CHAPTER - 7
CHAPTER - 7


The study of this chapter has been covered by researcher while referring 'Economic Times' and other magazines where articles are published under the heading of globalization and its effect on world economics as well as Indian economy. Also researcher met to known economist Shri Raghav Narsale' whose articles and interviews are published in newspapers and on television regularly. Another is the learned faculty member of economic of SNDT College Mumbai and tried to give the effect of globalization going to be on Indian economy, labour laws and other social activities, which have been carried out by the Government to protect the weaker section of the society.

7.1 Globalization

Globalization has become an expression of common usage. While to some, it represents a brave new world with no barriers, for some others, it spells doom and destruction. It is, therefore, necessary to have a clear understanding of what globalization means and what it stands for, if we have to deal with a phenomenon that is willy-nilly gathering momentum.

1 Report on Organized labour and economic liberalization - Indian Institute of Management, Calcutta.
Meaning

Broadly speaking, the term ‘globalization’ means integration of economies and societies through cross-country flows of information, ideas, technologies, goods, services, capital, finance and people. Cross-border integration can have several dimensions—cultural, social, political and economic. In fact, some people fear cultural and social integration even more than economic integration. The fear of “cultural hegemony” haunts many. Limiting ourselves to economic integration, one can see this happen through the three channels of (a) trade in goods and services, (b) movement of capital and (c) flow of finance. Besides, there is also the channel through movement of people.

7.2 Development of Globalization

Globalization has been a historical process with ebbs and flows. During the Pre-World War I period of 1870 to 1914, there was rapid integration of the economies in terms of trade flows, movement of capital and migration of people. The growth of globalization was mainly led by the technological forces in the fields of transport and communication. There were fewer barriers to flow of trade and people across the geographical boundaries. Indeed there were no passports and visa requirements and very few non-tariff barriers and restrictions on fund flows. The pace of globalization, however, decelerated between the First and the Second World War. The inter-war period witnessed the erection
of various barriers to restrict free movement of goods and services. Most economies thought that they could thrive better under high protective walls. After World War II, all the leading countries resolved not to repeat the mistakes they had committed previously by opting for isolation. Most of the developing countries, which gained Independence from the colonial rule in the immediate Post-World War II period, followed an import substitution industrialization regime. The Soviet bloc countries were also shielded from the process of global economic integration. However, times have changed. In the last two decades, the process of globalization has proceeded with greater vigor. More and more developing countries are turning towards outward oriented policy of growth. Yet, studies point out that trade and capital markets are no more globalized today than they were at the end of the 19th century. Nevertheless, there are more concerns about globalization now than before because of the nature and speed of transformation. What is striking in the current episode is not only the rapid pace but also the enormous impact of new information technologies on market integration, efficiency and industrial organization.

7.3 Impact of Globalization

7.3.1 Trade in Goods and Services

According to the standard theory, international trade leads to allocation of resources that is consistent with comparative advantage. This results in specialization, which enhances productivity. It is accepted
that international trade, in general, is beneficial and that restrictive trade practices impede growth. That is the reason why many of the emerging economies, which originally depended on a growth model of import substitution, have moved over to a policy of outward orientation.

**7.3.2 Impact of globalization on India**

What should be India’s attitude in this environment of growing globalization? At the outset it must be mentioned that opting out of globalization is not a viable choice. There are at present 149 members in the World Trade Organization (WTO). Some 25 countries are waiting to join the WTO. China has recently been admitted as a member. What is needed is to evolve an appropriate framework to wrest maximum benefits out of international trade and investment. This framework should include (a) making explicit the list of demands that India would like to make on the multilateral trade system, and (b) steps that India should take to realize the full potential from globalization.

**7.3.3 Demands on the Trading System**

Without being exhaustive, the demands of the developing countries on the multilateral trading system should include (1) establishing symmetry as between the movement of capital and natural persons, (2) delinking environmental standards and labour related considerations from trade negotiations, (3) zero tariffs in industrialized countries on labour intensive exports of developing countries, (4) adequate protection to genetic or biological material and traditional
knowledge of developing countries, (5) prohibition of unilateral trade action and extra territorial application of national laws and regulations, and (6) effective restraint on industrialized countries in initiating antidumping and countervailing action against exports from developing countries.

### 7.3.4 Position in India

The measures that should form part of the action plan must relate to strengthening India's position in international trade. India has many strengths, which several developing countries lack. In that sense, India is different and is in a stronger position to gain from international trade and investment. India's rise to the top of the IT industry in the world is a reflection of the abundance of skilled manpower in our country. It is, therefore, in India's interest to ensure that there is a greater freedom of movement of skilled manpower. At the same time, we should attempt to take all efforts to ensure that we continue to remain a frontline country in the area of skilled manpower. India can attract greater foreign investment, if we can accelerate our growth with stability. Stability, in this context, means reasonable balance on the fiscal and external accounts. We must maintain a competitive environment domestically so that we can take full advantage of wider market access. We must make good use of the extended time given to developing countries to dismantle trade barriers. Wherever legislations are required to protect sectors like agriculture, they need to be enacted quickly. In fact, we
had taken a long time to pass the Protection of Plant Varieties and Farmers' Rights Act. We must also be active in ensuring that our firms make effective use of the new patent rights. South Korea has been able to file in recent years as many as 5000 patent applications in the United States whereas in 1986, the country filed only 162. China has also been very active in this area. We need a truly active agency in India to encourage Indian firms to file patent applications. In effect, we must build the complementary institutions necessary for maximizing the benefits from international trade and investment.

Indian industry has a right to demand that the macro economic policy environment should be conducive to rapid economic growth. The configuration of policy decisions in the recent period has been attempting to do that. It is, however, time for Indian industrial units to recognize that the challenges of the new century demand greater action at the enterprise level. They have to learn to swim in the tempestuous waters of competition and away from the protected waters of the swimming pools. India is no longer a country producing goods and services for the domestic market alone. Indian firms are becoming and have to become global players. At the minimum, they must be able to meet global competition. The search for identifying new competitive advantages must begin earnestly. India's ascendancy in Information Technology (IT) is only partly by design. However, it must be said to the credit of policy makers that once the potential in this area was discovered, the policy environment became strongly industry friendly.
The Globalization, in a fundamental sense, is not a new phenomenon. Its roots extend farther and deeper than the visible part of the plant. It is as old as history, starting with the great migrations of people across the great landmasses. Only recent developments in computer and communication technologies have accelerated the process of integration, with geographic distances becoming less of a factor. Is this 'end of geography' a boon or a bane? Borders have become porous and the sky is open. With modern technology which do not recognize geography, it is not possible to hold back ideas either in the political, economic or cultural spheres. Each country must prepare itself to meet the new challenges so that it is not being bypassed by this huge wave of technological and institutional changes.

7.4 International Labour Organization

The International Institute for Labour Studies was established in 1960 as an autonomous facility of the International Labour Organization (ILO). Its mandate is to promote policy research and public discussion on emerging issues of concern to the ILO and its constituents labour, business and government.

The Labour and Society Programme examines the outlook for labour at the beginning of the new millennium in the light of changes at the workplace and in society at large. Focusing initially on organized labour, the programme seeks to identify approaches and strategies to
enhance the profile of labour as a major actor in civil society, and as a contributor to dynamic and equitable growth. Specifically, the programme will review the changing environment of labour and unions; document trade union responses to these changes; highlight promising approaches for trade unions in civil society and the global economy in future; and outline the type of policy and institutional environment required for the growth of free and effective trade unions. This work is undertaken in close collaborated action with international and national trade union organizations and international trade secretariats, and will be implemented through networks consisting of trade union practitioners, academics, research institutes and other policymakers. These networks, both international and regional, will also be a means of disseminating research outcomes to a wider audience.

7.5 Liberalization in India - Organized Labour and Economic Past, Present and Future

The Role of organized labour in India in a structural and historical context. It attempts to trace the economic, political and social effects of the trade union movement and its strategies over time. These effects are felt at enterprise- and/or firm-level, industry-level, regional and national level. First we consider the effect of changing economic conditions on the evolution of trade unions and bargaining institutions in largely urban labour markets in the post-independence period (1947
Some contemporary issues affecting the organized labour movement in India today are then discussed. It has two main objectives:

(a) To present a history of Indian industrial relations, broadly understood as the changing relationships between workers, trade unions, employers, the economy and the state;

(b) To posit a political economy of trade unionism in India. The evolution of trade unionism (and industrial relations in general) is described in terms of the “four phases of unionism”.

This corresponds with structural changes in the economy of India and we trace the effect of these changes on labour markets as well as on the (very broadly defined) industrial relations arena. The first phase (1950 to mid-1960s) corresponds to an era of state planning and import substitution, when public-sector employment and public-sector unionism rose phenomenally. Unions and bargaining structures were highly centralized; the two main federations were the nationalist Indian National Trade Union Congress and the communist All India Trade Union Congress. State intervention in the determination of wages and working conditions was the norm and “state-dominated pluralism” was the labour regime during this first phase. The second phase (mid-1960s to 1979) is associated with a period of economic stagnation and political turmoil. Employment slowed down, there were massive inter-union rivalries, and industrial conflict increased. The third phase (1980-1991) corresponds to a period of segmented and uneven economic
development. Decentralized bargaining and independent trade unionism enter the stage in a significant way. Finally, the fourth phase of unionism (as yet incomplete, 1991-2000) represents the post economic reform period. The stabilization and structural adjustment programmes led to demands for increased labour market flexibility, especially employment flexibility. This has led to a recruitment freeze in many public sector sites, and unions in these sectors now have to cope with competition at local level.

The nature of labour-management relations; the (extremely important) issue of inter-state and regional variations in labour regimes; The question of women workers and unionization; and the changing public perception of trade unions. The main points are summarized below:

(a) In both the public and private sectors, employment in industry has substantially declined, especially since the economic reforms; however, employment in public sector services has increased since the third phase of unionism. The trend in most industries is to reduce permanent employment and to use more contract, temporary and casual workers.

(b) Trade unions have performed well in profitable industries, mainly in private (often multinational) enterprises, but also in some public sector firms with decentralized bargaining structures.

(c) The number of plant-based independent and unaffiliated trade
unions have risen, which may have caused a decline in the power of centralized affiliated unions, especially in the private sector.

(d) Two critical changes in collective bargaining are the expansion of coverage and scope of long-term agreements.

(e) The procedural environment required for competitive industrial pluralism to work at its best is still absent from the Indian industrial relations system (absence of a secret ballot, absence of a single bargaining agent, absence of third-party arbitration and strong restraints on "legal" strikes). This has made the organized labour movement competitively dependent on state recognition and patronage. All parties recognize the urgent need for comprehensive labour law reform.

(f) Modern human resources management has significantly altered labour-management relations in the advanced sectors of production without necessarily leading to a decline in union bargaining power.

(g) Inter-state and inter-city variations in labour-management relations have increased since the mid-1980s, and in the absence of concerted efforts on the part of the central government to reform labour laws, these variations are likely to be accentuated with the progress of economic reform.

(h) Women workers are largely concentrated in the self-employed
and unorganized sectors with little representation in trade unions. Non-governmental organizations have made considerable efforts to organize women in these vulnerable occupations.

7.6 Movements and non-governmental organizations.

It is only through this kind of extensive mobilization that “public action” can be triggered to “level-up” the labour market institutions of vulnerable sections of the workforce. The organized labour movement will have to come to terms with global competition, technology, new industrial organization and structural/demographic changes in the workforce. The earlier, relatively insulated, systems for regulating employment will have to give way to more market sensitive and flexible systems, ultimately even in the public sphere. In the private sector, trade unions have adapted their structures in response to the decentralization of industrial relations, but these adjustments difficult in the public sector. There is no other way but to increase membership, which means organizing vulnerable workers in the informal sector. This is the most obvious way for unions to win broader community support. Finally, trade unions can only gain by cooperating and working together.

7.6.1 The role of organized labour in India

In a structural and historical context, tracing the economic, political, and social effects of the trade union movement over time. We look at union strategies at the level of the enterprise and/or firm, the industry,
the region and the nation. The effect of changing economic conditions on the evolution of trade unions and bargaining institutions are described in largely urban labour markets in the post-independence period (1947 onwards). Then we consider some contemporary issues affecting the organized labour movement in India today.

7.6.2 Study of labour organization

At present the study of labour organisation matters is regarding union behavior, economic performance and industrial/labour relations strategy, changing economic environment and its effects on organized labour in India. The first part explains the “four phases of unionism”. The second part deals with unionization and employment, union structure and density, wages and working conditions, collective bargaining, industrial conflict, labour-management relations, interstate variations, women workers and unionization, and the changing public perception of trade unions. The concluding section comments on the future role of trade unions in India, with a focus on organizing non-unionized workers.

7.6.3 The changing economic environment and its effects on organized labour in India.

The first phase of the (post-independence) Indian trade union movement generally corresponds to the first three Five-Year Plans (1951-56, 1956-61, 1961-66), a period of “national capitalism” A state-led industrialization policy with an import substitution strategy resulted
in the formation of large, employment-intensive public sector enterprises. This massive development of the public sector aided the private corporate sector in terms of supplying the necessary intermediate and capital goods. Between 1951 and 1965, industrial production increased and manufacturing output increased. The expansion of large public enterprises led to employment growth in the formal economy, public and also in the private sector, notably in services, transport and education. Public sector employment quite naturally led to public sector unionism.

7.6.4 The second phase of unionism (mid-1960s to 1979)

The second phase of unionism more or less corresponds with the Annual Plans for 1967-69, the Fourth (1969-74) and Fifth (1974-79) Five-Year Plans.

The deceleration adversely affected the level of employment in the economy as a whole. Structural changes in the economy obviously had an effect on union activity, collective bargaining practices, industrial labour markets, and labour relations in general. There was a dramatic increase in the number of disputes (strikes and lockouts), the number of workers involved and the number of workdays lost between 1966 and 1974. New forms of protest, such as the “hartal” (go-slow), often resulting in considerable violence, emerged during this second phase. Workers sought more skilled politicians and negotiators to lead their struggles. The relationship between the rank and file and outside
leadership in the non-INTUC unions could be characterized, as “a transaction between the membership and a politician known as a good negotiator”. Two demographic factors may be associated with this change in worker preferences:

a) A growing proportion of workers were young people who had not participated in the pre-independence labour struggles;

b) (Probably more important), the leaders of the radical unions at this time were mostly not party politicians but committed lawyers and student activists well-versed in the bureaucratic rites of the Indian industrial relations.

7.6.5 Impact of general textile strike

The textile strike ended in a whimper late in 1983: many workers returned to their villages, their lives ruined, employers restructured their mills in the advanced textile sector, and the credibility of the government-installed union in the industry declined to levels from which it could never recover. Evidence from the immediate post-strike period seems to suggest that workers and unions, at least in the profitable mills, negotiated their own decentralized bargaining agreements. After Datta Samant formed the Kamgar Aghadi Party and won a few seats in Parliament in 1984, many commentators felt that this was a new and encouraging beginning for the organized labour movement in India.

During this phase, employers cut back on hiring and started retrenchment, increasing the capital labour ratio which in turn
increased labour productivity. Thus, according to this scenario, the faster growth of real wages in the 1980s played a role in slowing employment creation.

7.6.6 The fourth phase of unionism (1992 -2000)

The fourth phase of unionism more or less corresponds to the Eighth (1992-97) and the Nineth (1997-2002) Five-Year Plans.

The whole range of issues on the economic reform agenda remain incomplete: infrastructure development, greater transparency in investment procedures, restoration of business confidence, review of import duties, further banking sector reforms, and most important, public sector and labour market reforms. The economic reform has led to an increase in rural poverty and a decline in urban poverty. In terms of the structure of employment, in some sectors the employment share increased after the reforms (textiles, transport equipment, chemicals, beverages, Metal products) while in others the employment share decreased (machinery).

One of the main objectives of the economic reform package is the restructuring of unprofitable public sector enterprises. These enterprises are free to reduce their workforce through voluntary retirement schemes (VRS) assisted by the national renewal fund (NRF) instituted by the government, and by amendments to the Sick Industrial Companies Act 1985. The objectives of the NRF were to provide assistance to cover the costs of retraining and redeployment made necessary by modernization, technological upgrading, industrial restructuring, and possible closure.
In 1993-94 maximum fund was allocated to the textile sector while recruitment was frozen, the government also froze the centralized wage bargaining process for a few years after 1992. It later opened the negotiation process and attempted to decentralize bargaining by announcing that any wage increases would have to be absorbed by the specific enterprise, as these could no longer be passed on to the final price.

During this phase the public has become acutely aware (largely through the print and visual media) that trade unions represent a declining “sectional interest group”. It was realised that the union rights of workers must also be respected in any democracy, the government must also ensure, perhaps through secret ballot, that no unrepresentative union harasses ordinary consumers.

Trade unions feel that workers have little protection from the whims of errant management, and that any alteration in the law would only add to managerial power. For example, the proposal to relax the law on contract labour in order to generate more jobs on contract for the unorganized sector is interpreted by the unions as a move to undercut permanent unionized jobs. More recently, proposed changes in the Industrial Disputes Act will make it difficult for trade unions to call wildcat strikes and the amendments will dilute the need for employers to have government approval for a lockout. On the other hand, they give the tribunals more power to penalize errant employers.
The government has announced that it will develop a comprehensive strategy to deal with unprofitable public enterprises and “hammer out a mechanism which makes it easier to close chronically sick units”. Officials in the Ministry of Finance announced that more funds have to be pumped into the voluntary retirement schemes so that workers can be retrained and redeployed in viable public sector unit.

7.6.7. The issues

The above discussion on the four phases of Indian trade unionism sketched out the interaction between changes in the overall economy and their effects on the labour market and on industrial relations. In this section several issues which arise from the discussion and speculate on trends in the near future. These issues are: unionization and employment; union structure and union density; wages and working conditions; collective bargaining; industrial conflict; labour-management relations; inter-state variations; unionization and women workers; and the changing public perception of trade unions.

7.7 Impact of Globalization on Unionization & employment

Declining employment elasticity implies that more output is attained with less employment. This could be due to the fact that employers are investing in more capital-intensive technologies, and that
there has been a considerable amount of labour shedding in the private and public-sector enterprises since the mid-1980s. Unions are of the opinion that it affect employment capital by technological change that increases the possibility of substituting between capital and labour by limiting the availability of goods and services that compete with the output of unionized firms. In addition, union bargaining power varies indirectly with labour's share in total costs: unions are more powerful in relatively more capital-intensive firms and industries, as the demand for labour is relatively inelastic compared to labour-intensive sectors. Employers in capital-intensive firms find it much easier to meet union wage demands compared to employers in labour-intensive firms. Finally, it is in the interest of unions to raise the price of other inputs, particularly non-union labour, as this increases the cost of switching from union to non-union labour. To illustrate the usefulness of the above, consider the following.

The labour unions in the more labour-intensive sectors in India face considerably more uncertainty and insecurity than their counterparts in more capital-intensive sectors. Several firms in the textile and jute industries are near closure. On the other hand, the majority of plant-based “independent” unions are located in more capital-intensive industries, and union bargaining power in several public sector sites (such as transportation and banking) is high due to its specific market characteristics defined by state monopoly.
This clearly shows the following: in the first phase, public sector employment increased sharply and private sector employment increased marginally; during the second phase, public sector employment increased rapidly, whereas private sector employment remained sluggish; during the third phase, employment growth in both sectors sharply tapered off; and during the first few years of the fourth phase, growth in both sectors remained nearly static. We note two trends: since the third phase, growth in employment in manufacturing, both in the public and private sectors, has remained virtually stagnant; however, during the third phase, employment increased in public services. We also observe the phenomenal growth in employment in services (especially in the public sector) relative to manufacturing. Finally, except in manufacturing, the public sector continued to be the dominant employer in the organized economy.

In the state of Maharashtra, permanent workers and their unions in the chemical and pharmaceutical industries have realized that their well-being is ultimately tied to their fellow workers in the “reserve army of labour”. The unions organize on an industry- and/or region-wide basis in the older industrial sectors, but the enterprise becomes the unit of organization in the newer industries. This pattern corresponds with the prevalent bargaining structure (i.e., industry- and region-wide in the older industries, and plant-level in the newer industries).

The “market friendly” views of the relationship between unionization and employment in India, especially during the third and
fourth phase, was elaborated earlier, but needs to be emphasized in this section as well. The “monopoly effects” of trade unions, together with inflexible labour laws, have enabled employers to move up their demand curves and have practically frozen employment growth in permanent unionized jobs.

Due to union wage mark-ups, employers have increased the capital intensity of production, thereby raising productivity. But this route can only lead to jobless growth, clearly a sub-optimal outcome in a labour surplus economy. Those who oppose this view point out that wage increases took place not because of union power but largely because of an intensification of the labour process resulting from a decline in union power. A disaggregated analysis probably comes closest to reality: in the more prosperous sectors, with low elasticity of labour demand, “selfish” plant-specific unions managed to extract generous wage increases; in the less prosperous sectors, largely in the public sector, “altruistic” unions affiliated to political parties have had little success with centralized bargaining procedures in unstable product markets. In the buoyant sectors of production, even before 1991, employers have managed to execute viable exit policies through generous Voluntary Retirement Schemes, with the cooperation of enterprise-based unions. In these largely private sector sites, “bringing the union in” has clearly paid dividends in terms of generating “strongly efficient contracts” (that is, when the labour contract leads a unionized firm to hire the competitive level of employment).
In the public sector, exit schemes (available through the National Renewal Fund) have few individual takers or else they face union resistance at national level. As far as we are concerned, job security is more important than wage revision”. The practice of “featherbedding” (employing more people than required) in a whole range of public enterprises is no longer financially viable. The union movement as a whole, especially the large centralized and industry-wide public sector unions, may benefit more from unionizing the unorganized than from attempting to preserve unproductive jobs.

There are various economic arguments in favour of the imposition of international labour standards (ILS). To the extent that labour markets in developing countries are beset with imperfect and asymmetric information (for example relating to industrial safety), ILS may level up labour market institutions to correct for market failures of this type. ILS can be used as a redistribute mechanism if the government feels that the market determined income distribution profile is skewed towards the more skilled workers in relatively protected environments. Trade unions in India interpret this imposed link as a disguised form of protectionism (for the various trade union views,. This argument leads to the same outcome as those put forward by the ‘comparative advantage’ trade theorists that the imposition of ILS will lead to a reduction in the net gains from trade, and therefore individual countries should decide on their own labour standards.
7.8 Collective bargaining

Two critical aspects of the collective bargaining system are an expansion of the coverage and scope of long-term agreements and the increasing pressure for decentralized bargaining. These tendencies originated during the third phase of unionism and became acute during the post-reform fourth phase. The restructuring agreements cover (among other things): ban on recruitment, job transfers to non-bargainable category, introduction of parallel production, automation and flexibility, transfer of production to subcontracted units, introduction of voluntary retirement schemes, transfer of permanent jobs to contract/temporary workers, merger of units, and a host of other shop floor restructuring provisions.

The central trade unions are uniting to obtain before others a government attempt to switch to a 10-year wage settlement in public sector units instead of the present 5-year duration. Union leaders say the move will affect the pay revision prospects of about 2 million workers in the public sector. Private employers have been lobbying for some time to increase the duration of contracts in public sector units so as to prevent disruptions arising from frequent industrial disputes, the costs of which they have to often bear. Unions, especially the All India Trade Union Congress and the Indian National Trade Union Congress are strongly against such a move. Even outside the public sector, pressures for decentralized bargaining are emanating from both workers and
employers. What happened in the textile industry is now being repeated in the jute industry in and around Calcutta. Due to the uneven development of textile firms in Mumbai in the early 1980s, and due to the undemocratic nature of union representation in the industry, both employers and unions in the more profitable mills wanted to break away from the industry-wide agreement in force and set up their own mill-level agreements. By decentralizing bargaining structures and expanding the scope and duration of labour contracts, employers and the government are trying to minimize the "monopoly effects" of union work rules embedded in contract provisions that lead to considerable labour market inflexibilities, especially at micro-level. The determinant of public sector negotiations has been pay parity, and as a result there are few incentive structures in this system.

7.9 Industrial conflict

Even though union density is very low by international standards, India loses more days every year as a result of strikes and lockouts than almost any other country. During the third and fourth phase, the number of lockouts rose whereas the number of strikes decreased. The same applies to the number of workdays lost and the number of workers involved. Until 1989 industrial conflict occurred mainly in the private sector in terms of number of disputes, workdays and wages lost, and lost production, although the actual number of workers involved in
disputes was higher in the public sector in the early 1980s. Since 1990, however, industrial disputes in both sectors have increased. Since the economic reforms of 1991, successive national governments have had to deal with considerable industrial conflict in the public sector, especially in banking, insurance, and transport.

7.10 Labour management relations in the contest of Globalisation

Since the mid-1980s the practice of human resources management (HRM) has significantly altered traditional union-management relations in the advanced sectors of production, notably in multinationals and other private firms. Since the economic reforms of 1991, some public sector firms have also incorporated modern HRM practices into their otherwise traditional labour management relationship.

7.10.1 Inter-state variations

One critical reason why labour law reform has been continuously debated but ultimately shelved, is the lack of a consensus within the labour movement and across different state governments. Since economic liberalization, every state government has attempted to attract national and international capital. This has involved significant media costs, and many states have even hired international consultants to draw up economic renewal agendas. A vital consideration in this post-liberalization discourse has been the question of work ethic and
comparative union militancy. Some trends can be discerned: (a) the more industrial states of Maharashtra and Tamil Nadu have maintained their high rankings through the four phases; (b) West Bengal ranks high during the first two phases, but we could not find comparable data for the following two phases; and (c) Gujarat is doing well during the fourth phase, no doubt reflecting the rise of unions affiliated to the Bharatiya Janata Party.

From the mid-1990s, the CPI (M) has attempted to attract national and international capital at several well-publicized gatherings in Calcutta, through government funded ministerial visits abroad, and through promotional advertising. The state government has been sending strong signals to the trade unions in the state to accept the requirements of industrial regeneration. Unions and employees in hospitals and nursing homes have been warned. As an important CPI (M) minister put it recently: “In the name of trade unionism, we have allowed many things.

The trade unions are now realizing that there is nothing voluntary about the ‘voluntary retirement schemes’ being imposed on workers in some well-known large firms. Recently, tensions between the party and its affiliated union (the CITU) came to the fore on two counts. According to management such a recruitment policy would spell financial disaster, and consequently, the state government has gone against the wishes of its affiliated union. The transport workers’ unions have threatened indefinite strikes to cripple the public transport system in the city.
7.10.2 Changing public perception of trade unions

The memories of nationalism and independence struggles sustained the image of trade unions as the collective voice of the oppressed, dispossessed and the exploited during the first two phases of unionism. In the third phase, segmented and uneven economic growth fractured union voices, and the public was able to distinguish between them. The Mumbai textile strike of 1982-83 generated considerable solidarity, not just within the organized labour movement, but among the urban citizenry at large. At the same time, however, impatience with the declining work ethic and a growing lack of accountability in the public sector, especially in service and education, often reached critical levels. Since the liberalization process in 1991-92, the print and visual media have clearly supported globalization. By and large, organized labour, especially in the public sector, has not received a sympathetic press; in fact, coverage of trade union matters has declined considerably. At the same time though, considerable media attention is given to the conditions of unorganized workers, child and women workers, and to the attempts by non-governmental organizations to improve the status of disadvantaged groups. Trade unions in India today face the challenge of convincing the public that they can act on behalf of all employees, unionized or not. This requires the formation of strategic alliances with community bodies, social movements, and other non-governmental. Trade unions will have to come to accept that the credibility of political parties is at a very low level.
7.11 The Impact of Globalisation on Employment in India and Responses from the Formal and Informal Sectors

Two claims about the impact of globalisation have been made in India. One, made by the corporate lobby, is that globalisation requires the dilution of existing labour standards and, a fortiori, strong resistance to any strengthening of workers’ rights, since these are an obstacle to competitiveness in the global economy as well as to attracting foreign investment. The other, made by mainstream Left parties and their trade unions, is that globalisation, through the agency of transnational corporations, the World Bank, IMF and WTO, is driving the dilution of labour standards and assault on workers’ rights. Coming from seemingly opposite quarters, these claims converge on one common point: globalisation inevitably leads to an attack on workers’ rights. This paper examines the evidence for and against these claims, and ends by looking at the ways in which workers have defended and could defend their rights in this context.

7.11.1 Summary and conclusions

If the current phase of capitalist integration is characterized as ‘globalisation’, then opposition to it from the standpoint of retaining a more national character to capitalism can only act against the interests of workers. Firstly, it fosters the illusion that capitalism can solve problems of poverty and unemployment so long as it remains national,
whereas these problems are endemic to capitalism in any form; and secondly, it prevents workers from working out international strategies premised on the reality of capitalism as a global system, and thereby deprives them of their most potent weapon. There is no mechanism whereby globalisation can lead to a universal degradation of labour standards any greater than the degradation caused by national capitalisms. What it does lead to is a leveling of labour standards both within and between countries. Left to themselves, employers will tend to level downwards. This is what has been happening within India, with pressure from employers to push labour standards down to the level of the informal sector, and it has also happened internationally to some extent. The only way to counteract this tendency is to make a coordinated effort by trade unions globally to level upwards, beginning with countries and sectors where workers' rights are weakest. This will also involve tackling Right-wing and anti-labour arguments ideologically. We have looked for evidence that the huge preponderance of the informal sector creates more employment and failed to find it. Nor can the continual transfer of jobs from the formal to the informal sector be explained either by job security provisions in the ID Act or by the compulsions of globalisation. The huge and growing preponderance of the informal sector is explained by the aversion of Indian employers to regulation, especially in the area of labour relations. Government policy has been guided by their preferences all along, earlier using employment creation
as a pretext for deregulating the informal sector, and more recently using globalisation as a pretext to deregulate a large part of what remains of the formal sector. The Maharashtra bandh of 25 April 2001 showed that when trade unions unite, they still have the power to influence policy, and could succeed in averting the proposed changes to labour laws. However, employers have demonstrated that they are quite capable of attacking workers’ rights even without any changes in legislation, and trade unions have thus far failed to stem this more subtle erosion of labour standards. There are two main reasons for this failure: (1) An excessively narrow base which they have been unable to broaden, and (2) Ideological cooption by the ruling classes.

(1) The overwhelming majority of workers in India belong to the informal sector, which resists unionisation due to its very nature as informal labour. Trade unions have made few attempts to formalize informal labour, with the notable exception of cases taken up to make contract workers permanent. Unless the status of all informal workers as workers is established legally, their attempts to organise and improve their employment conditions would have only very limited success. The reach of the trade union movement would remain extremely restricted, and this in turn would impose severe constraints on the power of the movement to influence policy or even protect workers in the formal sector.
(2) Trade unionists who pretend that the downward pressure on labour standards is being exerted by foreign capital and the WTO when it is in fact being done by domestic business lobbies are actually providing an excuse for the viciously anti-labour policies of domestic industrialists and supporting their arguments that globalisation gives them no option but to attack workers’ rights. They are also allying themselves with all the fascists of the world, whose extreme nationalism puts them in opposition to globalisation. Far from being an anticapitalist position, this is a form of class collaborationism, subordinating the interests of the working class to those of the most authoritarian sections of domestic capital. The ultimate irony is the fact that to the extent that these domestic employers are linked to international capital through sourcing or subcontracting arrangements, the anti-globalisers are helping MNCs to profit from the super-exploitation of sweating labour!

Nationalism is at the heart of this alliance. It is the ideology, which drives trade unions to uphold the interests of capital and the Left to support the extreme Right. Unfortunately, it is the best organised and relatively privileged sections of workers belonging to mainstream unions – those who have gained most from labour legislation and social security – who are also very prone to the illusion that it is in their interest to uphold the nation-state. Only the most class-conscious and clear-sighted trade unionists are able to avoid the trap of nationalism and take a truly internationalist stand. Independent unions like those belonging
to the TUSC have the greatest probability of arriving at this position, since they are not encumbered by the weight of bureaucracy and party ideology, but have the freedom to think and act creatively.

Most women workers, migrant workers and indigenous people, ethnic and religious minorities, dalits in India and informal workers in general, have no illusions in the benevolence of the nation-state either, unless they have been influenced by NGOs with a nationalist ideology. They have gained nothing from the nation and therefore have nothing to lose from globalization. It is an alliance between formal and informal sector activists who are able to look beyond narrow sectional interests and adopt a genuinely internationalist position which is most likely to be able to assume the leadership in an effective response to the challenges of globalisation.


7.12.1 Historical Background of Labour Policy & Labour Laws

India’s Labour Policy is mainly based on Labour Laws. The labour laws of independent India derive their origin, inspiration and strength partly from the views expressed by important nationalist leaders during the days of national freedom struggle, partly from the debates of the Constituent Assembly and partly from the provisions of the Constitution
and the International Conventions and Recommendations. The relevance of the dignity of human labour and the need for protecting and safeguarding the interest of labour as human beings has been enshrined of the Constitution of India keeping in line with Fundamental Rights and Directive Principles of State Policy. The Labour Laws were also influenced by important human rights and the conventions and standards that have emerged from the United Nations. These include right to work of one's choice, right against discrimination, prohibition of child labour, just and humane conditions of work, social security, protection of wages, redress of grievances, right to organize and form trade unions, collective bargaining and participation in management. Our labour laws have also been significantly influenced by the deliberations of the various Sessions of the Indian Labour Conference and the International Labour Conference. Labour legislations have also been shaped and influenced by the recommendations of the various National Committees and Commissions such as First National Commission on Labour (1969) under the Chairmanship of Justice Gajendragadkar, National Commission on Rural Labour (1991), Second National Commission on Labour (2002) under the Chairmanship of Shri Ravindra Varma etc. and judicial pronouncements on labour related matters specifically pertaining to minimum wages, bonded labour, child labour, contract labour etc.
7.12.2 Constitutional Framework

Under the Constitution of India, Labour is a subject in the concurrent list where both the Central and State Governments are competent to enact legislations. As a result, a large number of labour laws have been enacted catering to different aspects of labour namely, occupational health, safety, employment, training of apprentices, fixation, review and revision of minimum wages, mode of payment of wages, payment of compensation to workmen who suffer injuries as a result of accidents or causing death or disablement, bonded labour, contract labour, women labour and child labour, resolution and adjudication of industrial disputes, provision of social security such as provident fund, employees’ state insurance, gratuity, provision for payment of bonus, regulating the working conditions of certain specific categories of workmen such as plantation labour, beedi workers etc. This is how we have a large number of labour legislations.

7.12.3 Labour laws enacted and enforced by the various State Governments which apply to respective States.

Besides, both Central and State Governments have formulated Rules to facilitate implementation of these laws. The Ministry of Labour & Employment is mandated to create a work environment conducive to achieving a high rate of economic growth with due regard to protecting and safeguarding the interests of the working class in general and those of the vulnerable sections of the society in particular.
The Ministry has been performing its assigned duties through the above stated legislations with the help and cooperation of State Governments.

It needs to be stated that in a dynamic context, laws need to be reviewed from time to time. Hence, review / updation of labour laws is a continuous process in order to bring them in tune with the emerging needs of the economy such as attaining higher levels of productivity & competitiveness, increasing employment opportunities, attaining more investment both domestic and foreign etc.

7.12.4 Important Developments during Tenth Plan

The Second National Commission on Labour:

The Second National Commission on Labour was given two point terms of reference:

i) To suggest rationalization of existing laws relating to labour in the organised sector; and

ii) To suggest an umbrella legislation for ensuring a minimum level of protection to the workers in the unorganised sectors;

The Commission comprehensively covered various aspects of labour and given recommendations relating to review of laws, social security, women & child labour, wages, skill development, labour administration, unorganized sector etc.
7.12.5 Labour Laws: Amendments under Consideration / 

Undertaken

The Present Status of amendments in certain Acts is as under:

(i) The Factories (Amendment) Bill proposes to amend the Section 66 of the Factories Act 1948, so as to provide flexibility in the matter of employment of women during night shift with adequate safeguards for their safety, dignity, honour and transportation from the factory premises to their nearest point of their residence.

(ii) The Payment of Wages Act, 1936, ensures that wages payable to employed persons are timely disbursed and no unauthorized deductions are made from their wages.

(iii) The Cabinet had approved a proposal to amend the Labour Laws (Exemption from Furnishing Returns and Maintaining Registers by Certain Establishments) Act, 1988, which intends to introduce simplified forms of registers to be maintained by the employees under certain labour laws. On amendment, now the establishments, employing not more than 500 persons, shall not be required to file multiple returns and maintain separate registers under various labour laws.

Amendment of the Apprentices Act, 1961 has been introduced in the Rajya Sabha to provide (i) reservation for Other Backward Classes, (ii) related instructions to be imparted at the cost of employer and (iii) flexibility in respect of ratio’s prescribed for Apprenticeship Scheme.
7.12.6 Attaining Flexibility in Labour Laws

In line with the NCMP, and with a focus to spearhead consultation process amongst the stake holders for carrying out labour reforms, The Hon’ble Labour & Employment Minister held a meeting with the representatives of industry, economists and academicians, wherein following broad points emerged:-

(i) In order to compete in this global market, the management would require operational flexibility which includes power to right-size the work force;

(ii) The industry is prepared to consider paying higher compensation to the retrenched workers; and

(iii) There is need for having adequately trained manpower. The training facilities need to be upgraded.

Similarly, on the same subject Hon’ble Minister for Labour & Employment held meeting with the representatives of Central Trade Unions on 31.3.2005 wherein following broad points emerged:-

(i) While considering labour reforms, the spirit of the NCMP, the mandate of the Ministry of Labour and Employment and the interest of the workers should not be lost sight of / compromised.

(ii) Any proposal for labour reforms should be conceptualized only after the trade unions are duly consulted.

Further, on “Making Labour Markets Flexible: Suggestions for Consideration”, a Discussion Paper had been circulated among various
stakeholders for eliciting their views. The suggestions, inter-alia, included:

(i) Amendment in the Contract Labour (Regulation and Abolition) Act, 1970 by placing certain activities in a separate schedule so that provisions of Section 10 may not apply to them, and by replacing the term “emergency” with the term “public interest” in Section 31 of the Act; and

(ii) Amendment in the Industrial Disputes Act, 1947 by raising the number filter from 100 to 300 for applicability of chapter VB and raising the compensation ceiling payable to workers on retrenchment and on closure of the establishment, from 15 days’ average pay to 45 days’ average pay for every completed year of continuous service or any part thereof in excess of six months subject to the condition that such retrenchment compensation shall not be less than 90 days of average wages and by extending the powers of exemptions in the industrial Disputes Act, 1947.

7.12.7 Initiatives Proposed by State Governments to Rationalize Labour Laws:

The State Governments of Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh and Maharashtra have proposed to seek relaxation in some provisions of the Central Laws through State Governments so as to facilitate setting up of Special Economic Zones and Special Enclaves in their respective States. These proposals broadly relate to regulating
the working hours, empowering the Development Commissioner to fix for minimum wages, making provisions for allowing the women workers to work in night shift etc.

The views of the Central Government on these bills are generally based on the following principles:

(a) The provisions framed for ensuring safety and health aspects of the workers need not be relaxed;

(b) The provisions of the Central Acts, which are mostly implemented by the Central machinery, need not be relaxed by the State Governments;

(c) The provisions in the State Bill should not be in contravention of the provisions in the Central Bill, presently under consideration, on the same subject, such as provisions for employment of women in night shift under the Factories Act, 1948;

(d) The principles enshrined in the National Common Minimum Programme with regard to hire and fire and the amendment of labour laws through consensus should be scrupulously observed; and

(e) The powers and functions of the State Government, where there is no provision to further delegate such powers and functions, should not be allowed to be delegated further.

(f) Industrial Disputes Act, 1947 and the Contract Labour
(Regulation and Abolition) Act, 1970 be carried out by arriving at a consensus, the position relating to which has been indicated above.

7.13 Comments

During the meeting of the Working Group, the participants were requested to furnish their observations in writing, if they so desire. Accordingly, comments have been received from Hind Mazdoor Sabha (HMS), Employees State Insurance Corporation (ESIC), State Government of Uttar Pradesh, Government of NCT of Delhi and Teamlease Services.

Briefly, job creation is an important issue at present. But job creation shall be intended for full employment as well as decent employment. The principles given in the preamble, fundamental rights and the directive principles of our constitution and guidelines given in the ILO Conventions cannot be ignored. The entire intention of labour legislation is to protect labour from exploitation, as they are the weaker section. Trade unions are not bargaining for status quo but are requesting for protection of the existing rights and from further exploitation.

The Labour Commissioner, in their report has mentioned that there is need for reforming the trade union movement by eliminating vested interest. It can be best tackled by making the laws more rational, pragmatic and contemporary, providing exemption clauses in different laws which can be invoked judiciously to provide relief, and
incorporating transparency by resorting to self-certification and placing employee-related information obtained through this method in the website. The system of giving Failure of Conciliation (FOC) Report under the Industrial Disputes Act, 1947 should be dispensed with as the Government has to take decisions in the national interest, even though no consensus is possible.

The Government of Uttar Pradesh has offered a number of suggestions. The Industrial Disputes Act may be amended to increase the number filter from 100 to 300 for seeking permission for retrenchment, closure and lay-off. Simultaneously, the retrenchment compensation should be increased from 15 to 45 days wages for each year of service rendered along with certain additional benefits. These relate to three months notice or payment in lieu thereof, all terminal benefits as stipulated under various laws, making the retrenchment effective only after the terminal dues are paid, provided further that if there are sufficient reasons, the appropriate Government may declare the lay-off, closure or retrenchment illegal. Besides, the Industrial Disputes Act, 1947 may be amended to incorporate a time limit of three years for filing claims or taking disputes under conciliation or adjudication. For promoting healthy industrial relations and increasing productivity among workers, taking into account the recommendations of the Bipartite Committee on new Industrial Relations Committee (Ramanujam Committee) and the Second National Commission on
Labour, have recommended certain amendments to grievance redressal committee in the interest of the workers.

7.13.1 Recommendations

Taking into account the deliberations in the Working Group and the comments received, the recommendations of the Working Group are stated below:

(i) As mandated in the National Common Minimum Programme, the amendments in the labour laws need to be based on a consensus, taking into account the interests of stakeholders. This applies to any suggested amendment in respect of the Industrial Disputes Act, 1947 and the Contract Labour (Regulation and Abolition) Act, 1970 as well.

(ii) The Report of the National Commission for Enterprises in the Unorganized Sector, which is preparing a paper by undertaking the review of Indian Labour Laws, consistent with labour rights, in order to improve productivity, ensure greater competitiveness and generate employment in various sectors like textiles, IT and SEZs, as directed by the Prime Minister’s Office, may be examined on receipt.

(iii) In case any sector-specific relaxations in labour laws is sought, the administrative Ministries/Departments should first formulate them, discuss with all stakeholders including Central Trade Unions and refer them for the consideration of Ministry of Labour & Employment only after a consensus is reached.
(iv) The unorganised sector workers need social security cover, preferably through legislation. Especially the interests of the agricultural workers need to be protected.

(v) Since inspections are becoming complaint driven, the problems of inspector raj may not be as formidable as it is made out to be. The system of inspections cannot be eliminated, as it would compromise with the interests of workers, especially those who are vulnerable. Hence it would be more pragmatic to promote transparency by resorting to self-certification system and placing

(vi) The recommendation of the Second National Commission on Labour, ILO Conventions, tripartite forum like Indian Labour Conference & Industrial Committees and bipartite bodies like Ramanujam Committee should be taken into account whole formulating amendment proposals of various labour laws.

(vii) Proposals pending consideration for a long time like the Workers Participation in Management Bill, 1990 amendment to the Payment of Bonus Act, 1965 and the Minimum Wages Act, 1948 etc. should be expedited.

7.14 Impact of Globalisation on Disciplinary Proceedings

The researcher has divided the topic of impact of globalization on Disciplinary Proceedings in:

1] Govt. Organizations
2] Non-Govt. Organisations
1] Non Govt. organisations:

Generally in non-Govt. organizations there is lesser effect of disciplinary proceedings because the non-Govt. organizations are basically aimed to compete in the market and to earn more and more profit and expansion of the business in different products. Practically speaking they do not go for disciplinary proceedings and simply they ask employee to resign from the service while giving all the benefits or even they give one months salary in place of notice and immediately remove from the service those who are not efficient or has carried out any type of misconduct. They pay higher salary but with the condition that employee will achieve the given target. They offer incentives also in case of employee give the production over and above target.

As such the non-Govt. organizations are hardly effected by globalisation on this front. These organizations are well equipped with sophisticated machinery. More and more information technology is acquired with a view to achieve maximum production with lesser manpower. Very rare cases of disciplinary proceedings can be seen against the employees of private sector.

2] Govt. Organisations:

The Government of India is a super employer in charge of the largest community of employees of all types - Ministerial, Supervisory, executives and managerial. As a model employer the Central govt. has to observe all the of the land and dealing with the employees right from
their recruitment to their retirement. The Govt. employees on the other hand are a special type quite distinct from the employees of private sector. Being charge with a responsibility not only towards the Govt., but also towards the public with whom they come into contact in their public dealings.

The National Textile Corporation (Maharashtra North) Ltd. is a part and parcel and Subsidiary of National Textile Corporation Limited which is Central Govt. of India Undertaking also has to follow all the law of land.

Like Govt. National Textile Corporation(MN) Ltd. is bound by several restrains in handling its employees and is mainly guided by the provision of the Constitution of India in such matters. It has to dispense with justice and fair play and avoid discrimination. At the same time, in it’s obligation to the public National Textile Corporation(MN) Ltd. has to ensure that employees behave themselves, enforce discipline and promote loyalty for the sake of smooth conduct of public administration, prevent corrupt practice and punish errant employees through appropriate disciplinary measures.

Even the globalisation has brought lot of changes in the world even in India including National Textile Corporation(MN) Ltd. has globlisation effect in their production / business.

The non Govt. organisations are having the primary focus on competing in the mark ear maximum profit. They do not indulge in
complicated disciplinary proceedings and simply punish the non efficient/ non competence / non performance / negligence gross or otherwise by cutting down employee’s perks / salary or in maximum cases, relieve the employee from the service while giving all the benefits abiding by the law. They may pay higher salary but on a condition of achieving the given target. Incentives or higher responsibilities are regarded in case employee gives the production over and above target.

As such the non-Govt. organisations are hardly effected by globalisation on this front. These organisations are equipped with sophisticated machinery. Latest technology is acquired with a view to achieve more production with lesser manpower. Very rare cases of disciplinary proceedings can be seen against the employees of private sector.

7.15 Impact on Labour laws in connection with 

Disciplinary Proceedings specially in National 

Textile Corporation (MN) Ltd.

The main impact of globalisation is that it has given a tent of competition to National Textile Corporation (MN) Ltd. including other organisations in India. In the market the cost of the products of China are lesser than that of India as the production cost is less in China since main component of production i.e. labour and their productivity. In China, Japan and other European countries this main component i.e. labour is available at lesser cost and has more productivity as such
their production costs. To compete this situation and make India enable stand in the global market the Government of India started thinking to make the amendment in labour laws. This gave birth to the enactment of 'Contract Labour Act' thereby started the system of hire & fire. Government permitted the industrialists to engage the contract labours to bring down the production cost to become competent to stand in the market along with other countries. During this period Govt. also enacted various labour laws to protect the interest of labour and also of the industries keeping in view the progress of Indian economy.

If National Textile Corporation (MN) Ltd. had thought out a strategy only a decade ago, the Corporation could have reaped considerable returns from an effective model of social democracy.

National Textile Corporation (MN) Ltd. has realised that economic performance is related to the nature of labour market institutions. Economic performance here means controlling inflation and generating employment, which implies productivity growth.

But surely one has to question this simple view. Why is it that countries with relatively ample and cheap labour find it difficult to compete in international markets, except in those sectors that have (relatively) lower labour standards? Clearly, this kind of participation in global trade, where inferior labour standards are the “comparative advantage” is unlikely to lead to social progress. Since it is not enough to wait for sustained economic growth to upgrade domestic labour
standards, the unions need to forcefully generate demands, both from above and below, for improvements in working conditions.

7.16 Conclusion

An increasing number of companies including National Textile Corporation (MN) Ltd. are voluntarily adopting codes of conduct to fulfill their environmental and social obligations. A majority of voluntary codes developed in the 1990s tend to be multiple stakeholder initiatives (including employees, shareholders, public interest groups, customers, suppliers, governments and the general public), which address the needs and concerns of some or all stakeholders of a corporation.

If self-regulation and market forces were the best means to ensure respect for environmental and labour rights, one might expect, since this has been the dominant paradigm for quite some time, the number of abuses attributable to National Textile Corporation (MN) Ltd., Mumbai to have diminished. Nevertheless, accounts of continuing abuse must be seen in the context of political trends that reduce state intervention and increase the scope of private sector activity.

At the same time traditional means for securing workers' right, such as unionization, have weakened in NTC (MN) Ltd.. The lesson from history remains that, at the level of nation states, voluntarism rarely causes states to respect human rights. So, why will voluntarism do it for National Textile Corporation (MN) Ltd., Mumbai? In the last 30
years, co-operation and enforcement both have been required to protect rights of the communities in National Textile Corporation (MN) Ltd., Mumbai.

Voluntary initiatives apply only to those who accept them. The National Textile Corporation (MN) Ltd. previously accepted a code of conduct because of commitment to the principles or because its reputation is at stake. Even where there is commitment, voluntary codes may not be respected, if their principles clash with other, more powerful commercial interests.

The good commercial sense to respect human rights, then market forces will ensure compliance. Possibly, a binding international regulation can play an important role in ensuring that the companies respect labour and environmental rights.

International rules do not reduce the importance of national regulations. Instead, international laws look first to states to enforce its rules. If an international law says that companies must respect human rights, it is primarily up to the states to make sure that this happens through domestic laws. Though international rules are not a substitute for national law or regulation, they can help harmonise rules at the time of weak national regulation, act as a common reference point for nation law, setting benchmarks, drawing attention to core minimum requirements and establishing clearly what is permissible.
In sum neither legal nor voluntary approaches should be a substitute for each other. Both are needed, and they can be complimentary.

The challenge is therefore, to continue to build a vibrant set of civil institutions, capable of ‘feeding’ the corporate, community and their markets with signals of success’ that orient companies towards social and environmental ‘goods’ and away from the equivalent ‘bads’. If civil action cannot make ethical markets, then it is unlikely to be effective in turning around the corporate community, except at the margin. Public regulation in this light is not a different route, since governments are increasingly influenced by the needs of the corporate community.

Those who want and predict real development benefits from new rules governing corporate behavior, both to improve standards, for workers and to prevent companies investing internationally to escape stricter home laws, can possibly support voluntary initiatives as the best available option.

In the current state of global economy, reduction of state intervention in the economy and the weakening of the unions seem to be one of the best options in the given circumstances.

National Textile Corporation (MN) Ltd., being a Public Undertaking prior to globalization and liberation there use to be lot of political interference and Chairman-cum-Managing Director, the political person
appointed by a politician was not taking any interest in running the organisation and the political interest party used to manage the management as per their political requirement. They were not having any interest in production, marketing, improvement in modernisation but due to globalisation the Central Government’s decision that if National Textile Corporation (MN) Ltd. wish to alive in the market there should not be any unnecessary interference by any political party and Chairman-cum-Managing Director appointment has been instructed to Public Enterprises Selection Board (PESB) and they started selecting the officer from Indian Administrative Service having technical background of textile industry. Likewise political interference reduced drastically, union activities marginally reduced and workers those who were thinking that nobody can initiate any action against them even if they violate the code of conduct but they observed the changed scenario and started working sincerely and honestly. The Chairman-cum-Managing Director established discipline in the National Textile Corporation(MN) Ltd. while reducing the cost of production, increased the productivity with the same workforce and the message was clear cut that if we want to alive we should stand in the competent market. The workers also realized that if we violate the code of conduct due to globalization the hire and fire policy is adopted by National Textile Corporation(MN) Ltd. and even though we are permanent employees, we will be thrown out of service. And they started to obey the code of
conduct Even the Central as well as State Govt. also tried to help National Textile Corporation (MN) Ltd. to be in the competent market. Lot of modifications in labour laws were affected during this period. The policy of ‘No work no Pay’, ‘Hire & Fire’ were adopted. The employees of National Textile Corporation (MN) Ltd. started observing the code of conduct hence the disciplinary proceedings cases, labour dispute cases also drastically reduced. The officials those who were engaged in disciplinary proceedings and used to be engaged most of the time in disciplinary cases are free from this liability and they are devoting their time for production, marketing quality control and improvement in the welfare of the employees and other social activities to improve production, for reducing the production cost with better quality. The researcher feel that the globalization and liberalization has made lot of impact on National Textile Corporation (MN) Ltd. Mumbai and the changed scenario of National Textile Corporation (MN) Ltd. is able to stand in the competitive market. They may cannot be competitor in market with the China Japan and other MNCs but overall National Textile Corporation (MN) Ltd. is sharing marginal market and the disciplinary cases are reduced drastically.

However small changes are effecting in Govt. employment including National Textile Corporation (MN) Ltd. i.e. based on hire and fire policy. National Textile Corporation (MN) Ltd. is engaging contract labour where a consolidate lump sum amount is paid to the workers
without any social liability or any fringe benefits which permanent employees are getting. Secondly, the partial production is also carried out from the private organizations on job work basis. Even the workers are engaged on daily wages through the contractor where all the social responsibility lies with contractor and not with National Textile Corporation (MN) Ltd. Under such circumstances where NTC (MN) Ltd. out sourcing the workers executives supervisors and carrying out the partial production from the private organizations on job work basis where there is very less scope for violation of rules and regulations of National Textile Corporation (MN) Ltd. Even to stand in the market and compete with the private sector including China, Vietnam, Indonesia, and Japan etc.

The institution of disciplinary proceedings a very vulnerable and unenviable task, calls for strict norms and in each case not only justice must be done, but it must also seem to have been done. Punishment has to be weighed against the offence, has to be corrective and constructive. In every case, the right officers have to order proceedings, the right officer has to conduct the inquiry, the right officer has to make the decisions so that there is no charge of arbitrariness. The right of appeal has to be honoured. Govt. cannot afford to have its proceedings or findings set aside in a court of law. Court cases cannot be allowed to be dragged on endlessly. To ensure fair trial and speedy
decisions, the Central Govt. have since set up Administrative Tribunals in important centers under an Act of Parliament.

In the interest of maintaining good order and discipline in his establishment an employer has an inherent right to suitably punish a delinquent employee. However, with the emergence of modern concepts of social justice, this inherent right has come to be subjected to certain restrictions so as to protect an employee against any sort of vindictive or capricious action. The employer is, therefore, required to follow certain principles and procedures before he can award any punishment to his employee. It is very essential that the correct procedure is followed by the employer to ensure that his punishment is any Industrial Tribunal on technical grounds does not upset order, later on, should it be made the subject matter of an industrial dispute. Except to a certain extent in the Industrial Employment (standing Orders) Act, 1946, there is little or no specific provision in any statute relating to industrial law in this country prescribing in detail the correct procedure as such, which should be followed before awarding punishment to an employee. However, in recent years there has been a gradual emergence of a body of principles resulting from the decisions of the various Industrial Tribunals, as well as High Courts and the Supreme Court indicating the basic formalities to be observed and the correct procedure to be followed by the employer in such cases.