LABOUR RELATIONS IN INDIAN RAILWAYS
WITH SPECIAL REFERENCE TO IT’S
NORTHERN ZONE SINCE 1991

(ABSTRACT)

A railway occupies an important place among various means of transport in India. It helped the country to facilitate the gearing up of its economic growth through enlarged employment opportunities and enhancing the to & fro movement of men and material. Indian Railways are the nation's life-line, being the main mode of transport in the country with a route length of 63,221 Km, moving on an average 1.5 million tones of freight and 14 million passengers per day, during 2003-04 and employing about 14,41,521 lakh people. The reorganization divided the railway network into 16 zones by adding 7 new railway zones. The zones are further divided into 67 divisions. Northern railway is the biggest zone serving six states and one union territory with 6,808 route Km. during 2003-04.

The globalized era of civilization based on the principle of maximum social advantage and mass production advocates rampant consumption enhancing a drain on the resources. The limited natural resources are being used to the brink of exploitation. Globalization on the one hand is beneficial to the consumers and provided the companies an unlimited horizon to work but simultaneously has created an environment of cut throat competition putting severe strain on all factors of production. Human factor which is dynamic and responsive feels the pinch hardest, often leading to strained relationships amongst various segments of employees in an organization.

Labour relations which occupy a prominent place in the modern set up, is assuming increasingly dynamic importance in Indian Railways too
with its ever expanding operations. The purpose of maintaining harmonious labour relations in Indian Railway is to promote the growth of Railways by prescribing the legitimate rights of both employees and employer, providing systematic procedures for preventing conflict between their respective rights.

Labour relations in Indian Railways in the recent years have been subjected to welcome changes and emphasis now is on the adoption of new practices. The study on Labour relations in Indian Railways is an important aid to know the past and present labour relation practices in Indian Railways. It also examines the issues affecting the relationship between the labour, management and respective Unions. It further suggests measures to make Indian Railways more efficient and productive.

After a careful and an elaborate review of literature in the field of personnel management, industrial relations, labour relations, it has been observed that no scientific study has yet been conducted in the field of labour relations in public sector and particularly for Indian Railways. Hence, an attempt has been made to study labour relations in Indian Railways. As for efficient and proper functioning of Railways, it is necessary that emphasis should be made to organise and maintain proper industrial relations so that the railways may be able to render efficient service to the nation.

Industrial relations are relations between employee and employer in their day-to-day work. Hence, it is an on-going relationship. The scope of industrial relations include:

(a) Relationship among employees, between employees and their supervisors or managers.

(b) Collective relations between trade unions and management. It is called union–management relations.
(c) Collective relations between trade unions, employer's association and government.

Against the given background the present study has been conducted with the following objectives:

1. To analyse the concept of labour relations and examine the emerging issues.
2. To record the performance and growth of Indian Railways in general and that of Northern zone in particular.
3. To take a stock of labour relations and trade unions in Indian railways and measure satisfaction level of employees in Northern Zone Railways.
4. To study the labour relations in Northern zone vis-à-vis Indian Railway.
5. To assess the influence of (Union – Management Relations) on the productive efficiency of the Railways.
6. To suggest appropriate measures to strengthen the Labour Relations in order to improve the efficiency of the Railways.

Keeping in view the objectives of the study the following hypotheses have been developed:

HO$_1$ It is assumed that the recruitment policy, selection procedure, training schemes, transfer policy, promotion policy, (personnel policies) prevailing in Northern zone of Indian Railways are not satisfactory of the personnel including employees of all categories i.e. ‘A’, ‘B’, ‘C’ & ‘D’. Category ‘A’ are Administrative Officers, Category ‘B’ are Assistant Administrative Officers, Category ‘C’ are Inspectors/Supervisors and Category ‘D’ are Labour Class. The alternative hypothesis suggests that the policies under review are satisfactory including category ‘A’, ‘B’, ‘C’ & ‘D’. The referred
policies are found to be in accordance with the personnel policies and procedures applied in Northern Railways.

\textbf{HO}_2 \text{ It is presumed that the policy with regard to wage/salaries to the employees in different categories are not satisfactory and not in accordance with the need of the employees. The alternative hypothesis however, suggests that the policy for wage to the employees in different categories are satisfactory and are in accordance with the need of the employees and employers.}

\textbf{HO}_3 \text{ It is assumed that the welfare facilities i.e. financial (a) Bonus (b) Provident Fund; Non-financial (a) Housing (b) Medical are not satisfactory for all the categories i.e. 'A', 'B', 'C' & 'D'. The alternative hypothesis suggests that the welfare facilities to the employees of Northern Railways of different categories are satisfactory and are in accordance with the need of the employees and employers.}

\textbf{HO}_4 \text{ It is assumed that the Union and Management attitude towards the workers of different categories in Northern Railways are not satisfactory. The alternate hypothesis suggests that the Union and Management attitude towards the workers of different categories are satisfactory and is in accordance with the need of the workers.}

\textbf{HO}_5 \text{ It is assumed that the employees of different categories in Northern Railways are not in favour of organizing the strikes. The alternate hypothesis suggests that the employees of different categories in Northern Railways are in favour of organizing the strikes.}

\textbf{HO}_6 \text{ It is assumed that the participative scheme, procedure of taking redressing grievances and setting disputes of the employees of different categories are not satisfactory in Northern Railways. The alternate hypothesis suggests that the participative scheme, procedure of taking redressing grievances and setting dispute of}
the employees of different categories are satisfactory in Northern Railways.

\textbf{HO}_1 \hspace{1cm} \text{The calculated value is greater than the tabulated value for categories 'A' and 'B', hence, we reject null hypothesis and accept the alternative hypothesis for category 'A' and 'B'. For categories 'C' and 'D' null hypothesis is accepted and alternate hypothesis is rejected. Regarding the policies for recruitment and promotion the null hypothesis is accepted and alternate hypothesis is rejected. In the case of selection, transfer and training policies the alternate hypothesis is accepted and the null hypothesis is rejected.}

\textbf{HO}_2 \hspace{1cm} \text{Null hypothesis is accepted and alternate hypothesis is rejected.}

\textbf{HO}_3 \hspace{1cm} \text{For the verification of third hypothesis. For categories 'A' and 'B' null hypothesis is accepted and alternate hypothesis is rejected for categories 'C' and 'D' null hypothesis is rejected and alternate hypothesis is accepted. For bonus, housing and medical policies null hypothesis is accepted and alternate hypothesis is rejected. Out of four policies regarding welfare facilities provident fund policy rejected the null hypothesis and accept the alternate hypothesis.}

\textbf{HO}_4 \hspace{1cm} \text{For categories 'A' and 'B' null hypothesis is rejected and alternate hypothesis is accepted. In case of 'C' and 'D' null hypothesis is accepted and alternate hypothesis is rejected. For Union activities alternate hypothesis is accepted and null hypothesis is rejected. For management attitude null hypothesis is accepted and alternate hypothesis is rejected.}

\textbf{HO}_5 \hspace{1cm} \text{Null hypothesis is rejected and alternate hypothesis is accepted.}

\textbf{HO}_6 \hspace{1cm} \text{Null hypothesis is accepted and alternate hypothesis is rejected.}
Industrial conflict is an endogenous component of the employer, employee relationship. It may be defined as a situation in which the condition, practices or goals of the different parties are incompatible and the parties are aware of this incompatibility. Over conflict breaks out usually in the form of strike, where the employees collectively withdraw their service in order to secure immediate fulfilment of their demands. The change in economic policy, make challenge for labour relations. Thus, Labour policy remains to be reformed in India at the earliest to cope with the globalisation of Indian economy.

Indian Railway are the life line of the country and is considered as the principal mode of transport. The Railway network in India not only serves to unify the country but also plays, a vital role in economic development and industrialization of the country. No other means of transport is as important as the Railways for inter regional movement. During 2003-04 they have a route kilometres of 63221 about 27 per-cent has been electrified. There have been steady increase in the volume of passenger traffic both in terms of number of passenger and passenger kilometres during 2003-04. Passenger originating have, increased by 298 per-cent and 713 per-cent passenger kilometres. There is an increase in revenue earning traffic and 914 per-cent in revenue net tonnes kilometres.

The ministry functions under the guidance of the Minister of Railway assisted by two minister of state for railway's. The management and formulation of policy are interested with the railways Board comprising the Chairman, financial commissioners and five functional members. Wide powers are vested in the Board to supervise effectively and control the Zonal Railways, Metro Railway Kolkata, the production units, construction organisations and other Railway establishment. These are generally headed by General Managers heads each zone. The Zones are further grouped into 67 operating divisions under Divisional Railway Managers for better management. Indian Railways has been recently reorganized into 16 Railway zones by adding 7 new Railway zones.
The Railways could not improve their performance due to numerous factors discussed below:

It has been estimated by the working group that at the end of the ninth plan, Indian railway would require Rs. 65,000 crore as against Rs. 27,202 crore in the eighth plan for the movement of 525 million tonnes of revenue earning traffic. The ninth plan assumes an annual growth rate of 5 per-cent in freight and 3.1 per-cent in passenger traffic. There is yet another assessment that the nation would be better served by a higher growth of 7-8 per-cent this would mean that Indian Railway would require an investment of around 85,000 crores's of rupees. The scale of investment require a much higher level of budgetary support and market borrowings and also correctness in the passenger fare and freight tariff rates for funding new projects need to be done. The share of investment going to transport was very substantial in the initial plans, the railways enjoying half of transport investment but the proportion of funding going to transport dropped over the sixties and eighties. That evolution translated into a continuous decline in the percentage of investment in rail.

There have been decline in percentage of investment in rail from 10.30 per-cent in fourth plan, 5.3 per-cent in fifth plan, 6.0 per-cent in sixth plan 7.6 per-cent, in seventh plan, 6.3 per-cent in eighth plan and 5.3 per-cent, in ninth plan. The ninth plan covering the 1997-2002 period, including very big investment in favour of road network.

The declining support accompanied with short fall in revenue has affected the railways plan for acquisition of locomotives, coaches and wagons. The net result has been that an alarming deterioration in the financial condition of railways and inability to undertake the investment needed to improve railway transport service and unable to meet the growing global challenges i.e. competitiveness and modernization. So there is a need of an appropriate financial support for its growth and expansion.
Over the years, Indian railways freight business is showing an annual increase in growth but there share of the total transport output in the country has been showing declining trend. The Railways are generally better suited for carrying freight traffic for long distance and is also cost effective still traffic is getting diverted to different modes of transport which is harmful not only for railway finance but also for country in terms of efficient utilization of energy and resources.

The railways share in transport market has declined from 74 per-cent to 27 per-cent in the passenger km and 89 per-cent to 44 per-cent in freight and the road sector share has increased from 26 per-cent to 73 per-cent in passenger km and 11 per-cent to 56 per-cent in freight traffic. The drop in market share was due to low quality of service. Railways are able to provide services, which are unfortunately marked by highly inadequate availability of door-to-door facility, high transit time and poor predictability of arrivals. Unless the railways stop this erosion in their market share, there is little hope for them to improve their financial health. The possibility of moving much shorter train loads could become a significant option. Since the micro - processor based innovations recently made by the Konkan Railway corporation team headed by B. Rajaram, could being the Indian railways to the door steps of revolutionary changes like introduction of moving block system instead of the centuries old absolute block system in train operations. This could lead to a massive escalation in line capacity which would allow the movement of a very large number of short length freight trains and this enable the Indian Railways to reverse the policy of moving mainly long, point to point unit trains which they were forced to adopt in the early eighties.

The capital base, which includes capital at charge and investments from the capital fund has grown 56 percent from Rs. 22,712 crore in 1995-96 to Rs. 43,051.88 crore in 2000-01 However the ratio of net revenue to capital at charge has fallen to 2.49 percent as against over 14.92 percentage just five year ago. Which clearly indicates the railways have
continually invested in unprofitable projects which costs thousands of rupees but had very low rate of return. Even the operating ratio which is the amount of money spend by the railway to earn every Rs. 100, has worsened from 82.45 percent in 1995-96 to 98.34 percent for year 2000-2001.

Therefore, the railways may not be able to ask the finance ministry to borrow more money from the market. To overcome this crisis there is a need to stop un-remunerative investments and there must be cost reduction in every respect of functioning of organisation.

Indian Railways currently has the biggest workforce of all the railways in the world i.e. 15,10800 as on 31st March 2002. During 2000-01 the ratio of staff cost on open line (excluding payment towards pension and gratuity) to ordinary working expenses was 18,841.40 crore and about 47 per-cent of total working expenses. With this there is also a substantial burden of pension liability of the railways which was Rs.6,000 crore in 2000-01.

Indian Railways with its excessive manpower has not kept pace with technology up-gradation and with this productivity of Railway staff was low as compare to its strength. This has made railways incapable of coping with increasing transport demand. Therefore, a comprehensive plan for human development is required to upgrade skills, retain work and achieve higher productivity.

The core business of Railways is transporting people and goods and it depends on passenger fares and freight changes to earn revenues. While in 1995-96 freight traffic earned Rs.1529.04 crores (68.2 per-cent) passenger traffic earned Rs.6124.49 crores (27.3 per-cent). In 2001-02 freight traffic earned Rs.2485.4 increase (65.6 per-cent) and passenger traffic earned Rs.11196.45 crores (29.5 per-cent). It shows an imbalance composition in railways earnings. The important point however is the relative profitability of both the revenue streams. The present profitability
shows by "the economic times" for freight revenues was +26 per-cent and passenger revenue ran at a loss of 40 per-cent. It indicates that passenger fares are heavily subsidized. This must be reduced to the minimum.

Thus, there is need to make corrections in these imbalance by establishing an independent rail tariff regulatory authority for tariff fixation at technical and commercial basis to keep the growth of passenger earnings at balance level and also rationalization of passenger services, and quality of service, curtailing costs which will permit Indian Railways to charge differential fares which they are willing to pay for varying services with distinct quality attributes. The passenger tariffs can also be revised with the elasticity of demand for the different classes of travel.

The future of rail freight in India seemed bright. The burden of passenger traffic grew heavier. About 60 per-cent of rail transport efforts are consumed by passenger service, but contribute just about 30 per-cent of revenues, making freight the poor cousin of the railway family. The fact is that from 1950-1970 economic growth imperatives justified massive investment in the railways as part of the first five-year plans enabling India railways rail freight service to triple in twenty years from 37,565 million in 1950-51 to 72,333 million in 1960-61 to 110,696 million in 1970-71. It seemed at the time that freight might catch up with passenger traffic, which itself had increased from 66.517 million passenger km to 110,120 million over the same period. However, the trend change with the fifth five year plan (1974-1978) which focussed on improving the road network at the same time as Indian Railways came under political pressure to expand its passenger service to the full. Unlike Indian Railways passenger traffic, which was given priority, rail freight's rise slowed down.

Rapidly growing competition from the roads, and more insufficient specific investment in rail freight, the freight pricing policy (which has been designed to cross subsidies the low passenger service), the price differential between commodities trend (which makes only low value
commodities stuck to rail transport) and decline in wagon fleets, made decline in freight traffic market share from 89 per-cent to 40 per-cent. In these circumstances, the railway required to adopt the RORO (Roll-on Roll-off) scheme of Konkan railways enabled carrying loaded truck directly on the railway wagons.

Thus reducing the expenditure on diesel decongest national highway and reduce the pollution level along route and also rationalise the freight tariff and improvement in quality of service can attract traffic.

It may be observed that Indian Railways have long been the back bone of the Indian transport infrastructure. The country has been fortunate in the existence of a widespread rail network across the country. However, the railways have experienced significant financial deterioration over the last decades, diminishing share in the national transport market, imbalances between freight and passenger traffic earnings, unremunerative investments, overstaffing etc. This has hampered their ability to modernise and to achieve higher efficiency level for the benefit of their customers both passenger and goods traffic.

The time is now ripe for the railways to launch a bold new programme for modernisation and expansion of key remunerative routes. The railways should reduce the subsidies in passenger fares, and rebalance freight traffics to economically competitive levels. There is a need to reorient themselves to a much more customer focussed approach in the provision of both freight and passenger services, so that the Indian railways will become effective and there impact will be felt largely on the movement of Goods and passengers.

The recruitment procedure have also been streamlined. It has increasingly been realised that the Railways are not functioning with great efficiency and economy. The most serious difficulty of the Railway administration is that they have to face a very high degree of political interference in the administrative functions. It was also found that the
wages of railways employees are lower compared to that of other departments of the Government. Despite expansion of training facilities, the performance of Indian Railways has not been expressive.

Collective bargaining and collective agreements reached in PNM and JCM prevented industrial conflicts in Railways during years i.e. from 1961-62, 65-66, 1975-76 to 1977-78, 1979-80, 1982-83 to 1985-86, 1987-88 and 1988-89, 1991-2001. Workers participation in management programme, which was expected to supplement bargaining along with PNM and JCM, failed to prevent major industrial conflicts in the year 1974-75 and 1980-81. Major conflicts were also caused by union rivalry between the AIRF and NFIR. Lack of commitment on the part of management to unions seemed to have contributed to the failure of labour relations.

The analysis revealed that there were two contrasting trends in the labour relations of Indian Railways. An attempt has been made to search for the positive factors for these two trends. It was found that the Management’s labour relations orientation (adversarial/cooperative) and its strategy for dealing with the high power unions (attempting to weaken the unions) allowing the unions to maintain status quo and seeking the cooperation had largely influenced the productive efficiency. The approaches and strategies of the management could by an large fit into Richard E Walton’s framework of management’s labour relations orientation and its strategy dealing with “high power” unions. From the analysis it is concluded that if the Management adopts a “cooperative” labour relations orientation and allow the high power union to maintain status quo and seek its cooperation in the Management it efforts to enhance the productive efficiency of the organization. Conversely if the management adopts an “adversarial” labour relations orientation and adopts the strategy of weakening the high power unions, the same may prove determinant to the Management efforts to improve the productive efficiency of the railways.
Thus it shows that good labour relations are contributing to productive efficiency. The study further reiterates that managerial militancy is equally responsible though not more than the union militancy, for low productive efficiency. Now a days Union Acts as a responsible and constructive trade union. Thus due to Union Management Cooperation strikes are declining. In order to know the opinion of the workers about the existing problems of labour relations in Northern Railways. A sample survey has been done with the help of questionnaire to know the degree of job satisfaction among the workers. A random sample survey of 100 workers from Northern Railways was made by arranging personnel interviews with the respondents at the stations, railway offices, trade union offices. To know the reactions and to locate problems which are not easily in overt action of workers.

Some of the dissatisfied aspects in Northern railways are fewer recruitment have been made for last many years. Employees of categories 'C' and 'D' feels that the recruitment policy of railways are oppressive and exploitative nature. For the promotion policy the employees feel that the productivity and efficiency must be promoted while showing dissatisfaction on promotion policy demand large weightage to the seniority along with merit. Employees of Indian Railways are not satisfied with wage policy they express the dissatisfaction when they compare their wages with other public sector enterprises regarding the bonus in 42 per-cent opined favourably saying they are getting a minimum bonus i.e. 2500+DA × 60 days. Each and every employee receive less than Rs.5000/- Majority of respondent reported that the management of railways does not encourage worker’s participation in management. Machinery operating for the settlement of disputes are not very active. It is therefore, essential that the management should take special measures to increase the job satisfaction of the employees of Indian Railways to increase the productivity of railways.
In brief it is revealed out on the basis of the study made so far, labour relations on the basis of strikes are satisfactory. For instance avoidance of strikes in organization should not be the ultimate goal. The labour relation should be judge on the other aspect of labour relations also.

**In order to improve the Railway Conditions, the following Measures should be Adopted**

- Labour reforms must be updated to empower the Railways from Grassroots level.
- There is a need to make customer focussed approach in the provision of freight and passenger service.
- It is extremely essential that there must be commercialisation of Railways huge investment by taking loans from various source, by disinvestment of productive units to modernise the railways.
- Railways must stop unremmunerative investment and introduce performance improvement programmes with improved cost accounting culture. Once the proper cost accounting culture developed in Railways, the pricing, marketing and investment policies will evolve automatically.
- Indian Railways must take decision for right sizing the manpower and the measures must be taken to raise manpower productivity and with this increase emphasis is also being laid on retraining of staff.
- In order to win back the traffic Indian Railways has to move towards integration and partnership with complementary entities in other modes of transport system.
- Before recruitment a thorough survey must be done by RRBs in order to appoint an appropriate candidate for the vacancy at proper place and time for making recruitment policy more efficient.
• Wage policy must be revised, time and again so that the workers can keep pace with the changing world economy.

• Participative management must be encouraged to make employer and employees relationship more viable.

• Workers must make aware of the training systems. They must be encouraged to take up training, required according to their posts, departments etc. That is to say that the workers should be accustomed for the sake of development and changing world scenario.

• The management should adopt a cooperative outlook to maintain cordial labour relations.