"Labour-Management Relations" pose one of the most delicate and complex problems to modern industrial society. With growing prosperity and rising wages, workers have achieved a higher standard of living; they have acquired education, sophistication and greater mobility. Career patterns have changed, for larger sections of the people have been constrained to leave their farms to become wage-earners and salary earners in urban areas under trying conditions of work. Ignorant and drenched in poverty, vast masses of men, women and children have migrated to a few urban areas. The organisations in which they are employed have ceased to be individually owned and have become corporate enterprises. At the same time, however, a progressive, status-dominated, secondary group-oriented, universalistic, aspirant and sophisticated class of workers has come into being, who have their own trade unions, and who have thus gained a bargaining power which enables them to give a tough fight to their employers to establish their rights in the growing industrial society. As a result, the government has stepped in and plays an important role in establishing harmonious labour-management relations, partly because it has
itself become an employer of millions of industrial workers, but mainly because it has enacted a vast body of legislation to ensure that the rights of industrial workers in private enterprises are suitably safeguarded. Besides, rapid changes have taken place in the techniques and methods of production. Long-established jobs have disappeared, and new employment opportunities have been created, which call for different patterns of experience and technical education. Labour-management relationships have, therefore, become more complex than they were in the past, and have been given a sharp edge because of widespread labour unrest. In the circumstances, a clear understanding of the factors which make for this unrest and which are likely to eliminate it would be a rewarding experience for anyone who is interested in industrial harmony.

Under the early factory system, the worker was looked upon as a commodity which could not only be easily secured but also replaced. The attitude was that of considering the supply and demand position as in case of a commodity. As the employer was in dominating situation, he dictated both the wages as well as the conditions of service of the workers resulting in many industrial and social ills such as low wages, unduly long hours of work, poor working conditions and persecution of trade union activity. Trade Union leaders were persecuted and victimised and the Government adopted a laissezfaire policy.
A new awakening among the working class was brought about after the First World War and the Labour-management relations position took a new turn. Workers began to take retaliatory action to help themselves get a new deal. They began to strike. In their turn, the employers retaliated by declaring lock-outs and industrial war began. In the beginning, the government did not intervene to settle disputes or ensure good labour-management relations except in case of prolonged strikes where it appointed committees of inquiry. It however enacted a few labour laws and ultimately was forced to enact the Trade Disputes Act, 1929, basically on the lines of the British Industrial Courts Act, 1919. As the Royal Commission on Labour observed in 1921, “the attempt to deal with unrest must begin rather with the creation of an atmosphere unfavourable to disputes than with machinery for their settlement. “However, this was followed by the Industrial Disputes Act, 1947, which provided a permanent machinery for settlement of disputes such as works committees, conciliation officers and industrial tribunals.

DEFINITION AND MEANING OF LABOUR-MANAGEMENT RELATIONS:

The concept of labour-management relations has been extended to denote the relations of the state with employers,
workers and their organisations. ...... The subject, therefore, includes individual relations and joint consultation between employers and workers at their places of work; collective relations between employers and their organisations and trade unions; and the part played by the state in regulating these relations.¹

“Labour-Management Relations” refer to a dynamic and developing concept which is not limited to “the complex of relations between trade unions and management but also refers to the general web of relationships normally obtaining between employers and employees — a web much more complex than the simple concept of labour-capital conflict.”²

Under the heading, “Labour-Management Relations”, the ILO has dealt with the relationships between the state on the one hand and the employers’ and employees’ organisations on the other or with the relationships among the occupational organisations themselves. The ILO has used the expression to denote such matters as freedom of association and the right to organise, the application of the principle of the right to organise and the right of collective bargaining of collective agreements, of conciliation and arbitration proceedings, and the machinery for

co-operation between the authorities and the occupational organisations at various levels of the economy.

"Labour-management relations are an integral aspect of social relations arising out of employer-employee interaction in modern industries, which are regulated by the State in varying degrees, in conjunction with organised social forces and influenced by the existing institutions. This involves a study of the state, the legal system, and the workers' and employers’ organisations at the institutional level; and of the patterns of industrial organisation (including management), capital structure (including technology), compensation of the labour force, and a study of market forces — all at the economic level."

The labour-management relations include individual relations but primarily pertain to collective relations between parties like workers and their unions, the employers and their associations.

The government evolves and shapes labour-management relations keeping in view certain broader considerations such as industrial peace or welfare of the community as a whole. The focus is on the rule-making process whereby labour-management relations may be regulated. Besides these there is the international aspects, particularly in

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terms of the influence exercised by certain international bodies like the ILO in shaping and developing the pattern of labour-management relations in several countries.

The theorising in the field of labour-management relations has developed along two prominent lines: (a) Environmental or External Theories, (b) Internalists of In-plant Theories. The environmental theories have been developed primarily be economists and the in-plant theories have been contributed by sociologists and psychologists.

The environmental or external theories evaluate the impact of the factors and forces exogeneous to the industrial unit in shaping and changing labour-management relations. The system approach developed by John Dunlop analysis the environmental factors impinging on the relations between managers and workers. The central task of a theory of labour-management relations is to explain why particular rules are established in particular labour-management relations system and how and why they change in response to changes affecting the system.

The earlier in-plant theories came form the human relations school, the origin of which may be traced back to the Hawthorne Experiments. The central argument of the human relations school is that the key to the worker’s morale, high
productivity and industrial peace lies in the quality of humanelations in industry. The main elements of these theories are
‘work groups’; the workers tend to form informal groups among
themselves besides the formal structure of the organisation.
These work-groups may be mobilised to attain the goals of
organisation if proper channels of communications effectively
established between the workers, work groups and management
and if they are led by a consultative process whereby their
motives are understood and integrated. The workers may be
promoted towards higher productivity if they see something in
that goal which they also value; their degree of attachment to
work or their morale is closely linked with the fulfilment of the
basic motives of security and participation. In terms of the
hierarchical order of human needs as set forth by A. Maslow, it
is argued that workers become resistant and un-cooperative
when their safety needs and social needs are thwarted even
though their physiological needs are met. McGregor has related
this scheme of needs and their fulfilment to labour-management
relations issues when he says, 'unless there are opportunities at
work to satisfy these higher level needs, people will be deprived
and their behaviour will reflect this deprivation.'

In recent years, two distinct approaches have come up
in in-plant theories: (i) Studies in organisational behaviour by
R.Likert and D.McGregor and (ii) The group dynamics approach
represented by C.A. Rgyris and R.Blake.

McGregor has developed the principle of integration in regard to participative management whereby individual workers can achieve their goals best by directing their efforts towards the success of the organisation. The group dynamics approach highlights the importance of democratic leadership and of the group-discussion process. Group discussion methods would enable participants even in larger organisations with an hierarchy of authority to gain a better understanding of themselves and the organisational setting in which they function.

HISTORICAL BACKGROUND OF SUGAR INDUSTRIES IN INDIA

India is the fourth major sugar producing country in world, the first three being USSR, Brazil and Cuba in that order. Sugar industry occupies an important place among organised industries in India. It ranks third largest industry in terms of its contribution to the net value added by manufacture and employs nearly 3.75 lakhs workers, besides creating extensive indirect employment for 30 million cultivators of sugarcane, the various agencies of distributive trade and through subsidiary industries such as confectionary. It is also an important source of excise duty for the Central Government. In 1987-88 there were 414 sugar factories in India with a total installed capacity of 10.4 million tonnes. Against this, 386 factories were in operation, of
which 119 were in the private sector, 56 in the public sector and 211 in the cooperative sector.

Before 1932, there were only 32 factories producing about 1.6 lakh tonnes of sugar, India had to import annually 6.0 lakh tonnes of sugar. The industry was granted tariff protection in 1932. As a result, production rose to 10.0 lakh tonnes by 1937 and the number of operating factories to 137.

In 1951, the Government provided incentives by raising the minimum prices of cane and maximum prices of sugar. The result was a rise in output to 15 lakh tonnes in 1951-52.

Sugar industry has indeed been plagued by much instability in the level of production as a result of the government policy of frequent control-decontrol-recontrol. During the 50’s production of sugar averaged 2 million tonnes. The government provided incentives for higher production and the output progressively increased to 3 million tonnes in 1960-61 and 6.5 million tonnes in 1977-78. The government decided to remove controls on the price and distribution of sugar with effect from August 1978. Sugar prices fell under supply pressure and sugar became available in free market at Rs. 2.30 per kg.

The year 1978-79 was indeed peculiar so far as the sugar industry was concerned. The total supply was a record at
nearly 9.2 million tonnes (production 5.9 million tonnes and stocks of 3.3 million tonnes) and the total offtake was nearly 7 million tonnes. Even then, because of artificial regulation of market supplies by the industry and because of many administrative blunders, sugar prices rose to record heights and shot up to between Rs. 8 to Rs. 11 per kg. in different parts of the country. Consequently, the government reintroduced the dual price mechanism with partial control. Under this system, the Government fixes the ratio of levy and free sale sugar quota. The present ratio is 45 : 55. The levy sugar is sold to consumers through fair price shops at low prices. The free sale sugar quota is to help sugar factories to get reasonable prices from the open market.

The production and supply of sugar has been quite comfortable since 1980-81. Sugar output during 1991-92, was 13.3 million tonnes, the highest ever produced in the country.

Sugar Licencing Policy:

The Government of India issues periodically guidelines for licensing new sugar factories and for expansion of existing sugar factories. The latest guidelines (announced in July 1990) have been designed to give a boost to the sugar industry:
(i) Licences for new factories would be issued subject to the proviso that there is no sugar factory within a radius of 15 km.

(ii) The new sugar factories would be licensed for a minimum crushing capacity of 2,500 tonnes per day.

(iii) New licences would be issued on the condition that cane prices would be payable on the basis of sucrose content of the sugarcane.

(iv) Preference in licensing is to be given to proposals from the cooperative and the public sectors rather than from the private sector.

(v) Licences are to be given liberally for the manufacture of industrial alcohol through the conversion of molasses; this is to boost production and export of industrial alcohol.

**Sugar Development Fund:**

The Sugar Development Fund was set up in 1982 under an Act of Parliament and is funded by transfer of proceeds of sugar cess imposed on sugar produced in the country. The Fund is utilised for advancing loans on soft terms for the rehabilitation and modernisation of sugar industry and for development of sugarcane in the sugar factory area. The Sugar Development Fund makes grants for undertaking research projects for
development of sugar industry. The Fund is also used to defray expenditure for the purpose of building up and maintenance of buffer stocks of sugar with a view to stabilising its price.

The total allocations credited to the Fund amount to Rs. 900 Crores. The Fund has so far sanctioned loans amounting to Rs. 300 Crores for sugarcane development and for modernisation/rehabilitation of sugar factories.

**Problems of Sugar Industry :**

The erratic trend in the production of sugar is attributed to the fact that it is an agro-based industry and its output fluctuates with the vagaries of monsoons. Secondly, the output of cane is influenced to a great extent by the prices of sugarcane — industry’s main raw material — which, in turn, depends upon the prices of competitive food crops on the one hand and the cane prices fixed by the Government on the other.

Besides government policy, the output of sugar is greatly influenced by the relationship between cane prices and gur prices. From the production side sugarcane can be used for the manufacture of sugar or gur. From the consumption side, the substitution of sugar in place of gur arises when the prices of sugar fall in relation to gur prices.

(1) **Shift in locational pattern :**
The Sugar industry was located in Uttar Pradesh and Bihar which together accounted for about 60 per cent of sugar production in 1960. Analytical studies about production costs revealed the irrational nature of the regional pattern of production. Since the sucrose content of sugarcane begins to deteriorate soon after the stalks have been cut, it is essential that mills must be located in close proximity to the sources of raw material. Consequently, attempts were made to locate new units in the cane producing states. As a result of this, the share of U.P. and Bihar declined from 60 per cent in 1960-61 to 28 per cent in 1980-81, that of Maharashtra, Andhra Pradesh, Karnataka and Tamil Nadu taken together rose from 31 per cent to about 60 per cent in that year. If this trend is continued, there maybe a further shift in the locational pattern. The decline in the importance of U.P. and Bihar is, mainly, due to severe competition faced from other states.

(2) Role of the co-operative sector:

During recent years co-operative sector has been increasing in importance in sugar industry. There are now 211 co-operative sugar factories producing over 60 per cent of the total output of sugar. Co-operative sugar mills have two positive advantages in their favour. First, they got the maximum supply of sugarcane as almost all the
sugarcane farmers are members of the co-operative sugar mills. Secondly, the profits of the co-operative are distributed among farmers instead of going into the hands of a few “sugar barons”.

(3) **Need for Cane Development** :

The factor which is of crucial importance in the growth of sugar industry is the yield of sugarcane. There is a steady increase in yield of sugarcane per hectare form 45 tonnes in 1960-61, to 48 tonnes in 1970-71 and further to 60 tonnes during 1987-88. Percentage recovery of sucrose is the second factor which determines production. In India, both the yield of sugarcane per acre and percentage recovery of sucrose is low. There is possibility of doubling or even trebling the yield of sugarcane.

(4) **Competition from Gur Production** :

In India, 10 tonnes of sugar are obtained from 100 tonnes of cane but in case of khandsari only 7 tonnes of sugar are derived. Thus there is a net loss to the country by the use of cane for khandsari and gur. The recovery content of gur is only 5 per cent. But since it is a food of higher nutritive value, the demand for gur is not only motivated by its use as a sweetening agent but also as an article with specificity in its demand. But the gur factories deprive the community
by 25 to 40 per cent of sucrose when they divert the cane required by sugar mills. While the price of sugarcane supplied to the factories is fixed by the Government, there is no price fixation for sugarcane used for gur. The obvious result is that production of gur often increases at the cost of sugar. As a result of the policy of price fixation alone, the distribution of sugarcane among the products of sugar, gur and khandsari is not done on a fair basis. It is, therefore, necessary that price competition among sugar, gur and khandsari be avoided. It would be much more desirable to chalk out a combined allocation policy of sugarcane for these three close substitutes at the same price. This is being done now.

(5) Government Policy:

The sugar policy of the government has been seriously lacking a long-term perspective. Controls, decontrols, partial controls, etc., have been used in the past in an adhoc manner. It is necessary to assure supplies of sugar to poorer sections at reasonable rate. But government policies on cane prices, control of price of sugar, dual pricing, etc. have been designed and implemented for the benefit of sugar mill owners and distributors and rarely for the benefit of cane growers or for the benefit of the
consumers of sugar. Much of the illness and problems of the sugar industry are the result of Government’s policy.

The sugar policy viz., partial control and dual pricing has continued till now. The ratio of levy and free sale sugar was fixed at 65 : 35 in 1984-85. The ratio of levy and free sugar was changed to 55 : 45 and finally to 50 : 50 in 1986-87. This is to improve the viability of sugar factories as also to enable them to pay competitive cane prices. To provide a statutory minimum price (SMP) to cane growers, the government announced in advance the statutory minimum price of cane before every season. The SMP for the 1989-90 season was fixed at Rs. 22 per quintal. Under the existing practice, the cangrowers get much higher prices as the states advised prices range much higher than the SMP.

(6) **Problem of Production of Sugar**:

The low yield of sugarcane, short crushing season, unsatisfactory location of the industry in U.P. and Bihar and inadequate supply of cane — all these create problems of production of sugar in India. Besides, Indian sugar factories have low milling efficiency and recovery of sugar from sugarcane is very low. One reason for that is the uneconomic character of many of the sugar mills. Further,
Indian sugar mills do not have sugar plantations of their own (as in the case of West Indies) and hence do not have control over the quantity and quality of sugarcane supplied by the innumerable cane growers.

(7) The problem of high Prices of Sugar:
The inefficiency and uneconomic nature of production in sugar mills, low yield and short crushing season, the high price of sugarcane and the heavy excise duties levied by the Government — these are responsible for the high cost of production of sugar in India. The price of Indian sugar is considerably higher than the world price of sugar. Apart from the manipulations of stocks by sugar factories, hoarding, speculation and blackmarketing of sugar by wholesale dealers are rampant in India. At one time the price of sugar ranged between Rs. 8 and 11 per Kg. With larger production and larger availability of sugar, the market price of sugar declined.

(8) The problem of by-products:
An important problem of sugar industry is the fuller utilisation of by-products specially bagasse and molasses. At one time, bagasse was used as fuel, while sugar factories did not know what to do with the accumulating molasses, a health hazard. At present, small paper plants are coming up to make paper and paper board, packing
paper, etc., through using bagasse. Molasses is not being used for the manufacture of power alcohol, fertilizers, cattle feed, etc. A number of sugar mills located in close proximity to each other are joining together to utilise by-products fully and effectively. In this way they bring down the cost of production of sugar.

Despite all handicaps and difficulties, no other industry in the country have developed as fast as the sugar industry. The industry has indeed very bright prospects, as there is abundant supply of raw materials, cheap labour and huge local market. The government is bound to continue on a long-term basis partial control and dual pricing system so that the interests of consumers on the one hand and that of industry are protected and reconciled.

MANUFACTURING RESULTS:

SUGAR:

The manufacturing results of Upper Doab Sugar Mills, Shamli for the Crushing Season 2003-04 as compared to last Crushing Season are as under :-

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross working Days</td>
<td>187</td>
<td>184</td>
</tr>
<tr>
<td>Total Cane Crushed (Qtls.)</td>
<td>1,00,61,748</td>
<td>95,71,751</td>
</tr>
</tbody>
</table>
- Average Cane Crush per Crop day (Qtls.) 53,861 52,020
- Manufacturing losses (%) 2.05 2.06
- Average Sugar Recovery (%) 10.34 10.44
- Total Sugar Produced 10,40,535 9,99,327

From the data given above, it may be observed that the average cane crush per day has been improved by 1841 Qtls. per day as a result of continuous modernisation of Plant and Machinery taken up during the last few years. The decrease in the average Sugar Recovery is due to agro climatic conditions. For most of the year the situation of excess sugar stock and consequently low domestic price continued. International price of sugar also remained low due to which exports were limited. As a result the profitability of the sugar unit was constrained.

**CANE DEVELOPMENT:**

Undoubtedly, the disease free and healthy cane is a base for good sugar recovery. Directors of this Mills are giving top priority to develop high yielding varieties of sugarcane in the reserved area of the factory. For this purpose, not only premium on the supply of early maturing varieties of cane is being paid to the growers but sizable expenses are also incurred on other related activities, like development of roads in the area, supply of disease free cane seed & various pesticides at subsidized rates to the farmers besides educating them to grow such varieties of cane which are useful in the different parts of the cane crushing
season.

MODERNISATION:

The modernisation of this Mills is a continuous process. To bring down the cost of production, to achieve better manufacturing results, to manufacture standard, quality products and to comply with the requirement of Central Pollution Control Board for zero discharge of effluent by 2005, Management has spent a sum of Rs. 196.18 lacs during the year under consideration on modernisation of the manufacturing units by installing Air Pollution Control for Boilers in sugar unit as recommended by the Central Pollution Control Board.

PRODUCTION OF SUGAR IN UPPER DOAB SUGAR MILLS, SHAMLI

<table>
<thead>
<tr>
<th>Season</th>
<th>Season Days</th>
<th>Cane Crushed (Qtls.)</th>
<th>Production of Sugar (Qtls.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995-96</td>
<td>222</td>
<td>94,62,500.00</td>
<td>8,96,725.00</td>
</tr>
<tr>
<td>1996-97</td>
<td>179</td>
<td>79,23,004.29</td>
<td>8,15,475.00</td>
</tr>
<tr>
<td>1997-98</td>
<td>181</td>
<td>89,76,017.42</td>
<td>9,33,111.00</td>
</tr>
<tr>
<td>1998-99</td>
<td>185</td>
<td>86,88,282.46</td>
<td>8,48,840.00</td>
</tr>
<tr>
<td>1999-2000</td>
<td>190</td>
<td>96,98,811.58</td>
<td>10,06,002.00</td>
</tr>
<tr>
<td>2000-01</td>
<td>194</td>
<td>97,01,844.60</td>
<td>10,24,111.00</td>
</tr>
<tr>
<td>2001-02</td>
<td>199</td>
<td>1,03,94,602.32</td>
<td>10,97,613.00</td>
</tr>
<tr>
<td>2002-03</td>
<td>184</td>
<td>95,71,751.21</td>
<td>10,02,663.00</td>
</tr>
<tr>
<td>2003-04</td>
<td>187</td>
<td>1,00,61,747.63</td>
<td>10,43,800.00</td>
</tr>
<tr>
<td>2004-05</td>
<td>209</td>
<td>1,05,88,422.50</td>
<td>11,00,628.00</td>
</tr>
</tbody>
</table>
CURRENT YEAR PROSPECTS:

The Sugar is an Agrobased Industry being its raw material is sugarcane, which is grown in the fields. The duration of crushing season and recovery of sugar from sugarcane depend upon the climatic conditions of the Geographical area of this sugar factory. The sugar industry is subject to number of controls by the State/Central Government, which includes fixation of effective rate of sugarcane price, levy sugar price and periodically quantity of release of sugar for sale. The earlier years excess production and inventory depressed the sugar market considerably, it was only towards the end of the year that the sugar market firmed up due to expectations of a significant fall in the National Sugar Production in the changed scenario. It is expected that the excess inventory should get normalized by the end to current sugar year, and the market should remain stable.

THE DEVELOPMENT OF UPPER DOAB SUGAR MILLS -

A HISTORICAL REVIEW

The Upper Doab Sugar Mills Ltd., started as a Limited Company in 1932. This company was managed by a firm of managing agents, Messers Hari Raj Swarup, Rajendra Lal Devi Persad & Bros. Lala Hari Raj Swarup and Lala Devi Persad were the partners initially appointed by the firm to manage the affairs of the company. 1951 saw a change in the management and the
name of the Managing Agency firm was changed to Messrs Rajendra Lal Devi Persad & Bros. Shri Rajendra Lal and Shri Narendra Lal sons of Sir Shadi Lal joined the management along with Lala Devi Persad.

The Managing Agency system was discontinued in 1967 and Shri Rajendra Lal and Shri Narendra Lal were appointed Managing Directors of the Company. They are highly educated persons having studied in India and abroad are having a vast experience in Sugar line. Under their leadership and guidance the Company grew to its present status, the Sugar factory with a crushing capacity of 3810 tonnes per day, producing high quality sugar.

From beyond the horizon, a never ending stream of Carts and Lorries, loaded with sugar cane continue their march into the mouth of the plant — be it rain or shine, dawn or dusk — braving the climate, some thirty two thousand farmers come to make their offerings.

Initially the manufacturing process adopted was the sulphitation process which in 1952-53 was changed to carbonation. The crushing capacity of 600 tonnes of cane crushed per day increased during the first few years of its operation to 1400 tonnes, and the extension of the above capacity to 3000 tonnes was achieved in 1956-57 and further
raised to its present capacity of 3810 tonnes.

In spite of it being a traditional agro-based Industry in India, the Company has modern outlook and is managed by qualified professionals competent in their respective fields.

Over two thousand men of the all ages monitor the untiring pulse of the plant. The life-juice flows from one elaborate process to another changing shape, size, colour or flavour. Crushed between giant teeth—converted through deafening machines and finished like dew drops. Coarse Cane into scintillating Crystals.

Form the 2,43,000 acres of Cultivable area, 87,000 acres is exclusively devoted to cane and its development.

The Research and Development Centre has a programme that disperses over Rs. 15 lacs towards new seed varieties, pest control and various experimenters. For instance, the tests at farmers’ fields’ are proving that the new variety of seed COS 802 has far greater potential than the decade old CO 1148 dominate variety.

An exclusive stalk borer experiment underway since August 1982 is already bearing encouraging results. The
experiment in collaboration with the Sugarcane Breeding Institute, Coimbatore, and Tropical Products Institute, London—involves the extraction of the female sex pheromone which is employed to trap the male species and thereby curb reproduction.

Apart from undertaking spraying operations regularly the Centre generously subsidises the farmers with pesticides and forwards assistance in related fields. Heat Therapy is also employed with a view to eradicate seed-born diseases and to ensure better germination.

THE IMPORTANCE OF LABOUR-MANAGEMENT RELATIONS:

The importance of labour-management relations are:

1. Development of healthy labour-management relations;

2. Maintenance of industrial peace and avoidance of industrial strife; and

3. Development and growth of industrial democracy

The promotion of healthy labour-management relations presupposes:

(a) The existence of strong, well-organised, democratic and responsible trade unions and associations of employers in an industry. These organisations help bring about a greater
sense of job security among the employees, and assist in the workers’ increased participation in decision-making, particularly in those decisions which affect the terms and conditions of their employment, and ensure that labour has a dignified role to play in society. They also try to create favourable conditions for negotiations, consultations and discussions with employers so that these may pave the way to better labour-management relations.

(b) Collective bargaining and a willingness to accept voluntary arbitration. Collective bargaining pre-supposes an equality of status between two contending groups which are in conflict with each other, and prepares the ground for mutual trust and goodwill which will ensure fair discussion, consultation and negotiation on matters of common interest to both industry and labour. Collective bargaining, plant discipline and satisfactory trade union relations, and the three principal items which determine the quality of industrial relations.

(c) The welfare work undertaken by the government, the trade union and employers creates and maintains good and healthy labour-management relations and paves the way for industrial peace.

Industrial harmony and peace can be established if:
(a) A machinery for the prevention and settlement of industrial disputes in provided in the form of legislative enactments and administrative action (for example, the Trade Union Act, the Industrial Disputes Act, and Industrial Employment Act); works committees and joint management councils; conciliation officers and conciliation boards; labour courts, industrial tribunals, national tribunals, courts of enquiry; and voluntary arbitration;

(b) The government has armed itself with appropriate powers to refer disputes to an adjudicator when the situation gets out of control and the industry is faced with economic collapse because of strikes, or when it is urgent and in the public interest to so refer disputes for adjudication;

(c) The government has the power to maintain the status quo, and exercises it when it discovers that, after a dispute has been referred to an adjudicator, a strike or lockout continues, and that strike or lockout is likely to adversely affect the economic life of the community or create chaotic conditions in an industry;

(d) There is provision for bipartite and tripartite forms of the settlement of disputes which operate on the basis of the Code of Discipline in Industry, the Code of Conduct, the
Code of Efficiency and Welfare, and on the basis of Model Standing Orders, Grievance Redressal Procedure and the grant of voluntary recognition to trade unions by industrial organisations; and

(e) Implementation and Evaluation committees are created and maintained for the specific purposes of ensuring the implementation of agreements, settlements and awards, and of looking into any violations of statutory provisions of the various labour laws.

An industrial democracy can be established in a country if:

(a) There are Joint Management Councils which endeavour to improve the working and living conditions of employees, to step up their productivity, to encourage suggestions from workers, to assist in the administration of labour laws and agreements, to serve as a channel of communication between management and workers, to create in the latter a sense of participation in the decision—making process and a sense of belonging to an organisation;

(b) There is a recognition of human rights in an industry a recognition of the fact that “labour is no longer an article or a commodity of commerce” which can be bought and disposed of at the whims and caprices of an employer; that
workers are human beings who should be treated as
human beings, who should be allowed to develop and keep
their self-respect, so that they may understand and
appreciate their role in the organisation to which they
belong, and their urge for self-expression, through close
association with the management, may be satisfied;

(c) There is increased labour productivity. The factors which
contribute to higher productivity are: improvement in the
efforts and skills of the workers; improvements in the
production design and the process of manufacture, in the
materials and equipment used, in layout and methods of
work; improvements in research and in the techniques of
manufacture, including special studies of technological
development in the industry elsewhere; improvement in
output following capital intensification within the
framework of the same technology; and improvement in
management methods and practice; and

(d) There is suitable material and social environment, to which
workers may adjust and adopt themselves while they are at
work in an organisation, for it is this environment which
would stimulate or depress them, which would improve or
harm labour—management relations, particularly if we
bear in mind the fact that the environmental grievances of
workers have a profound influence on labour—
management relations.

It is obvious from the foregoing that the function of labour—management relations is to bring about solutions of conflicts between labour and management—conflicts between objectives and values, between the profit motive and social gain, between discipline and freedom between authority and workers, between bargaining and co-operation; and these solutions should be in the interests of the individual, the ground and the community.

In a dynamic society, labour—management relations should be based on integrated and synthetic approach, and should aim at the development of a common social, cultural and psychological understanding on the one hand and restraining the conflict or struggle complex on the other. The philosophy behind labour—management relations in a democratic set-up is to ensure the dignity and welfare of the individual, so that he may develop into a good citizen, so that he may be free from domination, regimentation or arbitrary authority, whether this authority is exercised by a management, trade union officials or government officials.

The following can briefly be stated as the conditions necessary for establishing and maintaining good labour—management relations:

(i) recognition by the employer that the workers are a part of
a team working towards common objectives;

(ii) an attitude on the part of the employees of delivering the goods, that is, giving their money’s worth;

(iii) avoidance by workers of being unduly influenced by political leaders staging strikes as a protest or a publicity for their own political gains;

(iv) fair redressal of the employees’ grievances such as regarding working conditions, facilities, attitude of superiors and other rights;

(v) adoption of a policy which ensures to the workers an equitable share of the gains of increased productivity;

(vi) payment of fair wages and adequate wage structure as well as establishment of satisfactory working conditions;

(vii) training in industrial relations and human relations to workers, technical staff and at all managerial levels;

(viii) establishment of an atmosphere of participation whether through joint committees or other methods.

(ix) introduction of a suitable system of employees’ education at all levels as well as providing them with appropriate equipment, where necessary; and

(x) sufficient communication to keep the employees informed about decisions which affect their interests.