt manufacturing units. The Government of Orissa also provided necessary infrastructural facilities to entrepreneurs and industrial units.

The Rourkela Steel Plant

A giant steel plant, the first public sector steel unit in India, was set up during the Second Five Year Plan. It is located at Rourkela in Sundergarh district of Orissa. A new age was heralded in the Indian Steel Industry when construction work of Rourkela Steel Plant started in October, 1956 in collaboration with the Federal Republic of Germany. The plant was originally managed by the Hindustan Steel Limited. But, subsequently the Steel Authority of India Limited (SAIL), the apex body of all the public sector steel plants in India, took over its charge. The various units of the plant went into production during 1958 and 1960.
A fertiliser plant has been set up in the vicinity of Rourkela Steel Plant. It is the only fertiliser plant in India based on utilisation of surplus gas from a steel plant. The plant is designed to utilise the by-products like hydrogen from coke ovens, nitrogen from the Oxygen plant and limestone fines from Purnapani.

Under a scheme called "Establishment of Ancillary Industries", a large number of small industrial units were established in and around Rourkela with the active support and assistance by the Government of Orissa.

Some prominent industries in the Rourkela Industrial Complex include the Orissa Fertilizer and Chemical Limited, Rourkela; the Orissa Industries Limited, Lathikata; the Indian Detonator Limited, Rourkela; and the Utkal Machinery Limited, Kansbahal. Some other small-scale industries in Rourkela include the basic metal industries, sheet metal industries, food-processing and manufacturing units, chemical industries, electrical appliances industries, and a number of servicing units.

Within a period of three decades, Rourkela has developed into a full-fledged industrial centre in India. Rourkela Steel Plant continues to be the nucleus of the entire set-up. The plant consists of the following main units: Coke Ovens, Blast Furnaces, Sintering plant, Oxygen plant, Steel Melting Shop, Blooming and Slabbing Mill, Plate Mill, Hot Strip Mill, Tandem Mill, Reversing

The major products of the Plant include plates, HR sheets and coils, CR sheets and coils, galvanised sheets, tin plates, electrical sheets, ERW Pipes, spiral weld pipes, CRGO and CRNO, fertilizers (SONA and RAJA), granulated slag, extra hard pitch and by-products.

The plant made profit till 1980-81, the record being in 1978-79. However, after that, for reasons beyond its control, Rourkela Steel Plant incurred losses. The cumulative financial performance till 1983-84 was a profit of Rupees Seventeen Crore in the steel plant and a loss of Rupees Forty-one crore in the fertilizer plant. The loss was due to a steep rise in the price of inputs with no corresponding hike in the selling price of steel; shortage of power causing production losses; and, adverse market position for flat and tabular steel products.10

Against the background of the declining trend in steel production the world over, the performance of the steel industry in India gains special significance.

While steel is regarded as a major indicator of the economic strength of a state, India to-day is at the bottom of the ladder with a low per capita consumption of only fourteen kilogram of steel per annum.

As Joshi\textsuperscript{11} points out, the gestation period for a steel plant is long, i.e., about eight years. And, the demand for steel is likely to grow more than what is estimated. So, it is necessary to create extra capacities without any delay. In other words, with the help of proper planning, implementation, market analysis and evaluation system, the steel industry in India is poised for a still brighter future.

\textbf{Work-Force in Rourkela}

Rourkela Steel Plant has a work-force of about forty-thousand persons. Another twenty-thousand persons are engaged in the ancillary and other industrial units in the steel city. This conglomeration of steelmen forms the core of the steel complex.\textsuperscript{12} A sizable number of the workers are drawn from the state of Orissa and its immediate neighbourhood.

\textbf{Demographic Profile of Rourkela}

The phenomenal growth of population in Panposh Sub-division of Sundergarh district is particularly due

\textsuperscript{11} See Navin Chandra Joshi, "Strengthening Indian Steel Industry" in \textit{Yojana}, New Delhi, 16-30 September, 1982.
\textsuperscript{12} See \textit{Rourkela Steel Digest}, Public Relations Department, Rourkela Steel Plant, January - June, 1985.
to the establishment of the Steel Plant at Rourkela along with a large number of ancillary units. During 1951-61, the increase of 37.4 per cent in the population is higher than that in all other districts of Orissa and much higher than the State average of 19.8 percent and the all-India increase of 21.6 per cent. During 1961-71, the increase in the rate of population growth was 35.8 percent; during 1971-81, it was 34.9 per cent; and, during 1981-87, it was 32.4 per cent (projected). The Rourkela industrial complex has drawn a large mixed population whose contact is evolving a new culture among the tribals who are the original inhabitants of the place.

The rural-urban population ratio in the district is 76.75 to 23.25. The percentage of rural population to the total population of the district has decreased from 97.21 per cent in 1951 to 76.75 per cent in 1981 as compared to a similar fall from 95.93 per cent to 91.59 per cent in the State, indicating a faster trend of urbanisation in Sundergarh district than that of the state of Orissa. Needless to add that Rourkela industrial complex is the catalyst of this process of urbanisation.

The volume of migration in the district of Sundergarh was negligible upto 1951. After the establishment of Rourkela Steel Plant and the industrial complex, rapid industrialisation and urbanisation attracted a large number of migrants who constitute about twenty per cent
of the total population. Out of these ten percent are born outside the state. The majority of migrants come from other districts of the state of Orissa. A sizable number of them also come from neighbouring states of Bihar, Madhya Pradesh, West Bengal, Andhra Pradesh and even Punjab.

City Life in Rourkela

Rourkela, an obscure village in the Fifties, has developed into a giant industrial complex. The pastoral country-side has been transformed into a centre humming with activities with large concentration of people both from within and outside the state of Orissa.

Administratively, Rourkela is divided into two townships, namely, the steel city and the civil town, each managed by a separate Notified Area Council. The civil town has an area of 18.57 sq.km. and a population of about 70,500 persons. The steel city covers an area of 45.20 sq.km. According to 1981 census, the population of the steel city is 3.2 lakhs.

The steel township of Rourkela is divided into twenty sectors located on both sides of the two-way ring road with ample facilities of education, health care, marketing and recreation in each sector. The social performance of the Rourkela Steel Plant needs a special mention here. The plant has done a lot of work in the fields of community development, family welfare and tribal welfare.
There are four hospitals including the Ispat General Hospital and twelve health centres and dispensaries in Rourkela city. To cater to the educational needs of the children of the employees of the steel plant, it runs twenty seven schools including Primary Schools, High Schools and English Medium Schools with facilities of teaching in Oriya, English, Hindi and other languages. The Notified Area Council of the Steel City maintains six Boys' High Schools, one Girls' High School, seven Middle English Schools and nine Primary Schools. There are five colleges in the city for imparting general education.

There are several technical institutes including the Regional Engineering College, Industrial Training Institute, State Technological Institute and the S.K.D.A.V. Polytechnic for Women in Rourkela. The technical institute run by the Rourkela Steel Plant, well-equipped with sophisticated equipment, meets the educational and training needs of workers of India and many other developing nations.

**Labour Scene in Rourkela**

There is a congenial work-climate in Rourkela. The labour-scene here is relatively a stable one. It has its direct and indirect impact on the production, its related industrial activities, and the industrial relations situation in the Rourkela Steel City. The workers' organisations like the trade-unions gain much
from such a situation. It becomes relatively easy for them to conduct the business of trade-unionism by taking most workers into confidence.

In this context, we may mention about the existing trade unions of Rourkela Industrial Complex. In the steel city, the trade union organisations have originated and developed almost simultaneously with the growth of the steel plant.

The Rourkela Mazdoor Sabha, affiliated to all-India Hind Mazdoor Sabha, is the oldest trade union of Rourkela. It started functioning in the year 1955. The North Orissa Workers' Union, established in 1956, has no central affiliation. In late fifties, three more unions were formed. The Rourkela Workers Union, affiliated to United Trade Union Congress, was established in 1957. The Rourkela Steel Mazdoor Union, affiliated to All India Trade Union Congress, was formed in 1958. And, the Hindustan Steel Workers Association, affiliated to the Indian National Trade Union Congress, came into existence in 1959.

In the early Seventies, four other unions were established. They are as follows: the Ispat Shramik Sangh, affiliated to the National Front of Independent Trade Unions, in 1970; the Ispat Karakhana Karmachari Sangh, affiliated to the Bharatiya Mazdoor Sangh, in 1971; the Steel Employees Trade Union, affiliated to Centre for Indian Trade Unions, in 1971; and, the Rourkela Steel Plant Employees Association, affiliated to Hind Mazdoor Panchayat, in 1972.
Though there are nine unions who are registered in the steel city only the Rourkela Mazdoor Sabha (R.M.S.) is the recognised union of the Rourkela Steel Plant (See Appendix - VII). In terms of membership strength, influence and impact on the workers, R.M.S. is the most effective union in the Rourkela Industrial Complex.

Trade unionism in Rourkela Industrial Complex has matured with the passage of time. Its leadership has survived the test of time. Rourkela presents a clear situation to study trade-unionism with particular reference to its leadership and authority pattern in the context of a developing society.

Rourkela to-day is a pulsating industrial centre in India. It stands as a symbol of awakening and dedication. It has opened up new vistas of progress and prosperity with its infrastructure base and multi-dimensional development with enough potential to create a still bigger impact on the national industrial scene in the years to come.

Summary

In this chapter, the discussion covers the industrial climate in India in post-Independence era, the industrial scenario in the state of Orissa with special reference to the Steel Industry; and, the growth of the Rourkela Industrial Complex. We have found that
the public sector enterprises were established in India in the post-independence period. With the advent of the planning process, the public sector assumed a prominent position in Indian economy. The Constitution of India and the Industrial Policy Resolution of 1956 gave stress upon the development of the public sector units.

Our analysis revealed that the Steel Authority of India Limited is one among the top ten public enterprises. It is the apex body that controls the public sector steel plants in India. Steel, the backbone of modern civilisation, is an economic multiplier. In the course of the study we have highlighted that the state of Orissa is rich in mineral reserves and natural resources. It houses the first ever public sector steel plant of India at Rourkela in Sundergarh district. The construction work of the plant started in October, 1956 in collaboration with the Federal Republic of Germany. Different units of the plant went into production during 1958-60. The Rourkela Industrial Complex also has a fertiliser plant and various ancillary units besides a large number of small scale industries. The steel plant has a work-force of about forty thousand persons. Another twenty thousand persons are engaged in the ancillary and other industrial units in the steel city. There are nine trade unions in the Rourkela Industrial Complex. The organisation of the unions has given rise to the problem of leadership which needs to be studied.
Finally, we have found that the process of industrialization has led to rapid urbanization as well as transformation of Rourkela Steel City. Its impact is felt in the fields of society, economy, education, and culture.