CHAPTER I
CHAPTER-I

INTRODUCTION

1.1 INTRODUCTION

The economic history of mankind is marked by labour problems. Labour is a primary factor of production, but the labourers allege to have been denied their due. Initially, man passed through “the hunting and fishing stage.” During this primitive stage, his basic economic needs were adequately met by nature. At that time, production was just sufficient for consumption and hence, there were no savings, no accumulation of wealth and no exchange of products. During this stage, labour problem did not exist because of the absence of any economic, political and social system. This was followed by “pastoral stage” or “agricultural stage” or the “agrarian economy stage.” The class system began to develop at this stage because changes took place in the ideas relating to property. There was a small artisan class, mostly self-employed. There were zamindars or the class of propertyed individuals as well as slaves giving rise to the feudal system. This type of class system was later responsible for class struggle. Thereafter emerged the “handicraft stage” exhibiting a number of social and economic changes which marked the beginning of labour problem in the world. The self-sufficient economy of the villages underwent a drastic change. The artisans could not sell their products in their own villages. They had to depend upon traders or merchants who formed a new group which later developed into the class of entrepreneurs. These traders found a market for the products of the artisans and gave them loans. As a result, commercial centres and towns came into existence. These merchants used improved navigational
aids and surface communication systems to develop their trade and thus became more important than feudal lords. Craft guilds ensured the quality and quantity of the manufactured goods. Master craftsman commanded these guilds because they combined both skill and ownership. As a result, wealth accumulated and division of labour and class distinction became more pronounced.

Following the need to manufacture products on a bigger scale, the "workshop stage" soon overtook the "handicrafts stage". The small workshop manufacturers dominated the general market. The employer-employee relationship was still, "cordial, sympathetic and personal" though the elementary problems like wages, working hours and recruitment also surfaced about this time.

The workshop stage soon developed into the modern factory system. Large scale production necessitated the replacement of skilled craftsmen by unskilled manual workers. The exodus of workers from the villages to the towns slowly gave rise to the new labour problems. Thus a class of industrial capitalists emerged. The relations between employer-employee became increasingly impersonal and demand for higher wages gave rise to conflicts between the two groups.

The Industrial Revolution began in England during the later half of the 18th century with the use of machinery in production. This heralded the "machine age". During this phase of production, almost all the old systems of production like the guild system were swept away by the modern factories. The characteristics of the factory system were entirely different from these of early systems for it provided industry with free labour and fixed capital. The place of work was separated from home and a huge mass of labourers came together for work in a central place. But the main characteristic
of this system is that the person who invests his capital in plant, tools and raw materials owns the means of production. Gradually, however, the production system becomes more complicated because of technical innovation and installation of big machines. With the spread of the factory system, the entrepreneurs flourished while the industrial workers worked very hard to earn their living. The law of supply and demand determined the price of labour and decided the level of wages. But once the wages were paid, the responsibility of the entrepreneurs towards labour ended. He did not bother about the workers' conduct after working hours or about how they and their families struggled when no work was available. The human element in the production process was absent because the entrepreneur had no personal tie with his workers. Maximisation of profit was the sole factor which dominated the factory system.

As industry expanded, so did the number of workers whose motives differed from those of the entrepreneurs. The employer produced goods and services in the hope of making profit. The employee was involved in the production process because of his bare economic need. And he was not paid in kind but in terms of money on the basis of his productivity.

1.2 TRADE UNION MOVEMENT IN INDIA

Profit maximisation objective of the management often lead to exploitation of the working class who are largely deprived of their due in the total produce. Growing discontentment of the workers united them to fight for their right and this has given birth to trade unions voluntary organisations to promote, protect and safeguard the interest of the workers by bringing them under a common roof. Origin of these unions dates back to the aftermath of the First World War.
1.2.1 DEVELOPMENT OF TRADE UNION MOVEMENT

Success of strikes was realised soon after the First World War. The working class used it as a weapon to obtain concessions, higher wages and other similar benefits and this led to organisation of many unions. In 1920, the All India Trade Union Congress (AITUC) was set up to represent the interests of the workers and also to co-ordinate the activities of all labour organisations. This gave rise to formation of labour in both the small as well as large industries sectors of the country and membership of these unions also magnified.

The year 1926 was a landmark in the history of trade union movement as the Trade Union Act was passed in that year giving a legal status to the registered unions and their members a measure of immunity from civil suits and criminal prosecutions. However, the end of 20s gives a dismal history of the trade union movement as politicisation of these unions led to ideological split among the leaders. Leaders of the AITUC revealed loyalty to communism while the moderates started a new union, All India Trade Union Federation. This conflict often resulted in the failure of many strikes.

The 30s revealed a still more dismal picture. Prosecution of communist leaders in the Mecut Conspiracy case and the failure of the Bombay Textile Strikes in 1929 raised doubts about the efficacy of the trade unions. Economic depression resulted in large-scale retrenchment of the workers and brought about further split in the trade unions, but it was temporarily patched up because of the Second World War.

Ideological tilt among the trade union leaders further aggravated during the war period. Procommunist leaders influenced by the communist USSR were for participation in the war supporting the British while the moderates wanted to overthrow the British.
However, government ban over strikes and lockouts during the war period led to reconciliation. Simultaneously deteriorating economic conditions of the workers due to the ravages of war induced them to organise themselves and this gave a fillip to the trade union movement, accentuating thereby both the number and membership of the trade unions.

After independence, growing unemployment in the industrial sector lead to a series of strikes and the record of man-days lost reached its pick during the period. Trade unions got further disunited and The Indian National Trade Union Congress (INTUC) was started in 1947 and was controlled by the Congress party, the Hind Mazdoor Sabha (HMS) was established in 1948 under the control of Praja Socialist Party and the United Trade Union Congress (UTUC) was formed in 1949 by some radicals. These unions worked for the betterment of the workers and made the trade union movement more widespread, better organised and established them on a sound footing. But inter-union unity was totally absent nor did they follow common policies and ideologies.

As per the records of the Chief Labour Commissioner, till 31st December 1989, Bhartiya Mazdoor Sangh (BMS), an affiliate of the Bharatiya Janata Party, topped the list with the highest membership of 31.17 lakh. This was followed by the INTUC, the congress affiliated trade union having a total membership of 27.06 lakhs. Others like CITU, an affiliate of CPM had a membership of 17.98 lakh and HMS has 14.77 lakh.

1.2.2 LACUNAE IN THE TRADE UNION MOVEMENT

In the opinion of V V Giri, late President of India, trade union movement in India is marred by three major defects.
Predominance of small sized unions Mushrooming of unions has resulted in subdivision, fragmentation and consequential weakening of the large unions. Till 1992, there were 9073 trade unions submitting their returns. The total membership of these unions was 57.1 lakhs, on an average, 632 member per union.

Less membership and low subscription has resulted in poor finance of the unions, jeopardising their working thereby. A trade union, on an average, is able to spend Rs 44.10 per worker. The amount is too meager to take up various employee welfare activities.

Absence of whole-time paid officials has also resulted in the lack of interest of the office bearers towards the activities of the union.

Apart from these growing politicisation of the trade union leaders has made them oblivious of the wellbeing of the working class. Such a movement should have been headed by the workers from the grass-root level who best understand the problems and difficulties of their co-workers. Politicians, instead, promoted the interest of their party members at the cost of that of the workers.

Most of the trade unions have concentrated on the organisation of strikes as an instrument of bargaining for higher wages. Meanwhile, they have neglected other vital aspects like provision of health care facilities, improvement in the educational status, extension of facilities for recreation and entertainment etc. In sum, trade unions have failed in extending a wholesome support system to the working class.

Over and above all these, the nature and composition of the workers in the trade union have also affected the functioning of the unions. Illiteracy and ignorance of the
workers, their migratory nature, differences in their caste, creed and customs accompanied by low ability to pay the subscription has magnified mal-functioning of the trade unions

The Second Five Year Plan has rightly summed up the lacunae of the trade union movement. Multiplicity of trade unions, political rivalries, lack of resources, disunity in the rank of workers are some of the major weaknesses in a number of existing unions.

1.2.3 SOME STEPS TO STRENGTHEN TRADE UNION MOVEMENT

Strong union is necessary to protect and promote the interest of the workers. For a strong union some factors seem imperative:

1. **Unity**: Political rivalry often articulated in the form of workers' demand has led to fragmentation of unions resulting thereby in the lack of strength and poor bargaining power. So either there should be centralised union activity or a common objective and procedure of operation for the unions operating with different affiliations. Unity among trade unions will undoubtedly enhance their bargaining power. One union per industry can better project the grievances of the workers effectively.

2. **Elimination of unhealthy political influence**: Trade union leaders, because of their party loyalty, have preferred to sacrifice the interest of the workers for their party interest. Now the workers should realise that politicisation of such unions be stopped.

3. **Outside Leadership**: Leadership of the Indian trade unions are often manned by the so called 'outsiders'. These outsiders often turn professional agitators and use the workers as pawns for their self-interest. Often ignorant of the workers'
wellbeing they project that the working class is immature to lead the unionised movements. But workers know best about their problems strength. Therefore, if the unions are led by themselves, they would not only be able to project their demands effectively but also assess how far to stretch as they have direct knowledge about the condition of the industry.

iv Union leaders should be responsible and trustworthy so that the whole responsibility of the workers could be entrusted to them. A leader's integrity, love for liberty, patience, understanding, courage and selflessness are necessary to look after the benefit of the workers.

v Trade unions have so far remained oblivious of the workers' responsibility. Workers' sense of responsibility and discipline to work for the wages and improve the productivity of the firm are to be considered by the management and this will help them to earn higher remuneration.

vi Maintenance of a strike fund is necessary to further unionised activities. Poor financial status of the workers does not enable them to stay long in support of their demand. Hence, prolonged strikes often end in failure.

The modern labour movement is the reaction of labourers to the industrialisation process. The nature of the labour problems changed according to the changes in industry and its environment. These changes, in turn, led to changes in trade union activities. Workers organised themselves into trade unions, primarily to settle their own grievances which may be economic, social or psychological in nature.

The main problems of industrial relations in India today are job satisfaction, correlation of reward to effort, absenteeism, indiscipline, mobility, grievance handling
and participative management and industrial disputes. Since these problems are multi-faceted, the first step was to diagnose the situation in terms of the prevailing conditions in an industry, the demand of the workers in relation to their actual suffering and the provision of the labour laws in this regard.

These measures will develop trade union movement along a healthy line to safeguard the interest of the workers.

1.3 REVIEW OF LITERATURE

The industrial sector, largely motivated by profit maximisation, has long remained oblivious to the problems faced by labour. In course of time, this vital factor of production unionised to put forth its grievances and sought appropriate measures to redress the same. The result was birth of trade unions looking after multifaceted problems of the working class. The unions not only fought for a fair share of the labourers in the profit of the industries but simultaneously took care of the economic, social, political and psychological aspects of their lives. With adaptability to varying environment, the unions have become agents for improving the pattern and standard of living of the working class. Highlighting the workers' voice in the industrial set-up, these organisations have conferred the much awaited dignity of participation of the workers in the overall functioning and management of the industries. As observed by the Indian Trade Union Act-1926, workers' union are "any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relation between workmen and employers or between workmen and workmen or between employers and employers or for imposing restrictive conditions on the conduct of any trade or business and includes any federation of two or more trade unions".
1.3.1. ORIGIN AND GROWTH

Except for a few cases, trade union movement has emerged as an inevitable manifestation of class struggle mainly that of the most vulnerable section, the working class. The practice of contractual labour employment without any provision for job security has forced the workers to remain at the mercy of the employers who largely look for their own profit even at the cost of the employees. Lee and Sivanathiran (1996), in a survey of Malaysia's construction, plantation and saw milling industries, found that the principal employers and contractors adopted labour contract as a permanent feature of their business which placed the interest of the workers at stake. The authors, while admitting the role of incentives to make the system attractive for the workers, advocated affirmative action to protect the rights of the workers.

Redistribution of working time and the pattern of work has emerged as one of the major determinants of trade union movement. Roche, Fynes and Morrissey (1996) have examined the employment effects of reductions in standard working hours, controlling overtime, job sharing, extended leave and early retirement in the OECD countries. Observing no significant link between work sharing and employment levels, they have argued for a broad and dynamic framework for working pattern and time or work. Ralph (1998) has underlined the changing nature of industrial relations as the major cause of trade union movement. On the basis of an empirical case study on workplace industrial relations and trade union organisation within the Merseyside Fire Brigade during the 1980s, the author has opined for managerial restructuring and wider implications about the state of workplace unionism in Britain. A similar study by Elger and Smith (1998) has highlighted the unsettled relationship between company policies and labour market
condition to be the major factor behind the development of trade unionism. The study based on four Japanese companies reveals that absence of trade unions poses the problem of recruiting and retaining labourers by the management as dissatisfied workers unable to voice their problems and quit the industry. It has, therefore, suggested variety of ways in which the managers have sought to build a mandate to manage and define the scope and limits of management hegemony within the workplace. Differences in the ownership pattern, corporate histories and roles of intra and inter-firm division of labour also determine the differences in the management policies and the role of workers in management. Factors like workplace harassment comprising verbal abuse, threat or actual physical violence reflecting inappropriate expression of power that adversely affects the workers and their productivity are highlighted by Spry (1998) as causative factors of unionisation. In response to increasing globalisation, labour market is threatened by wage reduction and increased labour standard. However, labour has unionised to make national policies paramount in determining the levels of employment and labour standards. It has induced the policy makers not only to be more sensitive to international competitiveness but also to be more sympathetic towards labour problems (Lee, 1996).

Migration of labour towards industrially advanced regions has placed the native workers at a disadvantage to bargain with the employers. Davis (1998) has analysed this aspect in the context of a flexible wages as in America and rigid wages obtaining in Europe. The study reveals a benchmark case in which a movement from autarky to free trade has doubled European unemployment. Entry of unskilled labourers of the south has also aggravated the situation and has lowered the wage rate. The author has suggested...
that the absence of South-North migration of unskilled labour could have helped Europe not only to maintain the wage rate but to reduce the level of unemployment as well. Protection of such interests of the workers has often induced them to form unions.

In some cases, labour has been unionised not only to protect their job and related benefits but to safeguard their specific rights. The women's union of the Chhattisgarh mines has been out of the apathetic attitude of the existing trade unions towards the women specific economic, social and psychological issues. Women workers of the Chhattisgarh Mines Shramik Sangh have fought for the workers' rights, issues of special concern for women and also the social issues outside the workplace (Sen).

Government has long recognised such strategic issues to be at the base of labour problems and from time to time has suggested measures to arrest the discrepancies. By the Bombay Trade Dispute Conciliation Act of 1934, the government of India instituted a labour officer to act as an intermediary in correcting and combating the grievances creeping into the field of labour recruitment and also in attending to the grievances of the working class. But the result was not so very fruitful. The labour officer was more successful in undermining the trade union leaders by more or less usurping their functions. Moreover, the leaders who sought the labour officer's assistance in resolving labour disputes lost credibility of the workers and thus are less successful in eliminating labour problems. This retarded the growth of an unionised working class movement and also resulted in politicisation of the workers' organisation (Koriman, 1981).

Bose (1981) has analysed phases of development of trade unions in Bengal and has incorporated views of prominent labour leaders in this respect. His study reveals that activities of the labour organisations, formed and controlled by many leaders, failed to
reflect the true nature of class struggle inherent in the mode of production. Divergence in
the views of those organised and those organising became inevitable and the labour
leaders could not fill the gap. It was not the lack of honesty of purpose but the very mode
of social existence and the place of the unions on the society that stood in the way of
articulation of labour problems. As such, the leaders failed to respond to the
emerging demands of labour. Of late, it was observed that the gap could be filled only by
those who started building up labour organisations from the grass roots, armed with the
philosophy of Marxism.

1.3.2 WORKING AND IMPACT OF THE TRADE UNIONS

Trade unions are organised to unite fragmented labour force under a single roof to
highlight the problems faced by them in the modern industries. Das Gupta (1981) has
discussed the 'unfree' nature of labour necessitating security and supervision. Various
traditional and non-traditional forms of bondage imposed on the working class
suppressed their voice and unionisation is the only mode to give vent to their grievances.
Objective of the capital-owning industrialists to ensure an easy and perennial supply of
cheap and docile labour force gave rise to and perpetuated a captive labour market. The
situation further aggravated with the colonisation of the economy. The workers made an
organised effort to make themselves free from the servitude through the development of
class organisation and class struggle. Over time, concerted and well-coordinated effort in
this direction enabled them to ensure some bargaining power in a true labour market.
Workers' struggle against mismanagement of the industrial unit and misappropriation of
profit is articulated through unionisation. Company's efforts to reduce labour cost by
decentralisation and mechanisation of production and increased use of contract labour has
accentuated labour problems often leading to lock-out of the factory as in the case of Hindustan Lever's Bombay factory (Singh-1988). Perfect organisation which ensures workers' involvement in the functioning and management of the units have oft-proven long standing effect in mitigating such problems.

A number of studies are unequivocal about the bargaining power of the trade unions in wage determination. Carneiro and Henley (1998) have examined wage determination in Brazilian manufacturing units during the 1980s and early 1990s. The study reveals that collective bargaining has resulted in a system of wage determination characterised by rent sharing and insider trade union bargaining power. Comparative analysis of informal and formal sector labour markets undertaken in the exercise reflects that a large informal sector controls the wage-bargaining power of the formal sector. It also highlights that large scale unemployment restricts flexibility of real wages curbing thereby wage bargain by the labour leaders. Gu and Kuhn (1998), using a large panel of contract negotiations in the Canadian manufacturing sectors examine the impact of 'holdouts', i.e., continuation of negotiations beyond the expiry of the contract date. Holdouts are often employed by the unions as a delaying tactics to obtain information about other bargaining outcomes in the industry. The study reveals a positive association between holdout duration and the number of bargaining pairs negotiating contracts simultaneously, bunching of holdout duration within these negotiating groups and consequential reduction in the number of strikes among holdouts which end later in the group. In sum, bargaining power of the workers, manifested by unionisation, is restricted by increase in the number of unions.
Budd (1998), speaking in a similar vein, estimates the impact of collective bargaining by international unions on wage determination in the Canadian manufacturing sector. Real wage levels for international unions relative to domestic unions are estimated to decline from approximately 4% higher in the 1960s to 4% lower in 1990s. International unions are also found to be more responsive to US economic conditions. Moreover, the study reveals that affiliation with a different union federation is a significant determinant of real wage rates.

Apart from highlighting labour problems and initiating active bargain for a higher wage rate, presence of strong unions is recommended to reduce the potency of job loss and regulate the pace of work. Green and McIntosh (1998) have argued for the efficacy of strong unions in ensuring job security of the workers in the British firms. However, the study does not rule out the possibility of rewarding individual workers on the basis of respective performance.

1.3.3. POLITICAL LinkAGE

Subsequently, trade union movement was fostered by different schools of class-consciousness. While encompassing Marxism philosophy and propositions, recent developments have added new dimensions to the concept of trade unionism and this has boosted class-consciousness. As revealed by Patel (1994), participation in struggles and agitations for basically economic and other related immediate objectives is most significantly associated with the class-consciousness of the activists than any other variable.

Adherence to the Marxist and leftist philosophy gradually induced political elements to enter into trade unions. Inability of the leaders to solve the problems of the
organised workers increased their affiliation to different political parties. Political involvement of the Indian trade unions is mainly attributed to the entrance of outsiders because only a few leaders with clear views and staunch labour leadership could develop within the working class.

Mukherjee (1985) has analysed the social profile of the industrial workers, their level of job commitment, and satisfaction, on the one hand, and political movement on the other in West Bengal. The jute mill workers of the state, were organised under different unions, and as a result, their level of active participation in the trade union activities has remained remarkably low. Except for the young, literate and skilled workers, others hardly took interest in the affairs of the industrial units. The political parties, in turn, utilised the union's collective strength and funds for improving their image and to be back to the chair. This mutual interdependence magnified politicisation of labour unions (Bhattacharya-1986).

Increased political affiliation of the trade unions proved the failure of the worker-leaders in looking after the wellbeing of the workers. Das (1990) has examined the evolution and performance of trade union movement in Orissa over three decades, 1935-1987. He has attributed political climate of the state to be the prime factor behind the weak organisation and faulty functioning of the trade unions. Political factors also determined the success or failure of the trade unions. It is also observed that trade union leaders have ascended the chair of powerful and responsible positions and this has often lured them to look after their self-interest. Self interest of the politicians over shadowed that of the workers and the system became still worse than the industrial set-ups without workers' union. The result was re-birth of independent trade unions. The growth of
independent unionism in West Bengal is a reflection of healthy and legitimate protest against the failure of the trade unionism controlled by the political parties. Davala (1996), on the examination of this phase of growth of labour unions, has suggested to evolve creative trade unionism ideology. He has also argued that independent unions can provide alternative solutions only at the unit level but not in a broader spectrum which needs for an alternative movement in a wider sense.

1.3.4. ALTERNATIVES TO TRADE UNIONS

The workers organise trade unions with great expectations and assign the organisation a significant role in the socio-economic dynamism. The underlying objective was to give vent to the workers’ problems and ensure a fair share of the benefits of the industrial produce. Unionisation of industrial workers was initiated during the freedom movement by some clear hearted national leaders who tried their best to improve the lot of the workers by gainful channelisation of the productive and collective power of the working class. But in the subsequent stages, the union leaders frequently organised strikes, usurped the funds of the union and hankered after power in the national polity. This not only undermined the interest of the working class but eroded the industrial progress of the economy. Thereafter, unionisation has not always been observed to be the only solution to the problems faced by the working class.

It has been observed by some authors that the voice of the working class is often suppressed by the employers. Declining unionisation resulted by self-protectionist attitude of the labour leaders, greater use of electronic surveillance, growing corporate social and political partnership, and longer hours of work along with self censorship among the employees have further suppressed the working class to put forth their
grievances Moreover, the constitutional statutes and provisions under the common law are often inadequate to provide necessary protection to the working class. For this Yamade (1998) has suggested enactment of statutory laws which will empower the non-disruptive and non-disloyal employees but also encourage participation of constructive workers in the management which will also further the interest of the employers.

The growing problems of unemployment and retrenchment caused by declining demand for labour and strong growth of labour supply could be combated by changing pattern of labour employment. Boissonnat (1996) has outlined six frameworks for the future of labour and work in France. Opening up of the world economy by globalisation, upgrading production capabilities, reorganising working time, workers’ training, labour law reforms including introduction of an activity contract and revitalising dialogues between the social partners are some of the measures suggested by him.

Shifting pattern of labour demand in favour of the skilled labour caused widespread unemployment of the low skilled workers in the US and European Union during the 1980s. Smith and Adams (1996) have offered alternative views emphasising major differences in the aggregate demand policy. They have critically examined the ‘consensus view’ that unemployment in the European Union is caused by wage rigidities and generous social benefits. The authors have advocated labour market reforms which are dependent on economic growth and creation of employment opportunities.

Some studies have argued for healthy human resource management and not unionisation as the major factor to ensure workers’ involvement in the functioning and management of the industry. Analysing the specific characteristics of the productive activities that the largest British firms undertake, Ackroyd and Procter (1998) have
suggested a distinctive pattern of organisation for production at the plant level and it is described as the new flexible firm having the features to highlight an emerging pattern of workplace industrial relations in the manufacturing industries. The new form of organisation has also earmarked new vistas for labour utilisation at the plant level.

Pendleton, Wilson and Wright (1998) have examined the impact of employees’ ownership of the organisation. Reviewing the recent literature and using attitudinal data from the UK bus companies, they have highlighted that ‘a sense of ownership’ is an important intervening variable between actual ownership and attitudinal change. Opportunities for participation in decision making are more important in generating the feeling of ownership. Hence, adequate provision to incorporate workers in the process of decision making could go a long way in ensuring healthy labour relations. Keef (1998) has examined the causal association between ownership of shares by the employees and attitude of the managers in New Zealand. The exercise, contrasting the findings of Pendleton, Wilson and Wright reveals that ownership of shares by the employees did not cause expected improvement in their attitudes. The study has also analysed the underlying causal factors. Hollander (1997) has evaluated labour management in the Queensland Housing Commission under a labour government. Assessing the reputation of the Australian labour government as a good employer, the study has examined the underlying causes behind such credit. Though conservative in approach, the labour government has won accolades for its labour management strategies and established new standards.

Industrial units facing slack demand often adjust their workforce by declaring redundancies and laying workers off. This aspect is strongly viewed by the unionists and
the labour unions play an active role in ensuring job security of the members. Gray (1998) has examined the impact of an alternative in the form of Short Time Compensation (STC) benefit in France to pacify the agitating unions at the time of large scale job loss. STC agreement, viewed in a work-sharing mode, is related to certain firm and labour force attributes, labour market institutions and policy parameters. The study reveals that employment protection laws increase the incidence of STC usage and hence decrease employers' recourse to laying workers off. However, workers at a higher scale of pay and relatively low labour force attachment are likely to exhibit less inclination towards STC programmes. Moreover, such programmes are better alternatives for cyclical layoffs but may prove financially unsound for industries taking recourse to chronic and widespread layoffs.

Oft-cited role of the trade unions in bargaining for a higher wage rate is also negated by some studies. Poole and Jenkins (1998) have examined the impact of the adoption of performance-related new pay policies by the British firms. The authors have deployed 'structural' and 'action' approaches to explain variations in the policies and practices on remuneration and their implementation in actual practice.

Effectiveness of workers' unions becomes redundant when the employers derecognise the organisation. Gall (1998) has examined the motives and strategies of the employers in implementing derecognition, the union's response to this and its effect on wages, union-management relation and union membership and organisation. He has also argued that a large number of employers have taken recourse to such radical method of derecognition in an attempt to reorder the employer-employee relationship.
Success of an industrial unit depends on harmonious co-ordination between labour and management. A growing body of recent research has underlined a healthy co-operation between unions and management in identifying the problems of industrial adjustment and pursuing the solutions as a sound underpinning of industrial growth (See Cotanas-1998). Phases of industrial adjustment which have incorporated work force substantially in the process of decision making has been successful in many economies. Some studies christening the term work-force involvement as 'micro concentration' has observed that it has been linked to a variety of political and social realities which not only facilitate skill formation but ensure communication and development of trust between workers and management. Strong unions while representing the voice of the workers are able to legitimise the decisions of the managers and hence are favourable for industrial growth.

Foster and Scott (1998) have also recorded re-organisation of the municipal trade unions and reconsideration of their roles in the constituencies. Underlining three central themes on these aspects, the study has contributed to models of effective union development and intra-union relations.

Since 1980s, reforms in labour employment and workforce organisation has remained in the employer's domain. Motivated by higher productivity, larger profit and greater competitiveness, he has taken recourse to mechanisation or manualisation of production. This form of industrial management has met with little success. The recent orientation towards team work and direct participation of the workforce in decision making has not only satisfied the workers' aspirations for a more fulfilling job, but also has introduced multi-skilling and enhanced flexibility, thereby increasing the profit level.
Such reforms are often introduced through the channels of labour-management interaction and marginalise the role of collective bargaining and formal consultative machinery. Ozaki (1996), comparing and contrasting the experiences of different countries and enterprises, has advocated for a greater role of the organised workers in the decision-making process.

1.4 IMPORTANCE OF THE STUDY

A vital pre-requisite for industrial progress is stable industrial relations. A passive and subdued workforce is not the indicator of good industrial relations. An active workforce with a healthy attitude towards the organisation can alone be a good partner for stable relations and steady progress. Labour has been assigned a pivotal role in the task of nation building and it is required to fulfil its responsibility by attaining a higher level of productivity. To motivate labour, the Second Plan emphasised the need for accelerating the institutional changes which were needed to make the economy more dynamic and more vibrant. Government has also expanded the sphere of the public sector and provided physical and fiscal incentives to the private sector to play a complementary role in this direction. It has also re-oriented its labour policy with a view to improving human relations as a means of giving workers what is due to them as human beings.

The Indian management has failed to obtain the co-operation of the workers and their trade unions in carrying out the measures necessary for raising productivity. Trade unions have been induced to develop enlightened leadership to motivate their workers for making a significant contribution towards rapid industrial growth.
Since the worker has been regarded as the principal instrument in the fulfillment of the targets of the Five Year Plans and in the achievement of the economic progress, better labour-management relation at the micro level has naturally become a major policy level for increasing labour productivity. Hence, the responsibility of management and labour at each and every plant or industrial unit level has grown with the rising tempo of industrialisation. In order to eliminate various aspects of labour problems, assurance has been given in all the plans to the labour in respect of better and speedier machinery for the settlement of labour management disputes, workers’ education, better safety measures, improvement in working conditions, adequate housing, workers’ training facilities etc. The principle of “industrial democracy” has also been accepted to promote amicable settlement of industrial disputes, ensure peaceful working conditions with a high level of industrial efficiency. Industrial democracy based on the principles of minimum state intervention and maximum labour-management co-ordination would pave the way for the removal of the basic causes of conflicts in social and technological spheres. Hence, among the many problems of industrialisation, relations between employers and employees occupy a prominent place. A positive approach to industrial relations is a must and it should become a part and parcel of the normal management outlook. If implemented sincerely, such an approach has good chances of leading to stable industrial relations.

As Orissa is an industrially backward, labour movement in the state was not widespread and as such, has not gathered momentum. Therefore, no serious study of industrial relation and labour movement in the state has been undertaken so far. References to industrial labour problem, relation and movement are a few and casual.
Furthermore, in the absence of an industrial culture, the industrial belts are separated from each other. The industrial pockets are area-specific and have their own peculiar ways of functioning. Therefore, the nature of industrial relations in one area is completely different from that in the other. The lack of commonness has prevented the scenario of industrial relations within the state to be uniform.

Rourkela Steel Plant is one of the oldest and biggest industrial units in the state and has a large number of permanent and temporary employees. Industrial relation in such a big establishment has always been a tricky and delicate issue. Healthy industrial relation holds the key to production level in the plant. But no study of the industrial relation in the plant has been taken up so far.

The present study is a humble attempt to assess the relationship between the workers, management and union with a view to coming up with suggestions to improve the work atmosphere in the plant. The study will also throw light on the pattern of industrial relation in the public sector undertakings as the Rourkela Steel Plant is owned by the Central Government. The findings of the study will go a long way in bettering the industrial atmosphere in a backward state like Orissa.

1.5 OBJECTIVES OF THE STUDY

Modern industrialisation has created a yawning gulf between management and labour because of the absence of workers' ownership of the means of production. Conflict have clouded these relations throughout the history of industrialisation. Peace, harmony and efficiency could not be achieved by a mere decree or command. Hence, it was remarked that in industrial negotiations, perfection of machinery counts far less than good faith and good will. The realisation of this fact on the part of the employers is
essential Labour is not a commodity to be sold and purchased. The labourer is a human being first and last. A worker is not merely a means of production; he is essentially a personality having a sense of responsibility towards his family, industry, and nation. He, therefore, desires economic uplift as a dutiful husband, a good neighbour, and an intelligent citizen. The problem of industrial conflicts arise when this vital fact is ignored.

Taking this into account, it was realised that for establishing a socialistic pattern of society, industrial unrest is to be avoided so that various factors of production can be utilised to the fullest extent in order to secure maximum production. Instead of handling the labour force as mere automations, the management must concede a degree of autonomy to workers to lessen the tension of grievances and more contentment in the work. Such co-operation is all the more vital for a planned economy like that of India for the reason that any industrial strike will seriously dislocate the progress of the country's development. The Second Five Year Plan of India with the objective of realising a socialistic pattern of society emphasised the need for the worker's participation in management. It was felt that the creation of industrial democracy was a pre-requisite for the establishment of a socialistic pattern of society and an industrial democracy.

Based on these considerations, the present study intends to focus attention on the extent of the gulf existing between employer and employees in the Rourkela Steel Plant (RSP) and its consequences. The study aims at offering some practical suggestions to lessen the conflicts between the management and labourers in this organisation. On the whole, the present study relates to following objectives:

1. To study the growth of the Rourkela Steel Plant and structure of the organisation and various human resource development programmes implemented by the RSP,
2 To evaluate the working of the Trade Unions in the plant,
3 To trace the pattern of industrial disputes in the plant and examine the problem of grievance handling,
4 To study the role of the trade unions in improving the lot of the workers and various measures to strengthen the labour unions so as to better their performance in the greater interest of the workers.

1.6 SCOPE OF THE STUDY

The present study on the various problems of the industrial workers in the Rourkela steel Plant, Rourkela, was undertaken, keeping in view the fact that the RSP is an integrated steel plant one of the largest industries in the state, and employs different categories of workers directly and also indirectly. Data were collected through a survey on hours of work, promotion, transfer, working conditions and good human relations which promote better relation between labour and management. These data have been analysed in order to arrive at certain generalisations relating to industrial harmony in the Plant.

1.7 METHODOLOGY AND DATA COLLECTION

Methodology is a set of principles to be pursued for scientific investigations. It refers to certain steps to be rigorously and systematically followed to arrive at the truth.

For this purpose, data collection on relevant items on a sample survey basis was undertaken.

The data regarding the membership of these two prominent unions of RSP were collected from both primary and secondary sources. The secondary sources consisted of records maintained at the Union Office. The primary data were collected through direct
interviews of different grades of workers belonging to different trade unions in various departments of the Rourkela Steel Plant (APPENDIX-1) Thus, essentially the respondents were union members working under the RSP.

In order to have a clear understanding about the management's philosophy and commitment regarding the problems of workers, the company's publications comprising reports, journals, pamphlets, magazines, periodicals, books, official files, booklets and corporate reports have been consulted. These secondary sources of information help to understand the company's policies, programmes and deficiencies regarding industrial disputes.

Keeping in view the objectives of the study, a questionnaire was designed to obtain information and data relevant for the study. The questionnaire was also designed to find out the attitude of the workers towards the Rourkela Steel Plant (RSP), their level of awareness, participation and views on the industrial scenario. The questionnaires were given to the workers personally. This primary source of information has facilitated the study of the various aspects of their problems, trade union activities, benefits enjoyed by the workers and their suggestions for improvement.

Personal Interviews were conducted with the management representatives, trade union officials, SAIL Officials, leaders as well as with the opinion makers amongst the employees. The data collected by schedules were supplemented by interviews and observations.
1.8 **SAMPLING DESIGN**

The universe of the study includes the workers of various departments of Rourkela Steel Plant, the executives of the industrial relations department and personnel department and trade union leaders of various labour organisations.

The sample of workers was drawn by way of simple random sampling. The workers' representatives were selected from 2 departments by way of simple random sampling. Each worker was interviewed personally with the help of a well structured questionnaire. The sample consisted of 150 workers.

The respondents from the management side were selected by way of purposive sampling. Specialists in industrial relation and management personnel associated with labour problems were sampled. The sample for executives is 20.

The choice of respondents from the trade unions was purposive and 25 trade union leaders were consulted from different organisations.

Simple statistical tools have been used for the presentation and analysis of data. The raw data after processing, are presented in a tabular form for convenience and intelligibility. The techniques used are percentages, ratios, regression, correlation, coefficients etc.

1.9 **REFERENCE PERIOD**

The study would cover the period from the inception of the Rourkela Steel Plant till 1996-97.
1.10 LIMITATIONS OF THE STUDY

The study is fraught with the following limitations:

(i) It is based on the information collected from one industrial unit, out of many such units in the industrial centre, under study, namely, Rourkela.

(ii) The industrial unit under study being a public sector undertaking, the findings cannot be generalised to the private sector.