CHAPTER- I

INTRODUCTION

• Choice of Subject
• Hypotheses
• Objectives
• Limitations of the research
• Research Methodology
Introduction:

We see in the Picture of the Indian Economy beginning in 1999. India was in Economic crisis. At one level Indian Economy presented a picture of stability, at a time when several countries had been affected by many problems. In India interest rates were declining, inflation was low and foreign exchange reserves were at their highest level. On other hand the ‘real’ economy was at its weakest in a long time. Many parts of industrial sector were not in working condition. Unfortunately industrial sector was affected by many problems.

The Picture of industry in Marathwada was less satisfying. for the increased growth of industry there is a need for a good transport and communications link to but broad-gauge railway track was not developed in Marathwada till the 1990’s. In Marathawada region People’s standard of living is still at a very low level. According to the Human Development Report of Maharashtra state, Marathawada is a backward region with Jalana district having the lowest HDI in the state if we exclude remote districts with sizeable tribal populations. Here Peoples are facing lot of problems; for example, Unemployment, low level literacy rate, Poor health, lack of Capital, ignorance about production for market etc. the Government of Maharashtra in 1970 started implementing a policy of decentralization of industry. As a result government of Maharashtra set up industrial estates with highly subsidized infrastructure and started giving concessions for starting industries in a backward region. Aurangabad industry faces a major problem as there is a severe shortage of skilled workers. This adversely affects industrial productivity as well as the growth of industrial
employment. We see the picture of last 30 to 40 years there is some industrial development but the region is still industrially backward.

According to Bimal Jalan, whether globalization good or bad for a country depends mainly on the sense in which the word is used. It may be used in purely descriptive sense to imply ‘Shrinkage’ of distance among nation states due to technological changes in transport and communication and financial markets across the world. But in India after 1990 there have been major policy changes and this has had impact on industry. We try to understand the nature of this impact by studying industry in Aurangabad.

India’s economic reforms period has played a part in improving India’s prospects and the reasons for a positive shift in India’s economic outlook are more fundamental. Very few developing countries like India have taken advantage of recent developments in production, technologies, international trade and skilled manpower. India has today produced knowledge, skills and services at competitive costs. Another important factor in India’s favor is international capital mobility and high rate of domestic savings which are important for development of the economy.

Now we see two various picture of Indian Economy. First see positive aspects on one hand, Indian Economy has one of the highest rates of growth in the world, India’s new technology being celebrated as amongst the most innovative and successful. Indian economy adopts new technology and faces new challenge of free and open trade on the world level.
We see on another hand India’s public and social services are generally considered to be among the worst in the world. India’s infrastructure roads and power are facing critical problems and many of India’s largest enterprises, particularly in the public sector are uncompetitive and also many industrial areas are in sick condition. The best and worst of India could be multiplied what is the truth? It is necessary to do introspection about the reasons behind our successes and failures. We prepare ourselves to modify strategies that have not worked and move conclusively in the directions which maximize India’s comparative advantage in the world today and tomorrow.

The great Economics Philosopher and Nobel Prize winner ‘Paul Krugman has noted in his book, Economic growth’: “at least economic growth raises living standards that is a modern invention form the dawn of history to the eighteenth century. Before the eighteenth century, The world was essentially corresponding to the Malthusian theory of population. Improvements in technology and capital investments were always over taken by population growth. The number of people slowly increased, but their standards of living on average did not change”.

Now we see another important point is that in the 1991 Indian Economy was in the midst of an economic crisis. At the time government of India also introduced a number of measures to improve the working of the economy. There were two important objectives for the economy. One was to improve the efficiency of the economy. It was to be made more ‘open’ to external trade and so began the liberalization of foreign investment policies. Another objective is that
of macroeconomic stabilization; this was to be achieved by fully reducing fiscal deficits.

According to Bimal Jalan, The growth rate of Indian Economy during the period of 1992-1993 to 1999-2000 was close to 6.5 percent per annum. The balance of payments position has also fully improved. India’s external debt and the debt servicing burden have actually come down since the early nineties. The rate of inflation has also come down sharply.

At a same level, in Marathawada industry underwent increased growth from 1980’s. The Marathwada region is divided in eight districts. Marathwada. Aurangabad district is the main centre of industry. Because of in overall Marathwada 65 percent industry located in Marathwada region and here centralized small, tiny, large and manufacturing factories. For a few years Aurangabad city was one of the fastest industrially growing districts in Asia. Industry really started growing in 1970 in Chikalthana M.I.D.C. area; and in this study we see a picture of Aurangabad industry as it developed over 30 to 40 years.

But on other side, we accepted Liberalization, Globalisation, privatization (LPG) policy 20 years ago. At that time government announced that this policy would have a positive effect on Indian industry, as well as Aurangabad industry. But in fact this policy has had adverse effect on Indian economy. After globalization industrial workers are facing various problems. In Aurangabad industry one major problem is that there is a severe shortage of skilled workers, which affects the functioning and growth of industry.
Choice of Subject :-

During the period after 1991, India changed its industrial policy through privatization of public sector units. Open trade policy, removal of restrictions on foreign direct investment etc. Industrial employers have been pressing for a flexible employment policy. Although the labour related laws have not changed, there have been changes in the approach taken by labour and industrial courts and also the supreme court. This is a period of important changes for industrial labour in India.

In the case of Industrial employment in relation to population Maharashtra was occupying the first position till 1981. However in 1991 it ranked second in India. In 2001 also Maharashtra is one of the three leading industrial states along with Gujarat and Tamil Nadu.

Even though organised industrial labour in India is still small in number. Its problem and prospects are very important for the future of the Indian Economy organized Industrial sector workers are doing more work but comparatively gives to wage arte is very low level so industrial workers are face to Economic problems.

Also the Marathwada region saw some industrial development on the 1980s as a result of government concessions given for staring industries in a backward region. Marathwada being an industrially backward region in state in Maharashtra.

This study basically attempts to understand the situation of labour in organized industry in the Marathwada region taking the
district of Aurangabad as representative. Aurangabad city is the main centre of industrial development in Marathwada, but industry in Aurangabad has recently seen a number of closures and there is a threat of unemployment of workers. The condition of organised industrial sectors workers is similar to that of unorganized industrial workers. After Globalization Industrial workers are facing a severe unemployment situation and low wage rate problems. Also many labour related cases are pending in Industrial courts. So Aurangabad district especially important for location of industrial area in Marathwada region.

**Hypothesis of Study :**

The following are the main hypothesis of study.

1. There have been no major changes in Labour Law after 1991. however labour practices and method of setting Industrial Disputes show significant change.

2. Number of strikes has gone down. However this does not mean that these are no disputes between employer and labour.

3. Even in organized sector of Industry conditions of workers has become similar to workers in unorganized sector. There is increase of contract system and lower wages.

**Objectives of Study :**

The following are the main objectives of the study.

1. To study the extent and quality of employment in the organized industrial sector in Aurangabad district.
2. To study the demand for and supply of labour in the organized industrial sector.

3. To identify the extent and causes of disputes between workers and employers and how they are resolved.

4. To study the structure of wages and terms of employment of industrial labour in registered factories in Aurangabad district. This includes Permanent and casual workers and contract labour.

5. To investigate the role of unions in resolving disputes and in protecting interests of workers.

6. To summarize the nature and impact of changes in the government policy towards labour and the policy of employers during the period of globalization.

7. To evaluate the prospects for industrial employment in Aurangabad district and make suggestions for labour policy.

**Period for Research work and limitations** :-

This study is only limited to the post-reforms period. The duration of study is 1999 to 2005. After Globalization which adverse effects are faced by industrial labour in India. This study limited only for organized Industrial sector labour in Aurangabad district and local Taluks.

**Geographical area of study** :

In this study the focus is limited to Aurangabad district and nearly local Talukas, and Primary data collection will be limited to
only this area. However, efforts are made to discuss the problem in the context of Aurangabad District industry at state level as well.

**Research Methodology:-**

The research methodology used for this study is both exploratory and descriptive the former consist of.

1. **Survey of literature :-**

There is vast amount of literature on the economics of labour in India in the context of globalization. We will also survey the basic framework of labour legislation and discussion on proposed changes in labour laws.

2. **Secondary Sources :-**

In secondary sources refer to some Books, journals, periodicals, Government reports, official statistics will be referred for information on employment, wages, labour disputes etc. Some local newspapers may also be scanned.

3. **Primary Sources :**

A study of records of labour and industrial courts will be followed by interviews with a sample of workers, dismissed employees, labour leaders and employers.

**Scheme of Chapters :-**

*There Present study is divided into six chapters*

*In the first Introductory chapter*, we see the choice of subjects, which changes are happen labour law after 1991 and also what are
main hypothesis of the study. Included in this chapter are objectives of the study, to see demand for and supply of labour and productivity. What are limitations of the research study, lastly in research methodology we have used primary and secondary data.

The title of second chapter is ‘Industrial Labour in India’, What is the scope of organized industrial sector in India and see employment productivity and industrial policy in India before 1991. lastly important laws of governing industrial labour.

The title of third chapter is ‘impact of Globalization on Industrial labour’ we included in this chapter a review of the report of second National Commission on Labour and it’s implications and also study selected judgments on labour disputes and some changes in labour practice of Industrial employers.

The fourth chapter is ‘Industry I Aurangabad: an overview’ in this chapter after 1980s Growth of industries in Aurangabad city and district and to study some cases of closure of industries in Aurangabad districts.

The title of fifth chapter is ‘Industrial Labour in Aurangabad’ In this chapter records of labour of Industrial courts will be followed by interviews with sample workers and also take interviews some dismissed employees and labour leaders and employers.

The six and final chapter enlist conclusions. Lastly see to analysis of results of previous chapters, and recommendations to give
some suggestions to the labour ministry as well as to central Governments as a while.

**Review of Literature:**

1) Rainer Kattel examines in his important article “Ranger Nurkse (1907-2007): classical Development Economics and its Relevance for Today”. In his article, after decade 1980 most developing country other than India and Chaina have experienced on economic stanetion, because Latin America followed some Restriction. At that time Eastern Europe and former Soviet Union countries are saw the 1990s recession (According to the world banks calculations) and many countries are still experiencing worse than on the Great Depression in the USA.

This change of techo-economic that completely change the nature of industrialization (outsourcing). It has stripped many maturing industrial activity of significant dynamic economics scale. These activity has becoming including footloose. Because Washington consensus policies emphasizing led growth by FDI has been dezaster for many developing countries.

The failure of consensus reform policies lies in the fact that they provided support for the ‘destruction’ of inefficient domestic industry, but failed to provide support for the ‘creative’ phase of ‘creative’ destruction of a real transformation of the productive structure through higher investment and technological innovation. That time we unlearned for how to create middle class jobs. Developing countries are traps into low wage jobs so lures the high wage middle – class jobs
away from the developed nations. Thus the global production grows, not all countries necessarily benefit from it. As a result, firms maximize national income. According to Naruse and other economists, many poor countries perfection is good.

Lastly, ‘Rainer Kattle’ conclude in his article that the high development theory developed by Nurkse and others, he two key ideas in his study, first financing development has come to a large extent from the developing country itself means all developing country, capital made at the home, so don’t need for give foreign investment second become financially more stable for some numerous industrializes these two ideas gives Nurkse for developing country.

2) Prof. Neeraj Hatekar examine in his important article analyse of “Total factor productivity growth in the manufacturing to evaluate the performance of TFPG in Maharashtra opposite to other states (Tamil Nadu, Andhra Pradesh, Gujarat and Karnataka, and Rest of India for the period 1981-1998.)

In this article using a fixed effects panel data technique for estimating manufacturing sector wise production function. The main argument in his article is computation of total factor productivity growth assumes constant returns to scale and competitive factor markets.

Maharashtra State is comparing with other Four states, (Tamil Nadu, Andhra Pradesh, Gujarat and Karnataka). We find that Maharashtra never stood first in ranking. The performance of the state
had shown a decline in ranking in many manufacturing sectors. The performance of Maharashtra in the pre-reform era was better off than in the post reform period, this indicates a loss of technological competitiveness in these sectors for Maharashtra State.

Lastly Prof Neeraj Hatekar conclude in his article that Maharashtra has lost rank in four sectors. Jut, hemp and mesta textiles, chemicals and products with regards to the gain in ranking, it was found that Maharashtra has gained rank in three sectors. Textile products, paper and paper products, metal products and parts of all these sectors. Textile products was one of the sectors in which Maharashtra was always a dominant player.

3) International studies most popular Indian economist T.S. Papola and Rogers Gerry deeply study on Industrial labour in India. We have study important article of Vidu Badigannavar on “Industrial Relations in India”. Badigannavar examines in his study features of the post reforms Indian industrial relations system. He also give a reference in his study to the second national commission on labour.

The new economic policy of liberalization, privatization and globalization adopted by the Indian Government since 1991. Economic reforms changes in industrial relations framework are an ongoing phenomena and strength to trade unions and the way in which firms manage their International labaour markets.

Indian Economy face new changes after 1991. Indian economy crisis in Balance of payment, at that time government had to seek a
loan from the International monetroy fund to service its debts served as moving force to economic and laobour market reforms. As a result of globalization increased capital mobility and it is argued that unions can not longer afford to engage in conflictual and adversarial industrial relation, nor can workers take improvements in their wages.

After the post independence period, the affiliation of trade union federations to major political parties. The all India Trade Union Congress (AITUC) is affiliated to the communist party of India, the centre of India Trade Union (CITU) which was break away faction of the AITUC is affiliated to the communist party of India ( Marxist). The Indian National Trade Union Congress ( INTUC) is affiliated to the congress party and the Bhartiya Mazdoor Sangh ( BMS) which is by far regarded as the largest trade union federation is affiliated to the Bhariya janata Party ( BJP).

The arguments for reforms to the industrial relations system are based on the need to solidify and simplify the vast array of labour legislations particularly those covering the organized sector. To improve the implementation and monitoring of these legislations and create new legislation to cover the vast majority of Indian workers and also reduce state intervention in industrial relations.

The NCL give some positive recommendation to the Government commission recommended two things, first, to suggest reationalization of exiting laws relating to labour in the organized sector and secondly, to suggest on ‘Umbrella’ legislation for ensuring minimum labour standards for workers in the unorganized sector about
the industrial disputes recommended that strikes and lockouts notice should be issued 14 days by the party. The union should take a strike action only if mandated by a majority of the workforce through a secret voting while the employer can impose a lockout only after obtaining approval at the highest level of management except in cases of actual. Any union that leads an illegal strike should be de-recognised and de-barred from recognition for two or three years while any worker who engages in illegal strike or who stoppage should lose three days wages for every illegal day of strike action.

Vidu Badigannavar explain in his article the labour management relations in India. He explain in his study the key of Indian industrial relations system based on two things: first, it is deep surrounded by a vast array of labour laws and institutions that govern labour management relations and secondary , the high level of state intervention which was prevented the growth of a voluntary system of collective bargaining.

Lastly Badignnavar explains in his study that NCL has made several valuable recommendations system. Particularly notable are its recommendations with respect to statutory recognition of unions as bargaining agents by employers and unionization of workers in the various sectors. However, there is a greater need for trade unions to go beyond their traditional strong holds of manufacturing and public sector enterprises in the organized sector with regards to punishment for illegal strikes and lockouts and the binding nature of collective agreements need further consideration.
References


