CHAPTER 1 – INDUSTRIAL REVOLUTION

- Historical Development in Developed countries
- Characteristics of Industrial Revolution
- Introduction of Factory System
- Laissez faire and rise of capitalism
- Fall of Laissez faire policy
- Emergence of Welfare State
- Historical Development of Industrial Revolution in India
- Industrialization in colonial period: its impact
- Historical Development of Trade Union Movement
- Origin
- Trade Union vis-à-vis Freedom Movement
- Impact of Political Ideology on Trade Unionism
- The impact of 2nd World War on Trade Unionism
- Recommendation of Royal Commission on Labour
- The Trade Unions in Post Independence Period
- Trade Unions and their objectives
- Trade Unionism vis-à-vis New Economy Policy
- Trade Unions Act, 1926: Freedom of Association Recognized
- Workers Participation in Management
- Workers as a Social Being
- Works Committee – Persuasive Forum
- Report of the Study Group, 1956
- Trends in U.S.A. & U.K.
- Japan
- France
- India
- The working of the policy in the Market Economy
- Observation
- References
CHAPTER I

INDUSTRIAL REVOLUTION

The period which falls between the French Revolution of 1789 and the outbreak of First World War in 1914 may be styled as 19th century. It witnesses the general application of mechanical power to manufacture, transport and mining. That was a period of momentous economic change. The new invention not merely altered all the old methods of production and distribution but also the humane factor in production and distribution. Man, was irrevocably affected by machinery which enlarged his capacities and potentialities. The Railways and steamships increased his mobility. A revolution in ideas and values bestowed on the mundane world. A new horizon of personal liberty emerged and the Europe experienced a Renaissance. New socio-economic classes, new problems and new national policy emerged. The new methods of manufacture and transport created new demands for raw materials and food, new areas were opened up, new wants created and new market developed so that by the end of the period the whole glob was knit up in a world economy of interdependence and rivalry.

1.1 Historical Development in Developed Countries:

Great Britain was responsible for the successful development of steam power during the 18th century, while the France contributed the ideas of personal liberty to transform Europe and the economy of the rest of the world.
The French Revolution has far reaching effect in the history of mankind. The ideas of French Revolution were comprised in the words of liberty, equality, fraternity. This meant in economic sphere the revolution of the rights of one man over another, the equalisation of taxes, the right to move from one place to another, the abolition of internal hindrances to the movement of the people and goods, free choice of an occupation and equality before the law.

Three other great powers of the 19th century namely Germany, Russia and United States were the outcome of the new invention and new ideas. The application of the steam to land transport produced the railway which opened up the interiors of these three continental countries, hampered hitherto by the difficulties of land transport. They developed into economic powers of the first rank because the railways facilitated their agricultural export, brought there iron and coal together and distributed their products at chip rates over large land areas. These nations were indebted for the new techniques to Great Britain, but they drew their inspiration to ensure rights to their citizens from France. Russia and Germany freed their millions of unfeed cultivaters and the United States emancipated her slaves and by the end of 19th century not only Great Britain and France but the medieval countries of Germany and Russia had become modern states developing their resources with free hands.

Watt invented in 1782 the Rotary movement of Steam Engine which made it possible to utilise steam to drive machinery and in 1789 the
French Revolution transformed the status of man which gradually engulfed the whole Europe.

During the period 1782-1789, independence of United States was recognised and since 1783 they started their national career apart from Great Britain. The economic ruin of France during post revolution turbulent period produced Nepolian-I who recognised the economic life of France along modern lines and may be described as the creator of Modern Germany.

While the tremendous changes from the institutions of the old regime to those of the modern were being accomplished amid the turbulence of the French Revolution and the Nepolian wars, other changes of vast though incalculable significance were being accomplished silently in the economic life of England and later adopted in the continent².

1.1.1 Characteristics of Industrial Revolution.

The main outstanding feature of the economic development of Great European powers and the United States as a result of this revolution may be classified under the following heads :-

1. The abolition of restriction of personal freedom comprised in the sweeping away of serfdom and all the medieval and feudal limitation on free movement;

2. England and France have both adopted machinery by the end of the 18th century and became the two leading industrial powers during the first half of 19th century. Similar industrial transformation took place in Germany, Russia and the United States in the last half of
the 19th Century. The growth of industrial states would, however, have been impossible without the freedom of movement introduced by the abolition of serfdom. The 19th century may still be further distinguished by the fact that mechanical transport and machinery caused the concentration of the people on the coal and iron area in new industrial towns. The emerging labour questions became radically different from those of preceding century. The treatment of the workers by the employers and the states, the satisfaction of the demand of the artisans, the limit to be placed on the power of their organisation and the cooperation of labour and capital are tricky questions still pressing for solution.

3. The application of steam to sea and land transport along with the Railways became available for exchange and a commercial revolution followed the industrial revolution. All countries were knited together into closer economic relationship. A social revolution followed people massed in towns to an increasing extent or migrated in millions to the new world and opened up new countries as markets and as sources of raw materials. The whole world became inter connected as it had never been before.

4. The emergence of new national economic policies is the other crucial phenomenon of this period. The industrial and commercial revolution had created new social classes and the old landed interest declined correspondingly in importance. These new classes constituted the new democracy of the 19th century and it was this new
democracy that had to evolve the new policy to ensure the development of the individual. These new democracies believed laissez faire and free trade. The result was that they attached and swift away the old protectionist and development policy of the autocratic kings which had stood for regulation and which was known as mercantilism. An era of liberalisation and cosmopolitanism, when the removal of commercial restrictions and the freedom of individual initiative and enterprise was the goal. This is reflected in the commercial treaties of the period all of which were negotiated on the basis of a low tariff, and in a small amount of legislations was enacted. A reaction followed and a change of national policy becomes obvious after 1870 when there was a return to protection and state regulation on every side increased. The admission of the working classes to greater political power intensified national feelings which rejected the cosmopolitanism. With the constant spread of the industrial revolution and consequent change in working conditions, the artisans demanded and obtained in every great country an increasingly elaborate code of labour legislation for their protection.

5. The new nations were anxious to extend their power and influence overseas, which gave rise to fresh state activities in the colonial sphere. Raw materials and markets became vital questions for the great industrial powers. The railways enabled continents to be
opened up. The steamships brought the produce to Europe and whole world was brought under economic influence of the new Europe by a new effort of national expansion and colonialisation.

The reason for the development of the industrial revolution in Great Britain were that she had a ready command of capital, large and expanding market, a free population, political security, a training in large scale business for overseas markets, ease of access to those markets through her geographical position and her shipping, while her iron and coal fields provided her with the most valuable raw material and motive power for machinery and for iron smelting.

1.1.2 Introduction of Factory System:

One of the major change caused by the industrial revolution is in the break up of home industry and its replacement by the factory. This revolution has transformed irrevocably the relations between capital and labour. With the new factory system, the position of the workers changed. Massed together they could discuss their grievances and gradually a class conscious developed. All through the 19th century trade unions had been developing, their object being to secure a standard wage, limitations on working hours and decent working conditions.

In England, the Factory Act of 1833 was passed to ensure better working conditions to the workers. Mechanical production increased Great Britain's wealth and power in the world. On the other hand, there were certain permanent disadvantages in the change. There was a great increase in the monotony of the work, there was a loss of
independence, many employments such as iron founding, chemicals and coal mining became more arduous and more dangerous. There was a large yearly toll of industrial accidents. Another aspect of industrial revolution is the rise of capital exploiting the unorganised labour. Throughout the Europe the workers started their movement for social security legislations to get rid of the exploitative inhumane conditions and insecurity.

The general features of the industrial revolution in every country have been a decline of handwork and domestic production relatively to machine work in factories, the separation of agriculture and industry as two separate pursuits, the growth of towns, the cleavage of social classes, the rise of huge businesses and monster impersonal corporations, the growth of educations under the supervisions of the state and the authoritative regulation of industrial conditions so as to fix a minimum standard.

For the first three quarters of the 19th century although France was the second great industrial nation, but the Great Britain continued to influence the whole of the economic development throughout the world by her inventions in the technique of manufacturing and transport. The raw materials producing countries were drawn upon to provide material for the workshops of Northern Europe. This great producing area looked in its turn to the rest of the world for its market. America, Asia and Africa became focussed upon Europe. The Mechanical transport developed by Great Britain had provided swift and rapid communications to make the world one great market.
1.1.3 Laissez faire and rise of capitalism

The 19th century is remarkable for the great growth of the power of capital. To this growing dominance of capital there developed certain correctives or limitations. In the first place Trade Unions increased in strength and they were instrumental in obtaining a minimum wage, shorter hours and the mechanism for bargaining.

The State itself could not see this growing power of capital without imposing certain restrictions on its exercise and thus developed during the 19th century a great body of company law laying conditions under which companies should work so as to ensure publicity and honesty.

During the 19th century it has been the policy of the Government to ensure a sense of security to the workers who were imperiled by the industrial changes. Legislations providing old age pension, compensation for accident, sickness insurance and unemployment insurances were passed almost in all the developed countries.

The labour movement was growing in every country and was forcing Governments to interest themselves more actively in working class conditions. In Great Britain, the creation of the Trade Boards to fix minimum wages on which both employers and employed were represented had a great influence in stimulating the formation of trade unions among unskilled workers who had not joined unions earlier.

Sir Henry Maine postulated in 1861 that the movement of progressive societies had hitherto been a movement from status to contract⁵.
"Imperative Law", he said "has abandoned the largest part of the field which it once occupied and has left man to settle rules of conduct for themselves with liberty never allowed to them till recently".

Freedom of contract on whatever terms might seem most advantageous to the individual became the corner stone of Laissez Faire economy.

Freedom to hire and the unrestricted mobility of labour were regarded as giving bargaining value by which the demand for labour was regulated.

With the Industrial Revolution the individualists evolved theories of common employment and implied consent to all risks based on assumed equality of the parties and freedom of contract. The relationship of master and servant originated in that theory of contract and started with "hire and fire' after eclipse of paternalistic system of domestic economy on account of the industrial revolution 4.

England was the first nation to embark on that great process of economic change which brought about modern capitalism, and its labour movement was the first to have a gradually growing but distinct working class view point. Laissez faire economy of hire and fire – The golden age of capitalism protected by the classical law of master and servant brought untold miseries to the lot of working class. In 1917 the London Corresponding Society (founded in 1792) sought to organise the working class. Leaders were charged with reason. Habeous Corpus Act was suspended. Corresponding Act and Combination
Acts were passed making it illegal to communicate and organise groups or trade unions. Voice raised against this by a mass gathering of protesting labourers assembled in the city of Manchester which was ruthlessly crushed by the massacre of Piterloo in 1819. The same year six anti labour Acts were passed in the name of maintaining public peace. Protest meetings against 'Piterloo massacre' were held in Liverpool, Norwich, Noringham, Westminster, Bristol and York. It is in the shadow of many such organising experience, the struggle of the labour movement continued. In England modern labour legislation advancing humanitarian motives in labour law is generally said to date from the English Health and Moral of Apprentices Act, 1802 but there were many earlier statutes regulating the relations of master and servant i.e. statutes of labourers and many Elizabethian Laws concerning working conditions and wages. Then came Workmen compensation Act, 1897, Coal Mine Regulations Act, 1908 introducing 8 hours day, and a number of legislations on minimum wages, unemployment insurance and old age pensions.

1.1.4 Fall of Laissez Faire Policy :

Modernising influence came to make themselves felt in the last quarter of 19th century in response to a growing scepticism regarding the underlying assumption of 'Laissez Faire' Liberalism. Friedman analysed this advent of modernisation in contractual relationship through the impact of public law on the old contractual concepts. According to him, public law now controls the terms of private contracts, broadly speaking through the following four methods : -
1. By public policy, through statutory or judicial prohibition declaring contracts void either wholly or in part so far as they offend against certain principles of social or economic equality i.e. invalidation of restrictive covenants purporting to restrict, exercise of employees skill, choice of employer to pay wages otherwise than in current coins, freedom of the workman to spend his wages and deduction of wages other than those permitted by the law.

2. By compulsory induction of certain terms in the contracts for the enforcement of certain social policies i.e. by imposing statutory duties to take care such as fencing of machines, observance of safety regulations, compensation for work injuries irrespective of fault and by prescribing minimum wages.

3. By imposition of public law on private agreements i.e. by making collective agreements to prevail upon the derogatory terms in the individual contract between employer and employee, and lastly ;

4. By statutory frustration of certain private contracts on account of nationalisation of industrie.

As all common law countries had developed government machineries, social services, public utilities and state owned industries, the significance of public law and its effect on the concepts of contract was growing steadily.
1.1.5 Emergence of Welfare State:

The concept of 'Laissez Faire' of the 19th century is now becoming an obsolete ideology in the context of the role of the welfare states as protector of labour and as arbitrator of conflicting interest of labour and capital. To ensure industrial peace and harmony which are preconditions for progress and development, industrial relationship should be based on a concrete foundation of social morality set by contemporary social norms and standards.

The pursuit of individual self interest led not to harmony but to anarchy. The problems of poverty, disease and ignorance instead of vanishing, only became increasingly acute. For these malafides, the gospel of 'Laissez Faire' held no healing massage. The doctrine 'Laissez Faire' advocated by Adam Smith in 'Wealth of Nations' became redundant with the emerging concept of welfare state.

The industrial revolution meant a change from homework to factory work. While the new system of production offered many advantages, its disadvantages to all but a few were more apparent in the 18th and early 19th century.

By differentiating more sharply than they had been differentiated before the two classes engaged in the process of production, namely the wage earners and capitalists, the factory systems raised a large number difficult contentious questions concerning the relations of capital and labour, questions that have preoccupied and perplexed the world for a full century and whose solution is not yet in sight. By bringing the workers together it invariably and inevitably led them to organise into unions for the protection of their collective and individual interests. On the contrary, it is responsible for the accumulation of capital.

Labour and capital two partners of the industry dividing the world into two halves. Men is still in a dilemma to solve the dialectics between the two.
1.2 HISTORICAL DEVELOPMENT OF INDUSTRIAL REVOLUTION IN INDIA:

The British brought about a most important transformation in India's agricultural economy but this was not with a view to improve Indian agriculture and ensure the welfare and prosperity of the Indians involved in agriculture, but to obtain for themselves in the form of land revenue and surplus available in agriculture and to force Indian agriculture to play its assigned role in a colonial economy. Old relationships and institutions were destroyed and new ones were born.

As with agriculture, the British Indian Government controlled trade and industry purely with a view to foster British interest. India, no doubts underwent under the impact of colonialism, a commercial revolution which integrated it with the world market but she was forced to occupy a subordinate position.

1.2.1 INDUSTRIALIZATION IN COLONIAL PERIOD: ITS IMPACT

One of the most important consequences of British Rule was the decline and destruction of urban and rural handicraft industries. British rule conditions for the rise of a modern capitalist industry.

Industrial development in India until the beginning of the 20th century was mainly confined to four industries namely, cotton and jute industries, coal mining and tea plantation. A few other minor industries such as cotton presses, rice, flour and timber mills, leather tanneries, woollen textiles, paper, sugar, salt, mica, petroleum and iron mines were developed. A few engineering and railway workshops and iron and brass foundries also came into existence.

Slowly India underwent a commercial transformation and not an industrial revolution. British were not eager to laid the foundation for an industrial revolution. First of all, most of the modern industries that did develop were controlled by foreign capitalists. Secondly, though
The industrial progress during this phase was steady and continuous but it was extremely slow. Even by 1930s, the total number of workers covered by the Factories Act was less than one million⁹.

The First World War and the depression during the 1930s provided the Indian Capitalist Class the opportunity to make its first tentative spurt forward. There was no competition from foregoing imports and the Government was also compelled to place large orders with Indian Industrialists, merchants and contractors. But though the Indian Capitalists made phenomenal profits during this period, industries soon entered a period of stagnation as the war came to end and foreign competition resumed.

Thus it will be seen that industrial development in India till 1947 was slow and stagnated and did not at all represent the industrial revolution or even the initiation of one. What was more important, even the limited development was not independent but was under the control of Foreign Capital. Secondly, the structure of industry was such as to make its further development dependent on Britain. There was almost a complete absence of heavy capital goods and chemical industries without which rapid and autonomous industrial development could hardly occur. Machine tool, engineering and metallurgical industries were virtually non-existent. India was entirely dependent on the imperialist world in the field of technology. The Britain was not interested to establish an independent industrial capitalist economy but keen to transform India into a dependent and underdeveloped colonial economy, suited to its own imperial objectives.

With the passage of time, the impact of British Rule emerged in clearer outline and the class and contradiction between the aims and objectives of British Rule and the interest of the People of India became clear and obvious.

Along with British Rule and modern education system introduced by the British, the modern ideas of liberalism, the massage of French
and Industrial Revolution and above all the rights of emerging working class throughout the world engulfed the consciousness of India people specially the new enlightened and educated urban middle class.

The claim that British Rule was an agency of modernisation rests ultimately on facts like railway construction and the development of plantations, mines and factories through British capital, and the introduction of capitalist production relations and modern methods of banking and industrial management by whites. More and more Indians realised that the British rule India to promote their own interests, that in doing so they did not hesitate to sacrifice India's interests to those of British nation in general and those of British capitalist in particular, and that colonialism had become the major cause of India's economic, social, cultural and political backwardness. Different social classes including the India labour gradually discovered that the British rule was hampering their development in basic aspects.

With the growth of modern industries a new social class was born i.e. the working class. From the beginning this class represented a new social outlook of all India character. Moreover, the workers were concentrated in factories and cities. All these factors gave them a significance far greater than their numbers would suggest.

Indian workers worked and lived under highly unsatisfactory conditions. Till 1891 there was no regulatory provisions concerning their hours of work. Their did not exist any kind of social insurance against sickness, old age, unemployment, accident or sudden death. There was no provident fund scheme, only an inadequate maternity benefit scheme came into operation in 1930s.

The real wages of factory workers declined during the period of 1889 to 1929 and the average worker lived below the margin of subsistence.
Underfed housed like animals, without light, air and water, the Indian Industrial workers, one of the most exploited of all in the world of Industrial capitalism. Being concerned by a exploitative imperialist colonial rule, in course of time the Indian labourers were compelled to adopt a militant anti imperialist approach and became a part of the freedom movement.

The India industrial capitalist class developed after 1858. It soon entered into competition with the British capitalist and gradually realised that its growth was checked by the official trade, tariff, transport and financial policies of the Government. While struggling for independent economic growth that came into conflict with imperialism on almost every basic economic issues, the Indian Capitalist class needed active and direct Government help to compensate it for its initial weakness in competing with the firmly established industries of Western Europe. The contemporary industries of France, Germany and Japan were being developed with active and massive Government help. Such help was denied to Indian capitalists. The higher bureaucracy was foreign and unsympathetic or rather hostile to Indian industrial efforts. Indian capitalist feared, above all, domination and suppression by the far stronger foreign capital. Their instinct for survival, in particular, aroused after 1918 when a large scale inflow of foreign capital investment with the Indian industry began to enter and the giant British Industrial Corporation started forming subsidiaries in India in order to take advantage of the tariff protection granted during the 1920s and 1930s, the cheaper Indian labour and nearness of the market. Indian capitalist now raised the slogan of Indian domination of Indian Markets.

Indian capitalists, thus increasingly found themselves in open contradiction with the colonial economic structure, administrative machinery and policies. They gradually realised that they needed a nation state and a Government favourable to indigenous capitalists. The rapid development of Indian trade and industry could not occur so long as foreign imperialism dominated the country. The series of
devastating famines engulfed India from 1866 to 1901 and the day
dreams of guided developments entirely shattered. During this period,
the working and living conditions of the labour were poor and by the
end of the 19th century, the Indian intellectuals had come to realise
that what had appeared to them earlier as the modernisation of India
was in fact is colonialisation. They now set up to build up a nationalist
political movement against imperialism. It embraced within its fold all
the different classes and groups of Indian society. Indian Labour has
played a crucial role in this movement. They realised that the
independent is the pre-conditions to their rights and liberty, amenity
and opportunity.

During the non-cooperation movement and Swadeshi movement the
Indian capitalist under the leadership of Congress leaders tried to
rejuvenate the Indian cottage industry and ventured to establish certain
industries in the tune of spirit and inspiration of the movement.
However, the two world-wars and economic depression throughout the
world make hindrances in the path of industrialisation and
development of India.

The drain of wealth during two hundred years of British raj ruined India
and the development was never considered seriously as a policy by
the imperialist Government.
1.3 HISTORICAL DEVELOPMENT OF TRADE UNION MOVEMENT:

1.3.1. ORIGIN:

It is common to conceive modern trade unionism as an evolution from English and American Guilds. While it is true that 15th and 16th century Journeymen Guilds had become prevalent institution, and while it is likewise true that these guilds had a certain modicum of group consciousness there is nevertheless no probative evidence that their organisational conception projected themselves into the trade union movement. Whatever evidence is available would seem to point to the fact that guilds vanished for one reason before trade unionism appeared for another.

Indian trade union like their counterparts elsewhere emerged as a bye product of the modern industrial enterprises. Arbitrary and highhanded treatment of workers by employers as well as exploitative working conditions created among workers a shared sense of helplessness and dissatisfaction with employers.

In the beginning around 1880 sporadic attempts were made by employees to express their discontent towards employer and Government through strikes and protest meetings. However, genuine trade unionism in India began when the Madras Labour Union was formed in 1918.

The founder of the organised labour movement in India may be said to be N.M. Lokhande, who was himself a factory worker. In 1884, he organised an agitation and called for a conference of workers in Bombay to make representation to the factory Commission just then appointed. As no redress was effected by the Government, Lokhande convened a mass meeting in Bombay in April, 24. 1890 which was attended by about 10 thousand workers. In response to the resolution
adopted in the meeting, the Mill owners of Bombay agreed to grant a weekly holiday to the workers. Encouraged by this, Lokhande organised the Bombay Mill Hands Association, of which, he was elected President. “Dinabandhu”, the first working class newspaper was also started by Lokhande to create awareness towards the grievances of the working class.

1.3.2. Trade Union vis-à-vis Freedom Movement:

During the period 1904-1911 there was a remarkable advance in the organisation of labour movement. A strike in the Bombay Mills in protest of the extension of working hours, a series of strikes in the railways, in the Government Press in Calcutta and the Swadeshi Movement launched in Bengal in 1905 gave tremendous impetus to the trade union movement. In Chennai, Bombay and Calcutta the postal workers formed unions as “Postal Clubs”. The climax in the labour movement in this period was reached with the 6 days political mass strike in Bombay in 1908 against the sentence of 6 years imprisonment inflicted on the great leader of freedom movement, Lokmanya Bal Gangadhar Tilak charging him for the offence of sedition. Considering the fact that the workers right and emancipation from exploitation could not be achieved without the political freedom from the colonial rule, the trade union movement developed itself as a part of the freedom movement.

In 1910, a Kamgar Hitvardhak Sabha was formed by Philanthropists in Bombay. The object of this association were to present petitions to Government and to settle disputes between employees and workers. The first World War broke out in August, 1914. During the period, the rise in the prices of essential commodities, higher cost of living and the increase in factory employment further strengthened the urge of the workers to unite.

The non-cooperation movement launched by Gandhiji during 1919-21 and the formation of the Ahmedabad Textile Labour Association under
the leadership of Mahatma Gandhi gave trade union movement a new dimension.

Establishment of International Labour Organisation (ILO) in 1919 of which India is a founder member and the Russian Revolution to establish a Socialist State in 1917 contributed significantly to transform the consciousness of the working class.

In 1921, the International Labour conference adopted a convention on the freedom of association which emphasized that workers should be given the fullest freedom to come together and form trade unions.

The movement launched by Sri N.M. Joshi, the father of the modern trade union movements ultimately culminated in the passing of Trade Unions Act, 1926 to recognise the fundamental right of freedom of association to the workers of India. The right to strike and lock out for the first time was conceded indirectly under the provisions of the Indian Trade Disputes Act, 1929 which had the main object of providing a conciliation machinery to bring about peaceful settlement of Industrial Disputes.

1.3.3 IMPACT OF POLITICAL IDEOLOGY ON TRADE UNIONISM:

The obligation of the Government to consult the most representative organisation in nominating the labour delegates to the Annual conference of the ILO gave fill up to the formation of the all India Trade Union Congress (AICTU) in 1920. During the period 1925-30, the International outlook in the trade union movement brought the political ideologies a prime consideration of its objectives.

The publication of the ‘Communist Manifesto’ by Karl Marx in collaboration with Fedrick Angles in 1847 stressed the class war aspects of conflict between capital and labour. It characterised the capitalist system unsound both in theory and practice, being susceptible to recurring crisis. Asserting that the antipathy between capital and labour is fundamental, Karl Marx postulated the goal of
complete abolition of private property and establishment of a communist form of society. The success of the programme was made to depend on the acquisition of political power by workers in individual country as well as on international level.

Soviet Union, after consolidation on the home front, strove to help, the workers in other countries, who favoured revolutionary methods. By 1927, two district groups grew in the Indian Trade Union Scenario, namely rightists or Geniva Amsterdam Group and leftists or Moscovites considering the loyalty to the objectives set by ILO and Soviet Regime respectively. In most of the Congress sessions during this period many resolution were passed relating to international labour policies and ideologies of the contemporary working class movement. This conflict had its adverse effects on Indian Labour Movements. Even in the major Textile Strikes in Kanpur and Bombay and the lockouts in Kharagpur, Bombay and elsewhere, a confused labour failed to carry forward the success of the movement.

In Congress, some of the leaders advocated the affiliation of the trade union congress to third international at Mosco and some favoured the International Federation of Trade Unions at Amsterdam and participation in the International Labour conference at Geneva. These differences in approach set the stage for a split in the movement. This took place at the Trade Union Congress session at Nagpur in 1929 under the Presidentship of Pt. Jawaharlal Nehru.

The employers in India, from the very beginning, had not viewed the trade union movement with favour, and pleaded that they had absolute right to manage their own business in the way they liked. Refusal to recognise trade unions was sought to be justified by some employers on the plea that the unions were mostly controlled and directed by leaders drawn from outside the ranks of labour.
In the circumstances that prevailed in India since the beginning of Factory Employment, there was hardly any possibility of workers themselves taking concerted action to secure relief from the evils of industrialisation. The achievements of the movement during this period were mainly due to the missionary spirit with which the outsiders led and guided the working class.

The serious economic depression in 1930s, Gandhiji’s Civil Disobedience Movement launched in 1930, the prosecution of the Communist leaders in the Meerut Conspiracy Case and the failure of Bombay Textile Stike in 1929 somehow marred the growth of Trade Union movement. Since 1929 when the factionalism within the Congress party lead to a split within the AITUC associated with it, the Indian Trade Unions have followed the cleavages and realignments among the political parties from time to time. However, during the period (1930-39), in 1930, two distinct trade union bodies namely All India Trade Union Congress and the All India Trade Union Federation came into exist.

There was a further split in the trade union congress in 1931, resulting in the formation of a new organisation called the Red trade union congress. This body, later in 1932, united with the parent organisation.

The Congress at its session in 1931 held at Karachi adopted a resolution upholding the fundamental rights of the Indian people and this marked the recognition of workers rights as an integral part of the freedom movement.

1.3.4. THE IMPACT OF 2ND WORLD WAR ON TRADE UNIONISM:

The third period (1939-46) was a period of emergency owing to the 2nd World War. The popular ministries in the provinces did not agree with the Government of India and the British Government in regard to their attitude towards the war and, therefore they resigned. The Governors
took over the administration in the provinces. During this period India's economic was turned to the war economy of the alliances. India became the main supply base of the alliance in the far East and measures were taken to utilise the country's human and material resources in the interest of British and its allies. There was a demand for all out production in every sector on war footing. To ensure steady production, the Government armed itself with emergency powers by adding Rule 81A to the Defence of India Rules. Under the provision of this rule, strikes and lockouts were prohibited and any industrial dispute could be referred to conciliation or adjudication at the discretion of the Government. The award passed by the adjudicator was binding on both parties and during the term of the award, a strike or lock out was prohibited. In addition to this the Government further promulgated two ordinances which affected the interests of the Indian workers. The National Service (Technical Personnel) Ordinance, 1940 regulated the terms and conditions of service, transfer and dismissal of the technical persons, through National Service Labour Tribunal. Secondly Essential Service (Maintenance) ordinance 1941 regulated the conditions of service and other matter in undertaking declared to be essential by the Central or Provincial Government. In such essential services, persons could not refuse to work nor could the employers discharge or dismiss them. In essence these ordinance had the result of preventing strikes, but at the same time, it provided job security so that the employer, according to his whims and fancies, could not throw out any body out of employment. The negative aspects of these two ordinances was that the Government interfered in the process of collective bargaining and endeavoured to settle the working conditions to suit their own interests.

This period showed a definite change in the Government's attitude towards labour. Two factors appeared to be responsible for the change. The first was Government's anxiety to have increased production for supporting the war efforts, for which the maintenance industrial peace was essential. The second was the sympathetic
outlook with which the popular government in the provinces viewed the problems of labour. Although the popular ministries constituted under the Government of India Act, 1935 resigned from office in 1939, their new policy and appreciation left its mark on the war time Government. The Government took initiative to provide workers better amenities, such as, canteens, lunch rooms and rest places. Further joint production councils work committees and the like were set up to assure steady and increased production.

The Congress Government at Madras during the period of provincial autonomy laid the foundation for tripartite consultation and the first such conference was held in 1938. Later in the lines of International Labour Organisation, the first Indian Labour conference was held in August, 1942. It consisted of 22 representatives of the Central and provincial Government and 11 representatives each of employers and workers organisations. A standing committee was also set up consisting of 10 representatives of Government and 5 representatives each of workers and employers. While the Indian Labour conference was to meet annually, the standing committee was to meet more often so that they could help to promote better industrial relations and solve the vexed issues through tripartite consultations and negotiations.

Most of the leaders arrested during Quit India Movement launched in August, 1942 were released by 1945. After the 1946 General Elections, popular Ministries in all the States and Interim coalition Government under the Prime Ministership of Pt. Jawaharlal Nehru at the centre were formed. This gave the trade union movement a new dimension to achieve its objectives. The Bombay relations Industrial Act, 1946 was passed to recognise Trade Unions as an agent for collective bargaining.

The constituent assembly under the leadership of Babu Rajendra Prasad was constituted in 1946 to frame a constitution for the people of India.
1.3.5. **RECOMMENDATION OF ROYAL COMMISSION ON LABOUR.**

To implement the recommendations made in the report of the Royal Commissions of Labour (1931), the Government appointed a labour Investigation Committee in 1944 under the Chairmanship of B.V. Rege. This report gave comprehensive information about wages, earnings and conditions of work and labour in many industries. Apart from that, in employer-employee relations, the Rege Committee brought out the need for stressing on collective bargaining methods to settle disputes between labour and management.

The work of examining the proposals and of preparing schemes for implementing the various recommendations of the labour commission was taken up during this period. A number of laws including the Factories Act, 1948, Industrial Disputes Act, 1947 have been passed in compliance with the recommendations of the commission.

1.3.6. **The Trade Unions in Post Independence period:**

This period commenced with the independence of the country from the colonial rule. The Democratic Secular Sovereign Republic India adopted its constitution on 26th January, 1950. The leaders of independent India had adopted an entirely new approach to ensure development and harmony through the planning process monitored under the Planning Commission of India and by enacting a new set of progressive Social Welfare Legislations. The first Five Year Plan visualised the dream of establishing an agriculturally self reliant India to formulate a background for its much needed industrialisation. In Steel, Power, Heavy Engineering Industries, the Government pledged to establish a socialistic state through the Public Sector Enterprises. The Government of India declared its Industrial Policy resolution in 1957 wherein the public and private sector have been considered complimentary to each other in the nation building task of the country.
On the other side, the already strained economic conditions of the Country was further aggravated by the inflationary trend which was a concomitent of war. Demobilised men and retrenched war workers swelled the ranks of unemployed. Owing to the dependence for raw jute on Pakistan, the Jute Industry in India suffered a great set back after independence and had to restrict its normal production resulting in the unemployment in many workers. In the Trade Union front, the All India Trade Congress was in the grip of the communists; and the Indian Federation of Labour because of the patronage it had received from the British was suspected in the eyes of the people. Disunity in the Trade union ranks defeated the very purpose of the movement during the early hours of independence. The Congress leaders, who was assumed power after the war, wanted to restore normal conditions. In India, the whole economy had been disrupted by war and partition. They realised the need for greater production and a policy of reconstruction. The moderate trade union leaders also felt that labour was being made a pawn on the political chase board and wanted to bring all the democratic trade unions under one banner with an independent outlook. In November, 1946, the Central Board of Hindustan Mazdoor Sevak Sangha, an organisation of labour set up by the congress minded labour leaders and run on the Gandhian principles, called upon its various member unions to affiliate themselves to the AITUC and to promote through that body the policy and programmes of the congress party. Since their attempts to change the policy of the All India Trade Union Congress proved futile, the labour leaders in the Congress party felt the necessity of forming a new central trade union organisation.

1.3.7. **Trade Unions and their objectives**:

It will not be out of context to discuss briefly and trace the formation and objectives of the major trade unions in India.
Indian National Trade Union Congress (INTUC):

On 03.05.1946, a conference of leading congress and trade union workers met at New Delhi under the Chairmanship of Sardar Vallav Bhai Patel who was the President of Central Board of Hindustan Mazdoor Sevak Sangha, in which trade unions of all the trades and occupations were represented. This conference passed a resolution pointing out the necessity of forming a Central Organisation which would look after the well being of the working class and which would take concerted action to safeguard and promote its interests. Consequently, the Indian National Trade Union Congress was constituted.

The main objectives of the Indian National Trade Union Congress includes, inter alia,:

1. To establish just industrial relations;
2. To ensure redressal of grievances by means of negotiation and conciliation and failing these, by arbitration or adjudication;
3. To foster the spirit of solidarity, service brotherhood, cooperation and mutual help among the workers;
4. To develop in the workers a sense of responsibility towards industry and community;
5. To raise the worker’s standard of efficiency and discipline;
6. To ensure full employment.

The means to be adopted for the furtherance of these objectives are to be peaceful and consistent with truth. The policy of this organisation in industrial disputes is one of reliance upon governmental conciliation and arbitration. The roots of this cooperative approach perhaps lies in the fact that after independence, Congress lead the Governments at Central and in almost all the states. The need of the hour was to cooperate with the Governments in establishing peace and harmony in the Industrial sector.
HIND MAZDOOR SABHA:

After the formation of INTUC the socialist leaders who already separated themselves from the Indian National Congress, now felt that another trade union committed to their ideals should be founded in the interest of the workers. At a session held on 22.3.1948 at Nasik, the Trade Union members of the socialist parties decided to set a new All India Labour Organisation to guide and coordinate the activities of affiliated organisations and to safeguard and promote the interests and rights of the workers. The socialist leaders were making efforts in consultation with other trade union leaders to form an organisation free from political affiliation. Various leaders belonging to the Hind Mazdoor Panchayat, the Indian Federation of Labour, an influential section of the AITUC met at Calcutta on December 24, 1948 and the Hind Mazdoor Sabha was formally launched.

Although other groups were represented in it, the HMS was in effect an organ of the Praja Socialist Party. Its ideology and aims were in sympathy with the socialists, who were neither allied to the Congress nor to the Communists.

Its objectives includes, inter alia,

1. To organise and promote the establishment of a democratic socialist society in India;

2. To promote the formation of cooperative societies and to foster workers education;

3. To secure and maintain for the workers:
   a) freedom of association;
   b) right to work;
   c) right to social security;
   d) right to strike.
The HMS has taken the role to criticise the Government’s labour policy considering that it is biased in favour of the privileged classes. To them INTUC being a labour wing of the Congress does not represent the real point of view of the working class and toiling masses.

**UNITED TRADE UNION CONGRESS (U.T.U.C.) :**

Some trade union leaders who attended the conference called by the socialists at Calcutta did not agree with the principles and objectives of the Hind Mazdoor Sabha. On 27.12.1948, they met and decided to form a United Trade Committee. Latter in a conference on 30.04.1949 at Calcutta, a new organisation, the United Trade Union Congress was formed under the leadership of the Communists. Its objectives includes, inter alia,

1. Establishement of a socialistic society in India;
2. Establishment of workers and peasants state in India;
3. Nationalisation and socialisation of the means of production, distribution and exchange;
4. Safeguarding and promoting of the interests, rights and privileges of the workers in all matters, social, cultural, economic and political;
5. Securing and maintaining for workers the freedom of speech, freedom of press, freedom of association, freedom of assembly, right to strike, right to work or maintenance and the right to social security;
6. Bringing about unity in the trade union movement;

**CENTRE OF INDIAN TRADE UNION (C.I.T.U.) :**

This is a national federation which was established in 1971 as a result of the split in AITUC. A division of undivided communist party of India on the issue of relationship with the Congress culminating into formation of another communist party namely Communist Party of India (Marxist). Centre of Indian Trade Unions is the Labour Front of
CPI(M). Their approach to labour policy has similarity with the UTUC but they are more extremist in formulation their objectives.

Besides these five Trade Unions, at the national level, there are other forums such as the Indian Federation of working Journalists, All India Bank Employees Association, National Federation of Railwaymen, All India Port and Dock Workers Federation, All India Mine Workers Federation, Indian Federation of Independent Trade Unions, Bhartiya Mazdoor Sangha who are working to ensure fairer working conditions and to promote collective bargaining in Industrial Relations.

1.4 TRADE UNIONISM VIS-A-VIS NEW ECONOMIC POLICY:

The New Industrial Policy advocating deregulation and delicensing in Industry. India has adopted GATT (WTO) treaty and became a partner in globalisation phenomenon. Public Sector has lost its old objectives in the era of market economy. A new facets of accountability has compelled the industry both public and private to be in tune with the World Market.

In this liberalisation process, the trade union movement is in the process of settling their new objectives and accountability.

The rivalry amongst the Central Trade Unions has lead to multiplicity of Trade Unions. The domination of the movement by political parties is a great weakness of the movement. The rivalry and political interference have compelled the Indian Labour to think that the effective method for securing the improvement lay in the hands of the third party settlement, namely, the adjudication machinery, which was to be set in motion by Government. The stress on adjudication has weakened the labour movement and affect the solidarity of the workers. On the other hand, gradually, the employers came to realise that the trade union movement had come to stay and that they had to deal with the unions in the running of the industry.

Collective bargaining is the principal raison d'etre of trade unions. Traditionally trade unions' role was to protect jobs and real earnings,
secure better conditions of work and life and fight against the exploitation and arbitrariness and equity in employment. Some unions particularly the left ones, perceive their role being one to influence the type of economic system, the society in which they function should have. In that sense, Trade Union roles and goals have been multiplied covering not only the immediate interests of their members but also containing larger ideological and political questions. In the changing scenario towards liberalization the trade union movement seems to be in the process of restructuring themselves. Its protective roles has undergone a qualitative change with the passage of time. In the wave of the long history of union movement, accumulated benefits are collective agreements, a plethora of legislations, industrial jurisprudence, growing literacy awareness among the employees and spread of social institutions including consumer and public interest groups.

An industry is a social world in miniature. The Industrial relationship, whether its labour-management relations or the relations between the industry and society is a determining factor in moulding the economic social and political life of the whole nation. The rapid industrialisations and technological revolutions have exposed this relationship to the risk of an order of imbalance and maladjustment. In India trade unions developed as corollary to the freedom movement. They grew in the zeal of confrontation, now they are learning cooperation through participation in the policy making process.

A major consequence of political unionism is that objectives and methods of trade union organisations depends mainly on the ideology of political party. When radical unions such as AITUC, CITU tend to examine workers interest in terms of class struggle, conservative unions such as INTUC are likely to be concerned with the ideas of peace, harmony and productivity.
The National Commission on Labour (1969) has summarised the views of major trade union centres on the functions of unions in Indian Society as follows:

The INTUC while acknowledging the importance of the traditional role of unions has suggested that unions should (1) serve their members and cater to the requirements of the workers as responsible citizens; (2) Plan for sustaining the interests of the membership during times of industrial peace by organising intellectual, social, cultural and recreational cooperative society and (3) Educate the rank and file so that the traditional agitational role is gradually transform into one of understanding.

It has pleaded that the trade unions should be given an effective role in the affairs of industry including as management’s co-partner.

Emphasizing on the traditional role, HMS observed that if the trade unions allow themselves to be diverted from their traditional role in the name of economic development, the workers and exploited section of the working class will find themselves terrorised and deprived of safeguards to an even greater extent.

The AITUC strikes a different notes altogether in its view, the ultimate aim of the trade union movement is to abolish capitalism and wage slavery and establish socialism in which not only the working class but all layers of society are freed from exploitation.

To evoke proper response from union, it suggests a wide range of institutional changes. Other central organisations have indicated views which lie between these extremes.

At times the freedom movement needed support from organised masses such as industrial workers. Hence, trade union leadership developed a close identity with a political leadership. Here lies its strength and weakness. The consequence of such political unionism
is that the objectives and methods of trade union organisations are being compelled to suit the ideology of the Political parties.

1.5 TRADE UNIONS ACT, 1926: FREEDOM OF ASSOCIATION RECOGNIZED:

The general scheme of the Trade Unions Act, 1926 was explained in the statement of objects and reasons thus "A Trade Union making the necessary application will be, on compliance with certain stated conditions designated to ensure that the union is bonafide trade union and that adequate safeguards are provided for the rights of its members, liable to registration. The Union and its members will thereon receive protection in certain cases in respect of both civil and criminal liability. No restriction placed upon the objects which a registered Trade Union may pursue but the expenditure of its funds must be limited to specified Trade Union purpose. The legal position of Trade Unions which do not register will be unaffected by the bill".

This Act does not deal with recognition of the union by the employer. The Report of Royal Commission on labour dealt with the problem. Recognition was often taken to mean recognition of the rights of the union to speak on behalf of workmen with the employer. The Royal Commission did not want a legislation to make recognition obligatory. Recognition should mean according to the Report that the employer recognises the right of the union to negotiate with him in respect of the matters affecting the common and individual interests of its members. As the position of voluntary recognition did not improve, an Amending Act was passed in 1947 providing for obligatory recognition of representative Trade Unions. However, this Act has not come into force since the Central Government has not appointed the date of commencement.

The 3rd Five Year Plan as a criteria of labour policy envisaged to enforce recognition if union could claim a continuing membership of at least 15% of the workers of the establishment for a period of 6 months and if it had the membership of 25% of the workers. In case of several
unions, the union with the largest membership was to be recognised. If the union followed the code of the discipline, there was to be no change in the position for two years. However, there has been no legislation in pursuance of the policy.

The 1st National Labour Commission in its final report has also proposed compulsory recognition of Trade Unions for the purpose of bargaining with the management to facilitate the process of collective bargaining.

Section 4(1) of the Trade Unions Act, 1926 provides that any 7 person may apply for registration of Trade Union. Under Section 4(2), the application may not be rejected even if some members not exceeding half the total number cease to be members or dissociate themselves. Such provisions led to multiplicity of the Trade Unions, Inter Union rivalries and weakening of Trade Union movement.

The independence of Trade Unions is inseparably connected to principle of industrial democracy which implies that Trade Unions should properly represent industrial interests of the workers. One union for one industry may be convenient and effective from point of view of employers and the recognised union but it may not be practicable in present situation. The main factors behind multiplicity of unions are due to influence of outside leadership, political parties and dissensions in the union. Much emphasis is laid on the deleterious effect of multiplicity of unions, when collective bargaining is delayed or defeated as different unions exist to differ or exist because they differ. The legislation may not cure it. This differences or sense of prestige of the unions is detrimental to the interest of individual workmen.

On the other hand, this Act does not provide any forum for resolution of disputes relating to inter se or inter union revelry. The lapse of Trade Unions Act, 1926 have been confirmed by High Courts and Supreme Court on various occasions.
The evolution of Trade Union movements shows that the leaders of freedom struggle played a very crucial role in upbringing this phenomenon. The Act does not make registration compulsory, with 50% of office bearers allowed to be outsiders and very small number of workmen could form a Trade Union. The provisions of law were suitable in the environment when this law was made in 1926. The Trade Unions at that time had not taken firm roots and the workers were afraid to join the Trade Union apprehending the victimisation and reprisal from the employers.

In the post independence period the Trade Unions failed to mature independently. The outsider politicians in their opportunistic approach often jeopardise the interests of the workers and industry. Now the Trade Union is becoming a career opportunity of the mainstream politicians to fulfil their political ambitions at the cost of industry and workers. Most of them have no commitment, dedication, idealism and proper training to carry forward the trade union movement. Being aggrieved and disillusioned, the common workers are dissociating themselves from the Trade Union movement. Strike has already become a blunt weapon due to overuse and misuse. But they failed to invent or innovate new weapons to pursue the objectives.

The unions will have to respond more favourably to the attempts of the State to reduce the problems of industrial relations. The unions have always criticised the new legislative proposals to prevent proliferation of Trade Unions but never made any efforts or attempts to come out with alternative proposals towards development and harmony. The Trade Unions should clear themselves from the inhibitions of confrontationalist approach and political propaganda and have to show more responsible and positive attitude towards enhancement of productivity in Industry as well as to establish a cooperative and complimentary approach in employer-employee relationship. In the ongoing liberalisation programme towards deregulation and delicensing system the role of Trade Unions is much more crucial. It needs a constructive and responsive trade union capable of
appreciating the world economy and to cooperate with the management and Government to provide infrastructure for globalization of domestic economy. On the other hand, liberalization of economy may compel the Government to liberalize the Labour Laws to some extent. However, too many liberalization of labour laws means liquidation of the socio economic justice enshrined in the various labour legislations. The Trade Unions have to play a crucial role in this regard.

In the changing scenario, the Trade Unions should be more constructive, innovative and vigilant. Liberalization does not mean the revival of ‘hire and fire’ to liquidate the social security acquired by the workers in their cherished struggle against capital.

1.6 WORKERS PARTICIPATION IN MANAGEMENT:

1.6.1 WORKER AS A SOCIAL BEING:

Production in any industry is a result of cooperation between capital and labour where the capital is contributed or invested by private individuals, shareholders or creditors or state but workers invest their sweet and toil in fact their life itself. Labour should not be a commodity. It is the living organism and more than equal partner with the capital to establish the human civilisation.

From the age of ‘hire and fire’ and then collective bargaining, now the industry desperately needs another infrastructural revolution i.e. workers participation in management as equal partner.

Output cannot be increased unless there is effective cooperation between labour and management at all levels. The only way of achieving this is to satisfy their social and psychological needs besides economic ones. Now industry needs mental and emotional
involvement of the worker in group situation that encourage him to contribute to group goals and share responsibility for him.

Recommendation No. 94 of the ILO adopted in 1952 leaves it to the Government to promote consultation and co-operation on voluntary basis or by law.

The dynamics of industrial relation can be set right through due recognition through workers participation in the industry and enable them to contribute their right for the growth of industry. Workers participation in the management is one of the most significant and effective steps for structuring the industrial relation and managing the affairs of industry. The idea also infuses a sense of belongingness in the industry.

At policy level the need of workers participation in the management has been felt to enable the industrialisation programme successful.

1.6.2. WORKS COMMITTEE – PERSUASIVE FORUM

Section –3 of the Industrial Disputes Act, 1947 prescribed an institution namely works committee. It runs as follows:

Works Committee – (1) In the case of any industrial establishment in which 100 or more workmen are employed or have been employed on any day in the preceding 12 months the appropriate Government may be general or special order require the employer to constitute in the prescribed manner a works committee consisting of representatives of employer's and workmen engaged in the establishment. However, the number of representatives of the workmen on the committee shall not be less than the number of representatives of the employer. The representatives of the workmen shall be engaged in consultation with their trade unions, if any, registered under the Trade Unions Act, 1926.
(2) It shall be the duty of the works committee to promote measures for securing and preserving amity and good relations between the employer and workmen and to that end, to comment upon matters of their common interest or concern and endeavour to compose any material difference of opinion in respect of such matters.

Works Committee was not intended to supplement or supersede the unions for the purpose of collective bargaining. They are not authorised to consider the real or substantial changes in the conditions of service. Their task is to smooth away friction that may arise between the workmen and the management in day to day work.

1.6.3. REPORT OF THE STUDY GROUP, 1956:

The study group on workers participative management appointed by the Government of India in 1956 laid down the objectives for improvement of working conditions, communications, productivity and safety measures. It also emphasized the need for legislation to ensure workers participation in Management. The creation of Industrial Democracy is a prerequisite to the Establishment of a Socialist Society.

The theme of workers participation in management in industries has remained a matter of utmost interest to the policymaker of the country since independence.

The works committee prescribed in the I.D. Act, 1947 contributed towards better industrial relations in the beginning. For example, during 1950 the maydays lost to strikes were 12806 million whereas the corresponding figure during 1953 was only 3383 million. However, the magic effort of works committee took a nose drive within 4 to 5 years of its introduction. Its statutory formation under the Act gave it the status of mere legal obligation and nothing else.

Despite the pain taking efforts made since then to make participative management acceptable to the industries in the form of various
schemes and programmes, no radical institutional reform was materialized, but be it joint management council, shop level council or shop level committee – all met with the same fate of running almost difunctioned and dismal in their effectiveness.

Notwithstanding the failure of works committee, it has been the constant endeavour of Government of India to instill a sense of involvement amongst the constituents of an industry in the process decision making.

The concept of workers participation in decision making has assumed a worldwide importance and has became a global movement during the past five decades. A large number of growth developing countries have set up or are in the process of setting up systems of involving workers in the decision making process in their countries.

Workers’ participation in Management in India can also be traced to one other factor namely the Gandhian approach to Management of Industrial Relations which is based on the concept of thusteeship. Gandhi considered that both the workers and the owner are dependent upon one another and the employer and the employee should further act as trustees for the society.

1.6.4 TRENDS IN U.S.A AND U.K.

In U.S.A. and U.K. there are no such legislations prescribing workers participation in management. However, two important things are common in industries of both the countries.

Firstly, advanced American Industries have widely accepted the practice of coopting or electing into the Board of Directors, their leading technocrates or management personnel who may have no shareholding at all. Secondly, the trade unions are in fact collaborating with the management in the policy making process.
Workers participation in management is almost unknown in America in the normal sense of workers or their representatives sitting with the management to take decisions relating to the working of the enterprise. It is an article of faith of American business that the management should manage. The belief that collective bargaining is the main road towards industrial democracy, and that the collective agreement in its widest sense is its principal expression, is almost unchallenged by contemporary thought in the United States.16

In United Kingdom, Voluntary Joint Consultation at the plant level between the employers and the employed has long been a characteristic of the system of Industrial relations. However, collective bargaining, conceptually very much different from Joint Consultation, has also been an integral part of the British Industrial relations system. The United Kingdom has relied on both in varying degrees to advance worker participation in management.

The Practice of Joint Consultation in Industry is generally traced back to the Whitley Committee of 1916, which recommended, inter alia, the Establishment of (a) Joint Industrial Councils in well-organised industries, and (b) Works Committee representative of the management and the workers in individual establishments. The arrangements for Consultation are relatively flexible and the procedural details vary from industry to industry. The Joint Committees are advisory in character, and their functions include consideration and discussion of changes in methods of production, safety and welfare of employees, training and education, work rules and personnel problems, and such other matters of mutual interest, except wages and other issues falling within the sphere of collective bargaining. The scope of Committees is sometimes wide enough to include each matters normally reserved for collective bargaining, if the employee representatives on the Committee happen to be shop stewards as well.
As regards, further advances in worker participation in management, the Donoven Commission which devoted a separate chapter in its report to this subject, stated 'A majority of us feel unable to recommend the appointment of workers' directors, to the board of Companies,' for several reasons, inter alia, that such an office would expose its holder at times to severe when decisions unfavourable to workers have to be taken in the interests of the Company as a whole, that is difficult to define the extent to which a workers' director should bear personal responsibility jointly with the other members of the Board for their decisions, that such a measure of participation would divert attention from the more important task of promoting collective bargaining, and that it is not likely to give workers any real share or control over the work of the boards on which their representatives are appointed. With reference to profit sharing and Co-partnership schemes, the Commission said: "If they are to play a part in the wage structure of an undertaking, we believe that this should be decided by negotiation through the relevant collective bargaining procedure along with the other elements in wage structure."  

The English experience is one of expanding workers participation in the traditional collective bargaining sphere but little or no affirmative involvement in other aspects of management.

1.6.5 JAPAN :-

Japan experienced a second industrial revolution after the second world war. Although the Japanese industry and economy lay in Shambles as a consequence of the war and Japanese defeat, the determination of the workers and managements was of the highest order to rebuild the shattered industry and bring about the rapid recovery of the Country. With a view of achieving this objective, the Japanese developed the Labour – Management Consultative System which has become the
backbone of solution to the problems in Labour Management Relations in that Country.

The salient features of this system are as follows:

1. Joint Committees (of Labour and Management) should deal with all matters of common interest, such as, improvement of productivity, safety, sanitation, health, welfare and recreation.
2. The Committees should be constituted on the principle of equality between the Labour and Management.
3. The Committees will act as a Consultative machinery that provides a channel for mutual communication and not a mere advisory machinery or collective bargaining machinery.
4. The consultative machinery should be independent of the organisational units of trade unions.

Over eighty per cent of the major enterprises in Japan have adopted the system. In due course of time, it was extended on a much larger plane on regional basis and industry-wide, thus embracing the entire nation.

A special characteristic of the Japanese people is their concern for a tendency toward collectivism. It is expressed through an individual's identification with the collective goal of the group to which he belongs. Collectivism thus involves co-operation and solidarity and the sentimental desire for the warm feeling of oneness with fellow members collectivism fosters a deep desire for togetherness.

Quality Circles:
The Japanese workers or Trade Unions have not demanded for worker participation in management as their counterparts in other Countries. But, Japanese industry perhaps practises the best form of worker participation in management through a unique system they have developed i.e the system of quality circles.
No single concept of management policy has been responsible for the extraordinary economic success of Japan. But the employment of Quality Circles on a massive scale throughout Japanese industry has undoubtedly played a very significant role. These quality circles were adopted as an essential part of the Country's plan, fuelled by urgent economic need to become a front-rank industrial nation.

Like most good ideas, the basic concept of the quality circle is very simple. Six or eight workers from a shop or department meet regularly under the leadership of a foreman or Section Head to examine work problems that affect the quality of output, and to recommend solutions to those problems. The quality circle works from the bottom up, drawing directly on the knowledge and skills at shop floor level – an unfamiliar approach to those accustomed to applying 'top down' management techniques. Quality circles succeed in tapping this huge resource of knowledge and skill, which resides in every workforce and does so in a way which draws on and fosters the very real human need for job satisfaction. The basic techniques of the quality circle, moreover, are applicable to any situation where people work together and are as relevant in a bank or hotel as they are in a foundry or factory. In Japan, the quality circle is the backbone of worker participation in management\(^{19}\).

1.6.6 FRANCE

In France, where the trade unions are weaker and more divided than in other developed countries, recent initiatives towards greater worker participation in management have come from the socialist Government rather than unions.

France is well known for having been, at one time, the home of the Syndicalism – the extremist doctrine of worker's self government. Syndicalism however, was not much heard of after world war-I.
Strongly enough, it was world war-II which led to the formation of a number of somewhat syndicalist bodies of workers. At the end of the war, 'Production Committee' or 'Management Committees' were set up spontaneously by the workers in many places, and these committees took over the running of factories which had been abandoned by the owners. It was thus that the "Works Committees" came into being.

Since 1946, all undertakings employing 50 or more workers are required by law to set up Works Committees. Although the Public Sector has been exempted, such Committees exist in most of the Public Services and in nationalised undertakings as well.

The head of the undertaking acts as the Chairman of the Works Committee. The Committee consists of a prescribed number of selected members, ranging from 3 to 11 according to the number of workers employed in the undertaking. The number of elected members may be increased by mutual agreement, if so desired. Elections to the Committee are held every two years. The candidates are but forwarded by the trade unions recognised as representative of the workers in the undertaking.

The Works Committees are primarily consultative bodies, excepting welfare activities which are administered under their supervision. The Committees have the right to receive information and to be consulted on all economic matters affecting the operation of the undertakings concerned. In Joint-Stock Companies, the Committees are also given the right to send two representatives to attend (without the right to vote) meetings of the Board of Directors. So far as the welfare activities are concerned, Committees have administrative power also.

However, regarding the impact of such Committees the critics are not so hopeful. In the economic field, the results of the reform are generally summed up as failure, notwithstanding isolated examples of success. In the great majority of cases the work of Committees seems
to have been a formality .... there is little indication of an impress on economic and financial life. As regards industrial relations, the encouraging signs which have been noted are still too isolated to justify much optimism as to the development of the Community spirit for which the promoters of the reform hoped. In the opinion of some observers the existence of a Committee may even have aggravated tensions in undertakings in which feelings already ran high.

1.6.7 INDIA:

Although the means of participation were left undefined, its goal was specific. It was participation for higher economic efficiency and productivity. The only evidence of consultation was the works committee constituted under the I.D. Act, 1947.

In the adopted socialist pattern of society, the preamble and directive principles of the state policy of our Constitution envisaged the establishment of Socialist Secular Democratic Republic in which Justice Social, Economic and Political shall inform all the Institutions of the national life. The state shall in particular strike to minimise the inequalities in income and endeavour to eliminate inequalities in status, facilities and opportunities, not only amongst individuals but also amongst groups of people in different areas engaged in the different vocations. Further, the State shall direct its policy towards securing that the operation of economic system does not result in the concentration of wealth and means of production to the common detriment.

The second, third and fifth five-year plans emphasized to recognise and implement the scheme of workers participation.

Article – 43A inserted by 42\textsuperscript{nd} Amendment Act, 1976 opens a new perspective in Industrial Relation in modern India. It provides:
Participation of workers in management of industries - The State shall take steps by suitable legislation or in any other way, to secure the participation of workers in the Management of undertakings, establishments or other organisation engaged in any industry.

It may be observed that Art. 43 is genuinely a socialistic directive principles. Participation of Workers in Management Bill 1990 is the culmination of the movement resulting in proposed statutory recognition.

Participation of Workers in Management Bill, 1990:

This bill may be considered as a concrete approach to ensure effective workers participation in industry.

The preamble of the Bill provides:

“To make provisions for the participation of workers in the management of undertakings, establishments or other organisations engaged in any industry and provide for matters connected therewith for or incidental thereto”.

Under clause-3 of the Bill the Central Government is to decide:

1) The manner of representation of Workmen.
2) Nomination of representatives of employers.
3) The procedure to be followed in the discharge of the functions of the members at all level.
4) The manner of filling up vacancies among chairpersons and members.

COMPANIES ACT:
The Sachar Committee constituted in 1977 to recommend the measures by which workers participation in the share capital and management of the company is to be brought about. The Committee
reviewed the problem and was of the opinion that the workers participation on the top management i.e. board level will lead to greater industrial harmony and mutual trust and endeavour where both the management and labour would work in the general and larger interest of the Company.

The Committee observed that as workers participation is required to advance their rights and to give them a feeling of association in the management. They must express their views affirmatively in favour of the, if they are keen in participation. The Sachar Committee perused the views of the different authorities in participative management.

Workers and employers are the integral part of the management of the company. The concept of corporate responsibility has undergone a radical transformation in the last two decades that is why in recent time there is a considerable thinking even in highly developed countries like the USA and England that maximisation of the social welfare should be the legitimate goal of a company and the Company should be responsible not only to shareholders but also to workers, consumers and other members of the community.

In the emerging Indian conditions, the trend is towards the greater realization of the fact that for a smooth functioning of an industry it is essential to have a full cooperation of the human factors which is employed as workers in the particular industry.

1.6.8 The working of the policy in the market economy:
The constitution in its directive principles pledges to establish participative management. The Planning Commission and the Parliament are anxious to ensure the effective implementation of the policy.
On the other hand, in the liberalisation era, some are advocating liberalization of labour laws to streamline the functioning of the market economy. To some liberalisation means the liquidation of protective labour legislation and to ensure the back door entry of hire and fire policy. The difference of the wages between the workers and management cadre are widening day by day. The private and the public companies are ensuring lucrative non-taxable perks/allowances to the management cadre while workers are being compelled to leave in servitude without any fair wages. The workers participation in management may sounds good but it should be implemented in spirit and effectively. Labours should feel that they are the equal partners of the prosperity. It is proposed that a national wage policy be declared to ensure distributive justice for the workers.

**Workers participation in Safety Management:**

Section 41 of the Factories Act, 1948 (inserted by amending Act, 1987) provides:

1) The occupier shall, in every factory where hazardous process takes place, or where hazardous substances are used or handle, set up a safety committee consisting of equal number of representatives of workers and management to promote cooperation between the workers and management in maintaining proper safety and health at work and review periodically the measures taken in that behalf;

2. Provided that the State Government may by order in writing and for reasons to be recorded exempt the occupier of any factory or class of factories from setting up such committee.
1.7 **Observation:**

The Government of India has declared its New Industrial Policy in July, 1991 towards deregulation and delicensing. The New Industrial Policy includes removal of entry barriers, reduction of areas reserved exclusively for public sector, rationalization of the approach towards monopolistic and restrictive practices, liberalization of foreign investment policy, far reaching liberalization of import policy with respect to intermediate and capital goods, measures to bring about regional balance especially in the development of backwards areas and encouraging the growth of employment intensive small and tiny sector.

**Democratisation and Globalisation:**

The Political transformation in Eastern Europe and the erstwhile USSR, the end of coal war between the super powers, the German unification, the retreat of Latin Americans military rulers and the progress of multy-party democracy in African countries radically altered the aspirations of working people and their employers. This has lead to the break down of certain orthodox ideologies, transition and transformation of economics and changes in industrialization strategies with influence human resource policies and industrial relations. National policies are being influenced significantly by the interest of the all communities. State shall not remain idle to see the free working of capitalist market economy in a socialist nation.

Worker participation is crucial in maintaining the discipline and promote the harmony in the industry. It motivates and give a self respect with responsibility towards self discipline. It will unfold the new era of industrial relationship and towards a minimum industrial dispute. More participation means less conflicts and lesser disputes. Through an effective participation of both the partners, Indian industry will enter a new era of harmony and development.

Industrial development is a precondition to the globalization of the economy. Industrial peace and harmony are essential to ensure
industrial progress of the nation. Collective bargaining and participation in management are two instruments towards the path of industrial democracy. In the emerging background detailed in the introduction and this chapter, now we shall proceed to analyse the system of industrial relations and to examine the concept and scope of domestic enquiry in the adjudicating process of industrial disputes.
References:

Mukund Ram Tanti v. Registrar of Trade Unions, (1963) ILLJ 60 (A.P.).

17. Royal Commission on Trade Unions and Employers' Association, 1965-68.

