CHAPTER IX

CONCLUSION AND SUGGESTIONS

The availability of land, labour and Capital would not create any result unless the efforts of available labour resources are put into operation in the way they deserve. This means, abundant labour supply is of no use if the required type of skill are not available. Hence, in a country like ours, to meet the growing demand of skilled labour as well as managerial talents, scope should be created either on National or State level to train and retrain human resources. It is not possible alone on the part of the Government to create scope for training and development of skills, hence the industries should also share the responsibility by arranging training facilities for meeting their requirements of different skills.

It has been proved that for growth and expansion of industrial undertakings, the contribution of human resources can not be ignored. A well contended workforce under matured leadership is a must for development no matter how modern sophisticated machineries may be put into operation. It must be realised that machine alone cannot produce results without human efforts.

From the study of the Personnel Management of the large industrial undertakings of Assam, the position seems to be very discouraging as this vital aspect of management has been totally neglected. It may be due to ignorance or intentional. The State Government of Assam has failed to realise the gravity of this vital aspect although they have been professing and have taken all possible steps though belated, for rapid indus-
trialisation of this backward state. It must be clearly understood that a well contended as well as enlightened workforce is a must if the aim of industrialisation is to be achieved for economic development. The lessons learnt from the recent past in the field of industrial relations in our country should be eye-opener for the industrialists, planners and Government to give a careful thought of sound Personnel Management. Why the country had to suffer a lot due to spate of strikes and lock-outs in the industrial fronts? The reasons are of many folds. It can safely be attributable to the unrealistic demands of unions, existence of rival unions motivated by political parties, inefficient management and numerous loopholes in labour legislations and Governments' apathetic attitudes towards solving the problems arising out of Trade Disputes. The more vital deficiencies that have been noticed in our country for lack of training facilities to train and motivate workforce as well as managerial talents. The result is that inefficiency is rampant at every stage of management.

The aim of the Government of Assam for industrialisation is to uplift the agrarian economy into an industrial economy, increase the standard of living of the masses and to solve the growing unemployment problems. At the same time to deliver goods and services at a cheaper and competitive rates. But unless the production and productivity of the workers can be increased, the very purposes will be defeated and would serve only the purpose of just an employer at the cost of general masses. This entirely depends as it was already pointed out on a well contended workforce who can be motivated for higher production and productivity and enlightened managerial talents to lead them in the right way. But it is a sorry state of affairs
that there is dearth of local talents as the training facilities are totally non-existence either on state level or at the industry level. Management education in Assam which is not receiving attention of the planners, Government and educationist should be geared up so that growing demand of managerial talents can be met locally. It pains to mention that both private and public sector enterprises in Assam have been experiencing the acute shortage of suitable personnel. In 1973-74, 745 posts of both skilled workers and management remain unfilled due to non-availability of suitable applicants.¹

The Editor of Assam Tribune rightly felt that there is a shortage of right type of manpower, particularly the intermediaries and top level management skills.²

It is therefore high time that the Government and the concerned authorities should take immediate steps to establish a management Education Institute in the State to create managerial talents more particularly in the field of Personnel Management to take charge of existing and prospective industrial enterprises. Otherwise, no industry can expect to prosper.

Let us now examine the present labour laws of our country with special reference to their impact on labour productivity and labour relations.

It seems that the labour laws are only to safeguard the interest of the workers alone; there is no provision for safeguarding the interest of the employers except the standing orders Act to maintain industrial discipline. It is surprising that no provisions have been made in the Acts for

¹. The Assam Express, 6th December, 1974.
increasing production and productivity. Unless production and productivity increases, the real progress cannot be said to have been achieved. To cite an example, the payment of bonus have been made obligatory on the part of the employers irrespective of the enterprises earn profit or not and have no relevance with workers' production and productivity. This payment could have been easily linked up with productivity instead making obligatory without considering the impact of this payment. This is nothing but a deferred payment guaranteed to the employees who are not required to make any effort to earn.

The salient features of the following important pieces of legislations of our country need examination in the context of their necessity and how far they have been able to contribute for the cause of increased industrial production and maintenance of industrial harmony.

**Acts:**

1. **The Factories Act, 1948.**
2. **The Industrial Disputes Act, 1947.**
3. **The Industrial Employment (Standing Orders) Act, 1946.**
4. **The Trade Unions Act, 1926.**
5. **The Minimum Wages Act, 1948.**
6. **The Payment of Wages Act, 1936.**
7. **Payment of Bonus Act, 1965.**
8. **Employees State Insurance Act, 1948.**
9. **Employees Provident Fund Act, 1952.**

The labour policy as laid down in the Industrial Policy Resolution of the Government of India, the Five Year Plans and as evolved by
tripartite consultations take due notes of the two basic requirements
(a) Securing industrial peace (b) ensuring a fair deal to workers. The
India's labour policy has laid stress on voluntary approach and encourages
settlements of disputes by mutual negotiations, conciliations and arbri-
tration and discourages litigations and violence.

The various provisions of the Factories Act such as health,
safety, welfare of the factory workers, restriction of working hours,
overtime work, over-lapping shifts and double employment, restriction
imposed on strikes and lock-outs, lay-offs and various rights of the employ-
ees are worth mentioning. The entire range of provisions contained in the
Act are for safeguarding the interest of the workers alone; there is no
provision in that Act that the workers should maintain certain standard of
production. Providing hosts of facilities on the part of the employers have
been made obligatory but in return workers' production and productivity
have been neglected totally. Shorter hours of work, more holidays and pri-
vileges are the terms of unions' demands for collective bargaining and they
have been able to achieve the same as a result, production suffers.

The Industrial Disputes Act is designed to ensure industrial peace.
This Act covers all industries and commercial establishments employing one
or more workmen and all employees technical, non-technical and supervisory
staff drawing wages or salaries upto Rs.500/- per month but excludes persons
employed in managerial or administrative capacities. In view of the present
day wage inflation, the provision of the Act should have been amended to
wage or salary limit upto Rs.1000/- per month not only to cover workers but
also employees in managerial or administrative categories as they have
little scope to take up their case for self defence in case of disputes.
Particularly such employees of the private sectors are the worst sufferers.
In fact, at least 50% of the middle level managerial and supervisory employ-
ees of private sectors draw much less wages or salary than workers due to
the absence of their bargaining strength.

The term "Wages" as defined under various status seems to be mis-
leaving and not uniform. Hence for all purposes, the definition of wages
should be made uniform to avoid confusion. Similarly, the term "Workmen" is
misleading as non-managerial/supervisory employees drawing more than Rs.1500/-
a month are treated as workers. There are instances, where workmen draw more
than Rs. 2000/- a month.

The Industrial Employment (Standing Orders) Act, 1946 required
all employers in establishments employing 100 or more workers to define with
precision the conditions of employment under them and make the same known to
their workmen. This piece of legislation is a big weapon for employers to
maintain discipline and the various provisions embodied in it covers a wide
range of acts and omissions leading to disciplinary action. Even then, the
existence of indiscipline to a greater extent in industrial undertakings
in our country is a matter of thinking. The most obvious reason that can be
thought of is due to inefficient management i.e. the people at the helm of
affairs who are responsible for maintaining discipline are either not properly
trained or incapable of enforcing discipline due to their weaknesses. Here,
the top management should exercise due restrain on their subordinates and
see that proper actions are taken wherever necessary.
Maintenance of discipline is vital for healthy growth of industries. This aspect is totally neglected in the industrial undertakings more particularly in the public sectors who follow the code of conduct of the Rules and Regulations of Governments where procedures are elaborated. Further, the disciplinary problems are handled by inexperienced people as a result, proper justice in dealing with cases are rarely found. Unduly long period for settling cases not only hampers the progress of enterprises but also create discontentment amongst employees. This state of affairs are applicable more particularly to the Assam Government undertakings where the management is fully at the hands of the Government deputationists who are quite ignorant of management philosophy. Hence it is urged that a separate code of conduct should be evolved to bring the state undertakings at par with the private undertakings.

A Trade Union is combination or Association of workmen formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen or between employers and employers or for imposing restrictive conditions in the conduct of any trade or business.

The provision of forming a union by any seven or more workers of an establishment has lead to the multiplicity of unions within the same establishment. Further, the provision that 50% of the office bearers of the Unions can be from the persons not actually employed or engaged in the industry has encouraged the unions to include persons of their choice (say Lawyers, Politicians, Social Workers and others) to back them up for realising their demands from the employers. This has further created scope for political leaders to exploit the labours and form rival union for achieving their
political motivation. Because of these, our country had to witness industrial unrest causing untold hardship to the millions and loss of huge production.

It is therefore, suggested the following amendments in the Act:

(a) Any seven or more workers of any establishment may be allowed to form an union but for the purpose of recognition by the employers, the membership strength must be at least three-fourths of the total workforce.

(b) The theory of "one unit, one union" should be made compulsory.

(c) Employers must recognize unions registered under the Act but they should be given the scope to verify the actual strength of membership of the unions.

(d) The provision of entry of 50% office bearers from outside should be prohibited. This will help the unions to create their own leadership.

(e) The employers must provide all reasonable opportunities to workers to form unions.

The object of the Minimum Wages Act is to prevent exploitation of workers by paying low wages by employers. This Act covers employment in agriculture, public motor transport, plantations, oil mills, tobacco, flour and Dal mills, building construction and corporations established by the Central Government.

The Minimum wages rates have the far reaching consequences in a developing country like ours where working class is largely illiterate. Unions and collective bargaining are yet to emerge as a weapon for regulating labour-management relations. Low and inadequate wages have been and are still an important cause of labour disputes and consequent loss of mandays and production in our country. Therefore, it is the responsibility of the
Government to amend the Act to define in clear terms the wages applicable in various fields of employment instead leaving a chance to the employers to fix a minimum rate of wages.

The Payment of Wages Act, 1936 was the result of findings of the Royal Commission on labour in 1931 in regard to uniform practices of payment of wages to be resorted to by various employers to eliminate all malpractices by laying down wage period and time of making payments and imposition of fines and deduction from wages.

This is a protective legislation which saves the workers from being exploited by ensuring them regular, timely and correct payment of their earned wages in cash rather than in kind.

In order to inculcate the habit of savings amongst the workers, it is suggested that the provision of paying wages in cash should be amended and encourage workers to receive wage payment in cheque in the industrial undertakings where workforce is over 50. Even in establishment where workforce is below 50, if they are willing, they may be paid their wages by cheque.

The Payment of Bonus Act has established a legal right to the workers to receive bonus. Further, the eligibility of the casual and temporary workmen to earn minimum bonus even if they work for 50 days in a calendar year has taken away the incentive of permanent workers who are much greater in number to put forth their best services. Another defect in the Act is that the maximum bonus percentage has been fixed at 20% of gross earnings of workers. This has led to a greater number of disputes, on failure to arrive at an amicable settlement between unions and employers to fix the
percentage. Therefore, the original idea of enacting the Act for achieving greater productivity has been defeated. It is therefore, suggested that bonus should be paid on the basis of productivity alone. Besides, group bonus, individual bonus plans should also be encouraged for higher productivity.

The employees' State Insurance Act, 1948 provides securities to workers against employment injuries, maternity and sickness benefits etc. But there has been widespread discontentment amongst workers covered under E.S.I. Act as there is no sufficient arrangement for proper treatment. Non-availability of sufficient hospital to cater to the needs of workers, inadequate supplies of medicines, unsympathetic attitude of Doctors, irregular payment of sickness and other benefits, complete absence for treatment of contagious and prolonged diseases and many other complaints are heard about. Inspite of all these, the recent amendment of covering workers drawing wages upto Rs. 1000/- per month and inclusion of many other small commercial organizations is not considered as a right step on the part of the Government to cover such an wide area and large employment which will create complications for administration. Instead getting benefit, workers will face untold miseries. Therefore, it is urged that the act should be repealed and made obligatory on the part of the employers to provide adequate medical facilities to their employees; the penal provision should be made heavy so that defaulted employers may be dealt with firmly. For that purpose, elaborate system of inspection of various establishment should be geared up to see that the employers provide reasonable medical facilities. Otherwise, Government should establish fully equipped hospitals for the benefit of the
ESI covered employees and see that they do not suffer unnecessarily at the hands of people who are responsible for administration of the scheme.

The benefits conferred under the provisions of the Employees Provident Fund Scheme are highly beneficial for the employees as they are assured of their financial stability after superannuation. But the following points need amendment so that the beneficiaries of the fund should not face difficulties for non-receipt of money timely:

1. The provision of getting loans and advances by employees for construction of dwelling house, children’s marriage etc. are welcome steps, but instances are available that unduly long procedures and formalities and delay in payments cause hardship to employees.

2. In case of retirement, cessation of employment, or death, the employees or their nominees are required to wait for uncertain period to obtain settlement of the accumulated funds; this causes undue hardships to the recipient of the funds. Therefore, it is suggested that provisions should be made in the Act to settle payments as expeditiously as possible.

3. The provident fund accumulations earn interest @ 4½% as at present. Since the bank rate of interest is even much higher, the low rate of interest is a loss to the contributors and therefore, it is suggested that the rate should be increased at par of bank rate if not more.

4. Undue delay in processing loan applications and refund of provident fund accumulations on superannuation or in case of death etc. should be dealt with severely and concerned officials should be punished.

In summarising the discussion on the legislations, it can be concluded that instead of having numerous separate legislations there should
be one piece of legislation wherein all the provisions covering different fields should be embodied. Further, the languages of the laws are very vague and ambiguous, as a result, executive time is wasted to interpret the language even then at many a times clarification is needed from experts before implementing the provisions.

Unlimited and undisputed powers conferred on the authority to administer the laws have created enough scope for them to take bias decision against employers. There are enough instances where unnecessarily many employers are being harassed by the authority for no fault of theirs.

The legal legislations of our country do not provide clear demarcation of Industrial Relations in business undertakings and hence Government's' thoughts a year ago to bring a legislation in regard to Industrial Relations is most welcome.

Really speaking, the trade union movement in our country is in its infancy as most of the labours are not organised and those who are organised are guided by political parties. The ultimate result is the multiplicity of unions, rivalry amongst unions and industrial confrontation. To put an end to these, a comprehensive legislation with code of conduct should be enacted.

Now turning to the point of Personnel Management aspect it is realised that clear cut division of financial and non-financial goals should be made for managerial personnel of public undertakings and they should be made accountable for results to the chief executives. Moreover, reporting as a feed back to review results periodically and suggest remedial measures must be enforced at all levels of management. The red-tapism and bureaucratic system of management must go and the public undertakings must function in a
business like manner. For that not only the managerial personal but also the workers and their supervisors should be trained to develop their skill to achieve the desired results of efficient management and financial and non-financial goals of the organisation. The placing of civil servants to managerial posts should go and the management of public undertakings should rather be placed at the hands of professional people for efficient management. Further, autonomy should be granted to management for taking quick decision for timely action and effect control.

Private sector undertakings are much ahead of public undertakings in respect of better Personnel Management as the responsibility of Management are placed in the hands of experts in their respective fields. Further, they are provided with requisite training facilities to up-date their professional skills and get chances to acquaint themselves with the modern management technique. The personnel policies in private sectors are more clear and in specific terms. Their selection process, promotion policy and self-development particularly for the rank and file employees are more clear and unambiguous.

There is enough talk of Workers' participation in management and trials have already been made in many industries. The recent thinking of railways in India in this regard is appreciated but due care must be taken to select the areas where workers should be allowed to participate. The scheme was already a failure because of the half-hearted approach of both management and unions and hostile attitude and suspicion of each other. Unless the workers' realise the importance of this noble scheme and managements also provide all reasonable scope for functioning the scheme, no better results can be expected.
While reviewing the study of the Personnel Management of Assam Oil Company Limited, it is strongly felt that the examples set by this industrial venture in the field of Personnel Management are really worth appreciating and hope that other industrial undertakings in the state should follow suit. Right from the man-power planning, recruitment, placement, unit level classes of workers, Training and Development programmes, administering of various employee benefits and services are so scientifically and methodically being carried out in this unit that there is no cause of employee discontentment. Everybody in the organization is happy. It is a proud privilege to mention here that the Assam Oil Company Limited looks after their workers equally parents look after their children.

Keeping in view of the sound and scientific Personnel Management of the Assam Oil Company Limited, concerned circles of the State of Assam should initiate steps to follow suit to achieve the dream of industrialization of this backward state. Hence establishment of industries would not help provided Personnel Management does not get its due place in the administrative structure. Existence, growth and expansion for economic upliftment and to raise standard of living of the masses, cheap and quality goods to the society must be the criteria for establishing industries. These all depend on development of a well contained workforce and able leadership who can contribute for better production and productivity. This in reverse depend on sound Personnel Management. Assam is fortunate to have a pioneering industry, the Assam Oil Company Limited in this field and therefore, the example set by this unit must be inspiring factor for other industrial ventures to follow.