The significance of the public sector has long been stressed by Governments in India. The Industrial Policy Resolution (1956) of the Government of India, stated as follows: "The adoption of the socialist pattern of society as the national objective as well as the need for planned and rapid development require that all industries of basic and strategic importance should be in the public sector. Other industries which are essential and require investment on a scale which only the state, in the present circumstances could provide, have also to be in the public sector."¹ The successive five year plans sought to implement this policy resolution with some modifications.

After the 1977 elections a significant change took place when a government formed by the Janata party replaced the 30-year old Congress rule. The new Government also seems to favour a policy of assigning an important role to the public sector. A statement made by the minister of industries in Parliament on December 23, 1977, relating to Government's industrial policy² maintained that the public sector of India have come of age and stipulated an expanding role for it in several areas. The four areas of operation of the public sector mentioned were:

(a) "The public sector would be the producer of important and strategic goods of basic nature".

(b) "The public sector would provide a countervailing power to the growth of large houses and large enterprises in the public sector".

(c) "The public sector would be used effectively as a stabilizing force for maintaining essential supplies and consequently help in stabilizing prices for consumers".

(d) "The public sector would be charged with the responsibility of encouraging the development of a wide range of ancillary industries and contribute to the growth of decentralized production by making available its expertise in technology and management to small scale and cottage industry sector".

The significance of the public sector in India is also indicated by the growth of investment and employment over the years.

Public sector investment had grown from 46% of the total investment in the First Five Year Plan (1951-56) to 63% in the Fifth Plan (1974-79). The capital stock of the public sector undertakings — central, state and local — was estimated at Rs. 23,400 crores at the end of March 1975 (as compared to 12,266 crores at the end of 1960-61). The capital stock of public corporations and companies of the central Government undertakings was estimated at Rs. 4,500 crores (as against 44 crores at the end of 1950-51); that is, a little less than one third of the entire capital stock in March 1975.

Similarly, the public sector is also providing employment to a large segment of our labour force. The share of the public sector in total employment in the organized sector increased from 32% in

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3. For figures see article by G.C. Baveja, Additional Secretary and Director General of Bureau of Public Enterprises on "Management by Objectives", Eastern Economist, Vol. 70, No. 8, February 24, 1976, p. 336.
7. The figure includes capital finance i.e., loan and capital, internal sources of various units and types of finance provided by sources other than the central and state Governments.
December 1961 to 67% in December 1976. Out of 20.4 million
persons employed in the organized sector in December 1976,
13.6 million were employed in the public sector. The total
number of employees at the end of
March 1977 in different public sector undertakings
was 18.7 lakh.

The public sector is expected both by the private sector
and the Government, to serve as a model employer. The First
Five Year Plan Report stated as follows:
(i) "The public sector should set the pace and serve as a model
in respect of wages, working conditions and welfare amenities".
(ii) "There should be progressive participation of labour in
the running of 'the many matters of the undertaking' so that
the workers feel that in practice, as well as in theory, they
are partners in the undertakings".
(iii) "The benefits of all labour laws applicable to private
undertakings should be made available to workers of public
undertakings and no exception from such labour legislations
should not be granted".
(iv) "Healthy growth of trade unions in the public sector
should be encouraged and the employees of these undertakings
be allowed to exercise their trade union rights freely".

The Administrative Reforms Commission's Report on Public
Sector Undertakings also states, "It is expected that public
enterprises will conduct themselves in labour matters as model
employers and in a manner that may stand out as an example to
private concerns."
The role of the Public Sector as a "model employer" has also been stressed in the Report of the Study Group on Labour Problems in the Public Sector, appointed by the National Commission on Labour. To satisfy this claim, the report suggests, the public sector should adhere to labour laws, have cordial labour-management relations and evolve exemplary personnel policies, practices and procedures.\textsuperscript{11} The Draft Fifth Five Year Plan Report also states that, "In matters relating to industrial relations, public enterprises should strive to set example to the rest of the economy".\textsuperscript{12}

There is, however, some misgivings about the actual attainment by the Indian public sector of the ideal of a model employer. Thus, the Report of the Study Group just referred to\textsuperscript{13} has described as "unfortunate" the wide area of unrest that pervades the public sector. The Administrative Reforms Commission has also expressed concern over the increasing number of strikes, particularly in Durgapur Steel Plant, Sindri Fertilizer Plant, Heavy Electricals (India) Limited, Bhopal, and the undertakings at Ranchi.\textsuperscript{14} The Committee on Public Undertakings (Personnel Policies and Labour Management Relations) also observes that, "Labour-management relations in the number of public sector undertakings are not cordial. There have been frequent strikes, work stoppages, lockouts etc. and considerable loss in production and value".\textsuperscript{15}

This is borne out by the data tabulated below:

\begin{itemize}
  \item \textsuperscript{12}Government of India, Planning Commission, Draft Fifth Five Year Plan, Vol. 1, 1974-79, p. 20.
  \item \textsuperscript{14}Administrative Reforms Commission, Report on the Public Sector Undertakings, (Manager of Publications, New Delhi, December 1967) p.79.
  \item \textsuperscript{15}Fifth Lok Sabha, Committee on Public Undertakings, Personnel Policies and Labour Management Relations in Public Undertakings, (Lok Sabha Secretariat, New Delhi, April 1972), p. 56.
\end{itemize}
### TABLE 1

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of disputes</th>
<th>Workers involved (in thousands)</th>
<th>Man-days lost (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1961</td>
<td>-</td>
<td>-</td>
<td>218</td>
</tr>
<tr>
<td>1964</td>
<td>254</td>
<td>154</td>
<td>747</td>
</tr>
<tr>
<td>1966</td>
<td>346</td>
<td>240</td>
<td>1277</td>
</tr>
<tr>
<td>1970</td>
<td>446</td>
<td>439</td>
<td>2062</td>
</tr>
<tr>
<td>1971</td>
<td>385</td>
<td>364</td>
<td>2553</td>
</tr>
<tr>
<td>1972</td>
<td>533</td>
<td>416</td>
<td>3468</td>
</tr>
<tr>
<td>1974</td>
<td>536</td>
<td>1569</td>
<td>13000</td>
</tr>
<tr>
<td>1975</td>
<td>362</td>
<td>321</td>
<td>2140&lt;sup&gt;17&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

The above table reveals an increasing trend in the number of disputes, workers involved, and man-days lost from 1964 to 1974. The number of man-days lost in the public sector as a result of strikes/lock-outs rose more than four times, from about 7.67 lakhs in 1964 to 36.46 lakhs in 1972, reaching an all-time high of 130.9 lakhs in 1974. The disputes declined to 21.4 lakhs in 1975. But this decline was mainly due to the declaration of emergency in the country. The number of disputes reduced and man-days lost in the public sector increased sharply.

Thus, in view of the importance attached to the public sector in India, the high investment and employment in it, and its aim of providing the image of a model employer, the study of labour-management relations of this sector assumes special significance.


17. Maximum time loss was during the month of January.