A. **INTRODUCTION**

The term 'industrial harmony' refers to harmony between persons or groups of persons -- particularly, labour and management -- the two major partners of industrial community. Industrial harmony necessitates the creation of an industrial order in which the two major partners -- accept the actual situation as just and must irtpite of differences of opinion, be willing to work together actively. This requires the development of mutual confidence in the abilities and intentions of the parties.

Confidence is a form of capital i.e., just as much a prerequisite for industrial change as any other form. If either party proposes a change in a technical and social organisation of a plant, that change will go into effect only if the other party has enough confidence in the first to wait and see what the results of the change will be and to suspend judgement. "Confidence is a form of capital that must be spent to get change, and if the change is accepted by the parties as favourable, the capital is restored."1 If the objective is to have

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an expanding, flexible, adaptive society, ready to take risks in the technological and social fields this confidence is absolutely essential.

Further industrial harmony involves "the conditions of substantial justice, not justice in terms of what theoretically sought, but justice in terms of what is felt to be just by all sorts of persons..." In fact industrial harmony developed in justice is said to be far more stronger than the one developed on good human relations. This situation of industrial harmony increases not only the effectiveness of the organization in producing goods and services but also the human development and satisfaction of persons in the organization.

Industrial harmony, however, does not mean that the interests of management and labour can be furthered indefinitely because at some stage or the other the interests of one group conflicts with the other and hence the society will have to control these interests and manage in such a way that the interests of all the groups are reasonably satisfied. It may be noted here that the management and unions have some interests in common like the preservation of the organisation, its jobs and probably the preservation of the nature of economic system. It is also to be realised that they too have certain common duties like the provision of cheap goods and services

2. Ibid., p.58.
to the consumer. Thus, industrial harmony requires a community of reasonably responsible men so as to hold all the interests in balance and provide possible maximum satisfaction to all the groups—particularly management, labour and the society at large. This emphasises that industrial harmony is a goal worth striving for in the long run. If the workers are discontented with both the material and the other conditions of their life, it breeds conflicts. And if we allow the emergence and continuance of industrial conflicts, they might eventually destroy the very nature and structure of the economic system.

It is true a society, where industrial conflict is suppressed by force, can also work. But in a democratic society like that of India, this course of action cannot be thought of and the only possible method for the promotion of industrial harmony is by attacking the sources of discontent with appropriate steps. In fact the problem of preventing industrial conflict and keeping it within bounds and of maintaining organisational harmony and morale are generally considered major responsibilities of the management. This line of action is based on the premise that productive efficiency and hence the profitability of business depends to a significant degree on the morale of the workforce. Productive efficiency in this context refers not only to the performance level of workers but to labour turnover, absenteeism, grievances, strikes and
every other expression of apathy or hostility that interferes with the organization's effectiveness.

Different programmes may be introduced to reduce the discontentment among workers. But what is required is not the introduction of a number of programmes to meet the different needs of workers but the existence of "personnel spirit", in all these programmes. Every thing that management does has its impact on attitudes and on human relations with the organisation and hence makes for greater harmony or greater conflict. Hence, personnel-minded executives consider every policy and act from the standpoint of how it will effect employees, whether it will make sense to them and be acceptable or whether it should be done in a different manner. Personnel practices are sure to succeed if this spirit prevails. One should proceed on the assumption that the interests of the employer and employee are fundamentally harmonious. It is true, serious strife may, at times, arise over wages and other terms of employment but this can be prevented by more effective personnel administration including good treatment in respect of basic employment conditions. And "it is now quite generally accepted that human relations programmes are never a substitute for sound economic relationships."  

India celebrated the 30th anniversary of her independence in August, 1977. The deepest aspiration of the Indian people when they attained independence in 1947 was their economic betterment. In a real sense the period following Independence has been a historical measuring rod for assessing achievement. To quote Van Dusen Kennedy, "India is unique in the history of developing nations in that she proposes to carry out an industrial revolution concurrently with a social revolution throughout her massive population and to conduct herself to the process as a modern, twentieth century, democratic welfare state. No other nation has attempted so gigantic a development effort with such high standards of self-government and public welfare." There is an urgent need not only to husband the scarce and heavily depleted resources, but also to create new resources, new productive capacity and new wealth. Naturally "the first of the essential steps for building up an economically free and self-sustaining India is large scale industrialisation at a rapid and steady growth." Among the prerequisites for rapid industrialisation of the country, stable and harmonious industrial

relations are said to be of foremost importance. In fact industrialisation makes a universal demand; it requires a basic change in relationship between man and his work and inevitably also between man and his cultural setting.²

No industrial concern can flourish under strained industrial relations. "The entire relationship must rest on mutual confidence - on the surety that what is said and done expresses, in varying degrees, an association between the manager and his employees for their mutual benefits."² Further the level of capital formation, the rate of economic growth and level of employment are all closely related to the problems of industrial labour and management.³ Thus the relationships between the two groups - labour and management - are vital for any economy at all times and are particularly important in a developing economy like that of India which is striving


for growth. Moreover, the only capital which most of the developing economies have in abundance is the human resources. And naturally they have to make the best use of this capital resource which is entirely dependent upon the climate of industrial relations prevailing in an economy at a given period of time. Naturally this requires a situation in which requirements of management and the work force are discussed between them in a spirit of mutual trust and confidence without causing friction.

The tremendous progress made by Japan in recent years accompanied by a more or less stable wholesale price index is mainly attributed to the efforts of labour.

<table>
<thead>
<tr>
<th>Details</th>
<th>Japan 1959</th>
<th>Japan 1969</th>
<th>India 1960-61</th>
<th>India 1969-70</th>
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<td>terms (in billion US $)</td>
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<td>(at 1960-61 prices)</td>
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<tr>
<td>(in US $)</td>
<td></td>
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<tr>
<td>Index of Industrial Production</td>
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<td>109.2</td>
<td>180.3</td>
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</tr>
<tr>
<td>Labour productivity index</td>
<td>100</td>
<td>291</td>
<td></td>
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</tr>
</tbody>
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* Based on a public lecture delivered by J.H. Doshi under the auspices of the Forum of Free Enterprise in Bombay on the 22nd October, 1971. The author is a past president of the Indian Merchants’ Chamber, Bombay. Contd...
Complete team spirit, love of work, dedication and discipline which are the basic features of Japanese labour are found to be mainly responsible for this. The unions are organised unit-wise and the disputes are settled between unions and managements without any intervention of political forces from outside. A joint consultation system has been developed. The productivity of labour has always moved ahead of wage increase and thus helped to maintain the competitiveness. Many countries, including India have to imbibe the Japanese spirit of discipline and dedication to work and create a sense of belonging in everybody.

In India there does not seem to be any change of abatement of strikes. In recent days, strikes and lockouts have been common features in every industrial unit. Stagnation apart, the loss of production due to industrial disputes is considerably large in India. It was envisaged that a growth rate of 8 to 10% in industrial production would be achieved during the Fourth Plan. The performance has fallen short of these expectations. The growth rate of industrial production declined from 6.6% in 1969-70 to 3.7% in 1970-71; again increased to 4.5% in 1971-72 and is estimated at around 5% in 1972-73. The growth rate has thus been below the levels envisaged in the

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© After the international monetary crisis, Japan Central Bank started buying dollars and hence this figure went up by US $ 4,587 millions in a single month at the end of August 1971, reaching a figure of US $ 12,514 millions.
Fourth Plan. Further 31.2 million mandays were lost in 1974 as against 20.6 million mandays in 1973 reflecting thereby a 50% increase in the number of mandays lost following an increase in industrial conflict.

Wages and allowances continue to be the major cause of industrial disputes leading to loss of production. Of the 31 million mandays lost in 1974, disputes relating to wages and allowances claimed 12 million mandays. The other reasons for the deteriorating industrial relations in this country are related to variety of causes, such as bonus, provident fund, gratuity and pension, pay for night and over time work in addition to run-away increase in prices of essential commodities, grievances of workers not attended to in time and inter-union rivalry.

It is generally felt failure of Indian workers to work as hard as they could is a serious drag on industrial efficiency. It is true that in many Indian plants the pace and intensity of workers' application to

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3. Van Duesen Kennedy, The Role of the Union in the Plant in India (Reprint No.83), Institute of Industrial Relations, University of California, Berkeley 4, California, 1956, p.10.
their jobs is low. The Indian culture has not caused its people to be productive minded and conditions in most of the Indian industries have not changed the situation. It is also a fact that many employers, due to many pressures fail to extract, higher standards from their workers. Always there are good number of workers in any industry who could increase their productive activity by sizeable percentage through more consistent and industrious application to their jobs but without over-working.¹

Whatever be the fact, the establishment and maintenance of satisfactory relations in industry is very essential for economic prosperity of the nation.² If the twin objectives of social justice and economic growth are to be achieved, there should be cordial relationship between employer and employees. The employees must work with zeal that can usher only from a feeling of comradeship with the employer. On the other hand, employer must realize that the gains of industry is the outcome of the sweat and blood of employees and they should be shared equitably and generously with his workers.

Thus the need of the hour is of generating a new spirit, develop a patriotic and pragmatic approach and

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create altogether changed atmosphere and attitude towards hard and honest work. It is also high time that the labour should also feel and realise its supreme duty to maintain production and productivity at a higher level for they are co-stakers and partners in the progress of the society and country to which they belong. Labour participation in management is expected to work effectively in this direction. Trade unions in India have still to traverse the way from "protest to participation." Their main approach should shift from that of "resistance organisation" viewing the managements as their adversaries to that of constructive organisation, viewing them as their well-wishers.

C. CHANGING PHILOSOPHY OF INDUSTRIAL RELATIONS

Development of the Idea - The Conceptual inputs:

The concept of Industrial Relations has generally developed as a consequence of the Industrial Revolution as, prior to this the master and servant relationship which existed was simple and of a personal nature. With acceleration in industrialisation the relations aspect became complex and impersonal. Historically the concept of industrial relations is the product of western liberal democratic societies which have evolved a capitalistic form of industry, powerful autonomous trade unions and patterns of collective bargaining between unions and employers and in which the Governments have played a
greater or lesser role."

Industrial relations is that part of management which is concerned with the manpower of the enterprise—whether machine operator, skilled workmen or manager. Tead and Metcalf defines industrial relations thus:

"It is a composite result of the attitudes and approaches of the employers and employees towards each other with regard to the planning, supervision, direction and coordination of the activities of an organisation within a minimum of human effort and friction, with an animating spirit of cooperation and with proper regard for the genuine wellbeing of all the members of organisation."

It may be regarded as an instrument through which the management tries to bring about the production of the common welfare of manpower of the enterprise.

It is a powerful factor which shapes human society in which there are unwritten rights and obligations such as is the case of a family where each member follows an unwritten code of rights and obligations and the conduct of each is moulded in a peculiar manner. This happens in

organised human society. An industrial organisation is an organised human society where also written and unwritten rights and obligations govern the social activities of the members.1

The term industrial relation refers to interaction between the three major groups on the economic scene viz. the employers, the employees and the Government. Defined functionally, the term 'industrial relations' would mean 'social relations in production.' In order to understand the functional relationships among these three groups in a more rational manner, the environment and the context within which these groups interact are also very important. The environment can be divided into three categories viz. (1) the stage of technological development at a particular period of time, (ii) the market or economic context and (iii) the focus and the distribution of power in any society at a given movement of time.2 These environmental factors determine the degree of interactions and the collective relationships between the groups in their efforts of achieving economic goals.

The notion of labour relations refers to different aspects of human collaboration, in organised production relations between people seen either as individuals, or as members of occupational, economic or social groups. The raw-materials of labour relations include in addition to

more objective and measurable aspects, such factors as habits, prejudices, aspirations and beliefs, individual and 'collective motivation' and the degree of sympathy between individuals and groups at different levels where contacts must be established.¹

Dale Yoder² includes recruitment, selection and training of workers, as well as collective bargaining policies and practices in the term 'industrial relations.' The International Labour Organisation has, however, generally taken within its ambit the matters like freedom of association and protection of the right to reorganise. According to the Indian Institute of Personnel Management 'industrial relations' include securing effective and willing co-operation from employees and reducing conflict between employer and worker and their representatives and the trade unions.³ A state of smooth industrial relations reflects the robust health of a firm approximating to the optimum levels of technology, finance, organisation, marketing and labour. The objective of good industrial relations is to facilitate production and to safeguard interests of labour and management by securing their

cooperation. The existence of good industrial relations undoubtedly promotes better relations between labour and management, thereby securing the highest level of mutual understanding and goodwill among the several interests which take part in the process of production.

The philosophy of industrial relations has undergone through different stages of development. In the past, importance attached to manpower was often secondary. Typically managers focused their attention upon raw materials, cost of rent, capital requirement, markets, inventions and the like. Their orders were to be followed and not questioned. They were not concerned with the emotional and social needs or characteristics of the individual workers. Thus before the turn of this century the management of manpower was pretty much viewed for the most part merely a hiring and firing activity. It was in this atmosphere that scientific management was born. During the first two decades of the twentieth century, techniques

were designed to improve the ability to select employees properly and also to establish a more equitable wage structure. Efforts to hold the workforce together also were initiated. During the next decade the workers grew strong, conflicts between labour and management were intense and the situation has taken further strides thereafter. Throughout the past three decades, increased recognition is being given to workforce. The industrial world has become highly complex. Management continuously is seeking improved orderliness and methods for handling its special problems. Thus during the last three decades the field of manpower management has taken a very important place. It is said that "managing manpower is the main activity of all managers." Over the years the techniques involved in hiring and firing and the concept of labour relations have become highly advanced. Against the above background the personality and dignity of the labour class received an appreciation in the Clayton Act of 1914 in the U.S.A. which boldly declared that "labour is not a commodity or an article of commerce." Later in 1944 the International Labour Organisation in its "Declaration of Philadelphia" stressed the need for recognition of the

personality and dignity of the individual. With this, many changes have taken place in treatment of workers as human beings. Increased sensitivity to the human responsibility received greater attention for no management can conduct its business efficiently without efficient utilization of the human resources.

"Since management essentially consists of getting things done through the efforts of other people the type of relationship existing between people in an enterprise is the most important single factor in determining how effective the enterprise is." The industrial effectiveness depends upon the physical and mental efforts and abilities of those who perform the productive operations.

"Without human energies, skill and knowledge, natural resources are of little value." Money, the best machinery and the most advanced operating method are of no avail without manpower. One of the big differences between any given company and its competitors is the calibre, quality, enthusiasm and spark of the respective workforces. Further employee relations is the one area which is always subject

to improvement, whereas in most other areas, such as finance, equipment, marketing and advertising there is little advantage that one company can obtain over another which is similarly situated. 1 "An employee's attitude towards his company, his enthusiasm for his job and his willingness to work cooperatively with his supervisor and fellow employees can result in improved productivity." 2

The psychology of motivation is tremendously complex, 3 and what has been unravelled with any degree of assurance is small indeed. 4 Rewards no doubt remain the basic means of motivating a person, but frequent failures of incentives are due to the fact that the rewards may not be relevant to the employee's paramount needs or the reward may not be worth the expected. It is a serious mistake to believe that the motivation that exist among employees are the same as management expects them to be. Management cannot rely on yesterday's

2. Ibid., p.231.
problems of utilisation of human resources. Thus in order to motivate a person it is essential to create a situation providing for incentives which will allow him to maximise the satisfaction of not one or few, but all of his needs. Therefore, it becomes necessary to understand the kinds of needs he has. Probably the most widely accepted theory of human needs is that of Abrahman H. Maslow, who developed a hierarchy of needs. According to Maslow, there is a stipulated pattern of the needs of man. Failure to realise this, is the reason why the management sometimes impatiently asserts that the men are never satisfied no matter how much is done for them. Many people believe that if everyone had enough to eat and to wear and to live in, they would be happy. This is a mistake, as consideration of the pyramid of man's needs will soon grow, when all their needs are reasonably met, they become not only happy, but cooperative and productive.

With the increasing realisation on the part of labour about its changed condition in industrial society, and with emergence of ideas relating to political and economic democracy, industrial relations gradually become a recognised arena of conflict and bargaining. Now-a-days


labour conflicts not only cripple significant sections of the economy but also imperil the health and safety of the people and even halt temporarily the functioning of Government.¹

Diversified patterns of industrial conflict have emerged in different countries. The evolution of industrial relations in any country is influenced from time to time by the changes in economic, technological, social and political organisation. Industrial relations have profoundly changed in the past 50 years and undoubtedly continue to evolve under the combined effect of technological progress and economic development. In fact, industrial relations have three important characteristic features—the first one being the close interdependence between industrial relations and their economic, social and political setting, the second one being the changing perspective of industrial relations under the impact of economic development and technological progress and the third one being the element of conflict inherent in industrial relations. However, strongly certain theories may claim that the organisation of industrial relations is based on complete unity of interests between employers and workers or between the state and workers, an examination of the true situation clearly shows that a system of

¹ Richard A. Lester, op.cit., 1961, p.3
industrial relations must allow for the fact that interests are often divergent, and some times opposed. However, in some of the industrialised countries of the West, the weapon of strike is on the decline. But the right of strike survives and is accorded its customary veneration and is seldom utilised in practice. It is also true that there has been a pronounced decline in strike activities throughout the world. Man-days of idleness in the late 1950's are fewer than in late 1940's or late 1930's despite the increase in population and union membership.

The latest approach towards labour management relations is the workers' participation in management which provides a solid foundation for building up new attitudes and institutions. Workers' participation has been "on the crest of legislative wave in most industrialised countries, in recent years." It has been thought of as a best solution for harmony and peace in any industry and for increasing productivity of any concern.


2. Ibid., p.162.

D. EVOLUTION OF INDUSTRIAL RELATIONS IN INDIA

(1) Ancient India : (3102 B.C. to 711 A.D.)

Industrial relations in the sense of labour relations are not new to India. *"It is quite erroneous to think that labour relations and labour associations and that this country had never possessed any indigenous system of her own."* It will surprise many to know that Kautilya's Arthashastra (B.C. 324) which is more than two thousands years old has much to say about regulation of labour conditions, fixation of wages and settlement of trade disputes.

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* Trade Unions Act, 1871, 1946, Trade Disputes Act, 1906; Industrial Disputes Order 1954 in UK.

Kautilya says that workers have to be dealt with lofty ideals of justice, equality and fairness. Wages of voluntary labour like artisans, musicians, etc. were to be determined by contract, custom or by the award of experts. Even today we follow methods very similar to Kautilya's.

Labour disputes were to be decided in the same manner as they are dealt with in present times. "Disputes regarding wages shall be decided on the strength of evidences furnished by witnesses. In the absence of witnesses, the master who has provided his servant with work shall be examined." It is interesting to note some provisions of Kautilya's Arthashastra relating to the behaviour of employers, employees and punishments prescribed for violating the approved behaviour;

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There is also a clear evidence of the existence of workmen's unions in those times operating on the lines of modern trade unions.

(ii) Medieval India: (711 A.D. to 1757 A.D.)

Thus it will be seen that the credit of formulating the first labour laws in the world goes to India. Slavery and serfdom were practically non-existent in ancient India. Forced labour was never tolerated and that cultivators, artisans, shopkeepers and vendors of merchandise enjoyed protection of the state.

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a) "A servant who neglects or unreasonably puts off work for which he has received wages shall be fined 12 panas and he caught hold of till the work is done. The loss incurred by his master or employer undergoing such delay shall be made good by extra work."

b) "An employer not taking work from his labourer or an employee not doing his employer's work shall be fined 12 panas."

c) "If an employer having caused his labourer to do a part of work, will not cause him to do the rest, for which the latter may certainly be ready, than unfinished portion of the work has to be regarded as finished. This is precisely the principle on which the payments for lock-outs in modern times are based.

d) "Without taking the permission from their employers, the workmen or unions of workmen shall neither leave out any thing undone nor carry away anything with them from the place to work. They shall be fined 24 panas for taking away any thing and 12 panas for leaving out any thing undone. Thus strike was made punishable.

Foreign travellers from Magasthanese\(^1\) to Hiuen Tsang\(^2\) had praised India for this ideal indigenous system which they found in course of their contacts in this country.

But gradually, as foreign invasions became frequent, this system had been completely destroyed and confusion and chaos followed. During the Muslim rule, the life of the Indian labourer seems to have undergone a good deal of degradation.\(^3\) Slavery, which was never tolerated by the Hindu law-givers and Hindu rulers, appears to have existed widely during the Mughal period. There was also a wide spread system of feudalism throughout the length and breadth of the country and agricultural labourers were reduced to almost to serfdom.

(iii) **Modern India** (1757 A.D. to 1947 A.D.)

The battle of Plassey (1757 A.D.) may be regarding as the turning point marking the transition of India from medievalism towards modernism. The Industrial Revolution started in England a few year after Plassey. Though that revolution was to enter into India nearly a 100 years after Plassey, yet with the beginning of the acquisition of political power in India by the British, it had become possible and necessary for large scale production for commercial purposes. Thus labour management relations

\(^1\) Greek Ambassador of Seleukos (Greek King) came to India in the 3rd Century B.C.

\(^2\) Buddhist traveller from China visited India during the 6th Century A.D.

\(^3\) S.K. Haidar, op.cit., p.125.
came into play by the end of 18th century. But the Government was actively opposed to the aspirations of labour. This was for two important reasons—firstly the Laissez faire policy borrowed from Britain by the Government; secondly, since the managements of plantations and other manufacturing units were British, the Government was sympathetic towards them. Owing to a combination of these two main causes, an era of unprecedented human misery and degradation, of ruthless exploitation and oppression began practically all over the Indian subcontinent. The British Indian Government was preoccupied during the first 100 years of its rule with the consolidation of its powers, of annexing more territories. Further, the British employers of that age treated their own workers at home no better. Thus the Britishers in India had neither the time nor the inclination towards improving the conditions of Indian workers. The introduction of Indigo plantation (1780) on mass scale in India destroyed the self-sufficiency of villages and exploited the petty peasants.

In 1833, the foundations of another plantation industry tea were laid. Two Acts—the Workmen's Breach of Contract Act of 1859 and the Plantation Act of 1863 were brought into force to help Assam tea planters and to punish and victimise the workers. The sufferings of

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workers in tea plantations were so severe that a cup of tea was rightly called a cup of human tears.¹

With the introduction of steam power in the middle of 19th century, cotton and jute textile industries were started almost simultaneously.

Due to lack of unity among workers and in the absence of popular sympathy for their distress during the early stages of industrialisation in India, the conditions of workers in indigo and tea plantations and the condition of factory labourers in Bombay and Calcutta were extremely unsatisfactory with long hours of work, employment of women and children etc.² Further, as most of the industrialists were non-Indians, there was tremendous drain of wealth out of the country.

This lasted for roughly a 100 years from the seventies of the 18th century to the seventies of the 19th century until the Government, faced with a country-wide resentment expressed by Indian social workers, philanthropists, playwrights, newspaper editors and literary men, was forced to bring forward legislation for factory inspection and to lay down minimum standards of safety and wellbeing of factory workers and miners.

The agitation against indentured labour both at home and abroad led by Mahatma Gandhi compelled the Government to

1. Ibid., p.151
2. It is worth noting in this context the views Contd...
amend the Workmen's Breach of Contract Act (1859), the Employers and Workmen's (Disputes) Act (1860), the Indian Penal Code (particularly sections 490 & 492) and the Assam Labour Emigration Act (1901). Thus from 1881, the Government attitude of opposition gave place to an attitude of toleration.

But the unsatisfactory provisions of the Factories Act (1881) led to the first concerted action on the part of mill workers of Bombay, when five thousand of them assembled at a meeting and passed a resolution demanding inter alia a half-an-hour's recess at noon; daily working hours not longer than from 6 A.M. to sunset; payment of wages by 15th of each month; and compensation for injuries. The Bombay Mill Hands Association was started in 1890 to influence the Government to introduce favourable labour legislation. But this is not a trade union in modern sense. In fact all the organisations that existed in India prior to the First World War with specific names and titles were found to be only friendly or philanthropic societies.

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expressed by Mr. S.A. Dange, one of the prominent Indian Labour leaders: "From 1852 to 1880, the working class in these factories was exploited most inhumanly and without pity. Arrogant Britishers, pious Hindus, religious Muslims, all combined irrespective of their religion, nationality, language or country in bleeding men, women and children were herded in the dust of capital to work for 12, 16, 18 and even 25 hours for a day. There was no Sunday, no holiday, no starting and closing time. And when they died or maimed in the machine, there was no value for their life or limb." (S.A. Dange, "Indian Trade Union Movement," 1952)
The first workers' strike had taken place in 1877, according to Dr. Buchanan over the question of wage rates. Similar strikes occurred later in all the industrial cities. But all these strikes generally ended in failure because of "power on the one side and ignorance and mildness on the other."

During the second decade of 20th century, there was a spontaneous and unprecedented fervour of unity among Indian working class due to three important reasons viz :

(a) a change in the character of Indian leadership;
(b) a change in the political situation in India and abroad
(c) the economic consequences of the I World War. With the increase in trade union activity, more and more strikes begun to take place. The first national federation — The All India Trade Union Congress — came into existence in 1920 with Lala Lajpat Rai as the President. Eminent Congress, and communist leaders were associated with this. Many splits have taken place at the federation level because of the conflicts of the ideologies, giving place to rival national federation of trade unions.

The first Indian Trade Union Act was passed in 1926 marking the change in the attitude of the Government towards working masses. But there was no machinery to

2. Ibid., p.419
deal with the disputes between labour and management. With an unprecedented strike wave of 1920-29, the Government realised the necessity of having this machinery and brought into existence the Indian Trade Disputes Act of 1929. This Act was "the first land mark, so to speak, of the beginning of Governmental intervention in labour disputes for the satisfactory solution thereof." This legislation provided conciliation machinery and contained provisions for the prevention of lightening strikes in public utility concerns. This was amended in 1938 providing conciliation officers.

It was only from Second World War, Government has been active in directing the labour management in India. The exigencies of war and post-war developments necessitated greater Governmental intervention and compulsory arbitration. The Government was empowered under the Defence of India Rules to prohibit strikes or lockouts and also to alter the conditions of work, employment and wages paid to the industrial workers. Several positive steps were taken by the Government such as technical training programmes, constitution of national employment exchange service, the Indian Labour Conference, the standing labour committee and appointment of Labour Investigation Committee.

Post Independence Period:

At the time of achieving independence (1947) the 'conditions on the labour front' were extremely unsatisfactory. The decrease in the real earnings of industrial workers, the militant attitudes of labour unions, the drop in the industrial production, increase in the price level, shortage of food supplies, the partition of the country have all been responsible for the deterioration in the situation. It was under these circumstances that the labour policy and outlook of the newly established Congress Government evolved. The working committee of the Indian National Congress urged Government and employers in 1946 to take early steps to satisfy the legitimate needs and aspirations of working class and to remove every cause of discontentment by arranging for an impartial examination of the conditions and complaints of the employees and by prompt settlement of points in disagreement by a process of conciliation and arbitration.¹

¹ The Real earnings had declined from an index of 109 in 1940 to 73 in 1946 - Trends in the Index of Real earnings of Factory workers in India. Indian Labour Gazette Vol.XIII No.4, October 1955, p.249.


The course and character of industrial relations in India are very much influenced by the Government policy. To this end, "it has used legislation, administrative action, tripartite consultation, persuasion and education." Before independence the development of industrial relations has been shaped by the attitudes and interests of foreign colonial government, foreign employer and industrial relations were treated, by and large, as law and order problems. On the eve of Independence, India inherited a framework of labour law that might be called typical of an enlightened colonial regime. This legislation contained no provisions to give any shape or direction to the growth of unionism and collective bargaining. The only controls, to speak of, were aimed at preventing strikes. The role of Government was that of paternalistic, assuring minimum employment conditions to workers and deciding the merits of labour disputes.

After Independence, the national government promising a fair deal to the working class passed a number of labour laws conferring rights and benefits on industrial workers. Minimum Wages Act, Employees' State Insurance

1. Van D. Kennedy, The Sources and Evolution of Indian Labour Relations Policy, IJIR (Reprint Series No.1), Sriram Centre for Industrial Relations, New Delhi, 1965, p.1.
2. Ramesh C. Goyal, Post-war Trends in Industrial Relations in India. The Eastern Economist, New Delhi, 1956.
Act, Amendments to the Factories Act, Industrial Disputes Act, introduction of labour welfare fund for workers in plantation and mines were all instances in this direction. Harmony in industrial relations is one of the most consistent key notes of policy statements and speeches since 1947. This is subscribed to by almost all shades of opinion as a practical application of Gandhi's doctrine of truth and non-violence. Further it is the belief that in a society committed to socialistic objectives the interests of labour and management are mutual and that recourse between them to antagonistic attitudes, conflict and, by implication coercive methods is contrary both to Indian moral and political principles. But industrial relations being a concurrent subject, both the Central and the State Governments have passed legislative measures, regulating the relationship between employers and employees. This resulted in multiplication of labour laws at the central and the state levels, dealing with the same issue. The Plan, of course, suggests to make some statutory provision for recognition of unions, keeping in mind, the desirability of having one union in one industry. Thus even during the second plan period, India maintained the same legal framework which she had inherited and only the lip sympathy was paid to collective bargaining.

But, the important breakthrough in the policy of industrial relations was frequent consultations among employers, employees and government. Code of discipline, model grievance procedure, code of conduct have come into existence during this period. The institution of wage boards was started in 1957. The Second Central Pay Commission has submitted its report during the second plan period.

The Third Five-year Plan has given central role to the code of discipline and envisages the placement of adjudication by voluntary arbitration and by extending the scheme of workers' participation in management. A major programme for the period of the Third Five-year Plan will be progressive extension of the scheme of Joint Management Councils to new industries and units so that, in the course of few years it may become a normal feature of the industrial system.1

The goals and objectives of national government are said to have been laid down in the five year plans. The First Five-year Plan mentioned "It is incumbent on the State to assume itself with legal powers to refer disputes for settlement by arbitration or adjudication. However, the endeavour of the state has all along been to encourage mutual settlement, collective bargaining and voluntary arbitration to the utmost extent and thereby reduce the

minimum occasion for its intervention." However, the statement of objectives was rather general and it has been rightly commented that "it attempts to state broad principles and in doing so deals with so many themes and professes to find harmony and feasibility among such a diversity of purposes that it betrays either inadequate understanding of labour relations or a conscious use of sweeping generalisation to cover Government in-decision and disagreement."\(^2\)

The Second Five-year Plan makes no basic change in the vagueness that has crept into the labour policy of the First Five-year Plan. It only stresses the increased association of Labour with management by providing for joint councils. With the recommendations made by the Bonus Commission, the issue of bonus has been given a legislative support for the first time during the period of Third Five-year Plan.

A close examination of these developments during the first two decades of post-independence period shows that

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during the earlier period 1947-56, policy statements lacked direction showing little understanding of union management relations. But during the period 1957-64, Government has had well-defined labour relations objectives and has been vigorous in pursuing them, although by non-legislative means. In addition, it has also shown a much clearer awareness of what an orderly system of collective bargaining is.

But by 1965, again the future course of Indian industrial relations policy has become uncertain. The code of discipline came to be freely violated by both sides, the scheme of workers' participation in management failed to spread or show much success where it was tried, employers resisted the use of voluntary arbitration and continued union rivalries discouraged the spread of orderly union management relationship. The Fourth Five-year Plan summarised the objectives of Government Policy in regard to industrial relations by saying "in the field of industrial relations priority will be accorded to the growth of a healthy trade union movement, the promotion of collective bargaining and the raising

of productivity through labour management co-operation. The approach to the Fifth Five-year Plan rightly mentioned "inadequacies of management and bad industrial relations are among the most important factors for delay and inefficiency in implementation of projects and under-utilisation of capacity."

Thus the successive Five year plans no doubt have indicated—that the Government policies aimed at promoting a strong trade union movement; laying more emphasis on voluntary collective bargaining and in raising productivity. But they have not clearly spelt out how these objectives are proposed to be achieved. Further the results of the steps taken during the last two decades have not been so much encouraging. The fragmentation of the trade union movement has further increased. The legislative

3. Published data revealed that while there were two all-India Federations before 1947, the number rose to six in 1965, and to eight in 1972.

The average membership of each trade union has come down from 781 in 1951-52 to 365 in 1965. (a) The Indian Labour Year Book, Ministry of Labour and Employment, Government of India, New Delhi, 1972.
enactments—the Indian Trade Union Act and Industrial Disputes Act—the pronouncements by labour courts and tribunals and the labour policy of the Government—all seem to have led to many undesirable and conflicting developments. The Government policy has been characterised as “a complex mix of various techniques: compulsory regulation, encouragement to voluntary settlements, emphasis on promoting a tripartite consensus, direct wage-control through centralised authority, more decentralised control through tribunals and tripartite norms etc.”¹ The National Commission on Labour appointed in 1966 went into the question of labour policies and industrial relations and came up with a large number of conclusions and recommendations relating to industrial relations. But even after 4 years of publication of the report of National Commission, the Ministry of Labour observed² that “some of the major recommendations of the

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Commission like recognition of trade unions, machinery for settlement of industrial disputes etc., could not be implemented due to lack of consensus among the trade unions.3

At present, the industrial relations scene in the country presents4 a very curious mix of legal regulations and voluntary institutions coupled with fragmentation of unions, and political polarisation of the trade union movement and as a result of the complexity of these phenomena, there seems to be utter confusion.5 The number of industrial disputes and mandays lost have been increasing from year to year.2 The effects of this situation


2. Year Number of Disputes Number of Mandays lost

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Disputes</th>
<th>Number of Mandays lost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(000)</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>Strikes Total</td>
<td>Strokes Total</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>

| Year | 1961 | 1,240 | 17 | 1,357 | 2,969 | 1,950 | 4,919 |
|      | 1962 | 1,361 | 95 | 1,491 | 5,069 | 1,062 | 6,121 |
|      | 1963 | 1,366 | 101 | 1,467 | 2,239 | 1,060 | 3,269 |
|      | 1964 | 1,381 | 103 | 2,184 | 5,764 | 2,001 | 7,765 |
|      | 1965 | 1,697 | 138 | 1,835 | 4,617 | 1,653 | 6,470 |
|      | 1966 | 2,353 | 203 | 2,556 | 10,377 | 3,469 | 13,846 |
|      | 1967 | 2,433 | 382 | 2,815 | 10,565 | 6,503 | 17,148 |
|      | 1968 | 2,451 | 325 | 2,776 | 11,078 | 6,166 | 17,244 |
|      | 1969 | 2,541 | 283 | 2,824 | 15,477 | 5,571 | 20,048 |
|      | 1970 | 2,598 | 291 | 2,889 | 14,749 | 5,814 | 20,563 |
|      | 1971 | 2,473 | 274 | 2,752 | 11,863 | 4,743 | 16,606 |
|      | 1972 | 2,533 | 322 | 2,911 | 11,794 | 6,127 | 17,921 |
|      | 1973 | 2,621 | 317 | 2,938 | 16,273 | 4,347 | 20,620 |
|      | 1974 | 2,319 | 207 | 5,126 | 27,372 | 12,412 | 39,784 |
|      | 1975 | 1,416 | 298 | 1,714 | 14,627 | 5,576 | 20,203 |
|      | 1976 | 1,392 | 206 | 1,598 | 11,146 | 4,531 | 15,677 |

The above table gives the number of Industrial Disputes and the number of mandays lost during the period from 1961 to 1976.

Contd...
are stagnation in industrial production both in public and private sectors, existence of unutilised installed capacities in most of the industries and acute shortages of essential basic materials like steel, cement, fertilizers, power, etc. Consequently even after two and half decades India is still in quest of industrial harmony and is in search of a dynamic industrial relations policy, which promotes both productivity and real incomes of workers. Under these circumstances, India's urgent need to maximise output and achieve higher rates of economic growth has intensified interest in industrial peace as a means to continuity of production.

E. PUBLIC SECTOR AND INDUSTRIAL RELATIONS

The field for the public sector in India has been well demarcated by the Industrial Policy Resolution in 1956. The size of the public sector has grown so large that

Contd...
soon it will become the dominant sector. The planning Commission stated that although socialism will not involve complete nationalisation of the means of production or elimination of private agencies in agriculture or business or industry it does mean a progressive widening of the public sector and a reorientation of the private sector to the needs of planned economy.

In a developing economy like India which is wedded to a socialistic pattern of society with large public sector the state of industrial relations and the resultant morale affecting higher productivity and production in individual enterprises are of great importance. This is particularly of paramount importance in public sector as it has been assigned a leading role in Indian economy. This will enable it to work effectively

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1. The following table shows the share of public sector in total investment during the five-year plan periods.

<table>
<thead>
<tr>
<th>Plan</th>
<th>Total Investment (in crores)</th>
<th>Public Sector Investment (in crores)</th>
<th>Percentage of Public Sector in total investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Five-Year</td>
<td>3,360</td>
<td>1,560</td>
<td>46.4</td>
</tr>
<tr>
<td>Second Five-Year</td>
<td>6,750</td>
<td>3,650</td>
<td>54.0</td>
</tr>
<tr>
<td>Third Five-Year</td>
<td>11,600</td>
<td>7,300</td>
<td>62.0</td>
</tr>
<tr>
<td>Fourth Five-Year</td>
<td>24,882</td>
<td>15,902</td>
<td>64.0</td>
</tr>
<tr>
<td>Fifth Five-Year</td>
<td>45,315</td>
<td>29,745</td>
<td>64.0</td>
</tr>
</tbody>
</table>
and competitively and thereby to take charge more and more of the commanding heights in the production and distribution of basic and consumer goods. Further the demand for extension of public ownership has come in a large part from the trade unions as the latter expect a better treatment, from the former. The public sector is expected by workers and unions to function as a 'model employer.' Therefore, it is in the interests of everyone to see that public sector not only works but works well. Unfortunately, however the performance of the majority of public sector enterprises to date has been disappointing. Service in the public sector has not evoked the urge for service or of belonging to the concern. The problems of industrial relations have become more acute in the public sector in recent years. Frequent work stoppages due to labour troubles have not only

<table>
<thead>
<tr>
<th>Year</th>
<th>Total number of man-days lost (in millions)</th>
<th>Man-days lost per worker</th>
</tr>
</thead>
<tbody>
<tr>
<td>* 1967</td>
<td>2.5</td>
<td>0.26</td>
</tr>
<tr>
<td>1968</td>
<td>2.0</td>
<td>0.20</td>
</tr>
<tr>
<td>1969</td>
<td>1.4</td>
<td>0.16</td>
</tr>
<tr>
<td>1970</td>
<td>2.0</td>
<td>0.20</td>
</tr>
<tr>
<td>1971</td>
<td>2.2</td>
<td>0.21</td>
</tr>
<tr>
<td>1972</td>
<td>3.3</td>
<td>0.30</td>
</tr>
<tr>
<td>1973</td>
<td>3.3</td>
<td>0.27</td>
</tr>
<tr>
<td>1974</td>
<td>7.7</td>
<td>0.61</td>
</tr>
<tr>
<td>** 1975</td>
<td>6.8</td>
<td>0.58</td>
</tr>
<tr>
<td>1976</td>
<td>5.4</td>
<td>0.41</td>
</tr>
</tbody>
</table>

Source: * Research Bureau, The Economic Times, 1975 March 22 p.4
affected labour and management but also slowed down the pace of economic growth thus posing a threat to the policy of rapid industrialisation of the country. It may be noted here a country however rich it might be in its natural resources, if it fails to utilise its human resources to the maximum it will never be able to compete with other developed or developing nations.

The basic aim of labour policy in public sector as evolved by the successive Five Year Plans was to have a co-operative and contented labour force. The First Five-year Plan declared that the endeavour of the state has all along been to encourage mutual settlement, collective bargaining, and voluntary arbitration to the utmost extent. The workers' right of association is to be accepted without reservation as the fundamental basis of mutual relationship. Works committees for the settlement of differences on the spot between the workers and management are to be setup.¹ The Second Five Year Plan while emphasising that labour legislation and the enforcement machinery setup for its implementation can only provide a suitable frame work in which employers and workers can function, states that the best solution to common problems can be found only by mutual agreements.²

¹ First Five Year Plan, planning commission, Government of India, New Delhi 1953, pp. 573-576.
² Second Five Year Plan, planning commission, Government of India, New Delhi 1956, p. 574.
plans envisaged further extension of the participation of labour in management. In the Fifth Plan unlike in the past a close correspondence is sought to be established between the Fifth Plan and the long range objectives. There is thus almost for the first time a recognition that industrial relations situation is at the heart of the programme of self-reliance and removal of poverty.

Disparity between labour and management on industry basis stands distinctly different. "Industrial peace should be regarded as a part and parcel of the whole peace of man's life and as such cannot be established in industry unless peace in other departments of life has also been achieved. That would be a possibility when there is economic equality, political liberality and spiritual catholicity."

30 years ago, speaking on Industrial peace, the then Labour Minister Dr. B.B. Ambedkar said:

--- there were three possibilities to build up Industrial peace, first to build it on the basis of law, second to build it on the basis of social justice. Industrial peace based on law is possible. It is possible only because anything can be made illegal, anything can be made legal. But to make law is one thing, to see it

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fulfilled is another — — Industrial peace based on law is possible but not certain.¹

However the attainment of peaceful industrial relations does not rest with legislation. The relations between men and management are human relations. Even the best legislation can be no more than a framework for solving the recurring problems of human relations. The solution lies in the hands of employees, employers and their representatives. It is they, who must bring to their relationship the good faith, tolerance and willingness to cooperate, without which no legislation effecting collective bargaining can be truly effective ——. Peace and harmony and efficiency cannot be legalised, cannot come by decree or command.²

Thus, Industrial harmony is the presence of voluntary and spontaneous cooperation between the employers and the employees. Industrial peace will be of little value if it is not accompanied by industrial harmony. This can be achieved only when both parties partake industry as a team.

2. Ibid., p.55