CHAPTER 1

INTRODUCTION

1.1 The Problem

Industrial disputes are necessary concomitants of industrialisation process. Although industrial disputes...
have certain positive functions to play, the overall impact of their non-resolution on the society in general and on the persons directly involved in the dispute activity, in particular, is certainly undesirable. Attempts therefore have been - and are being made, concerned to contain the occurrence of industrial disputes, and when occurred, to resolve the disputes as amicably as possible. In India, the major statutory measure undertaken by the Government to prevent and to settle industrial disputes is the Industrial Disputes Act, 1947 (hereinafter to be referred as I.D. Act).

2. Hugh J. Crossland has listed the following positive functions of a Strike:


3. Two notable studies among others, which attempted to measure the undesirable impact of strikes have been that of:


The effectiveness of the dispute settlement machinery provided under this Act has varied from state to state, from industry to industry, and from time to time. The present study aims at assessing the effectiveness of the industrial dispute settlement machinery in Punjab with special reference to Textile Industry from the inception of the reorganised State of Punjab in 1967 to 1978.

The State of Punjab, lying on the north-west frontiers of India, spreading over an area of 50,376 square kilometres with a population of 13.55 millions, is predominantly an agricultural economy. According to the 1971 census, 62.8 percent of its total working population consisted of cultivators and agricultural labourers. Due mainly to significant advancement made on the agricultural front, Punjab ranks first among all the states in the country with regard to per capita income. In 1977-78 the per capita income of Punjab at the current prices was Rs 1,991 as against the average of Rs 1163 for the country as a whole.

Though Punjab is basically an agriculture dominated economy, yet its advancement on the industrial front has also been quite commendable. The number of registered working factories in Punjab has increased from 3,674 in 1967 to 6,008 in 1978, i.e., an increase of 63 per cent over the 12-year period. Employment in these factories has increased

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4. An average percentage of 90 per cent of the factories, over the period 1967-78, consisted of small units, employing on an average less than 50 workers. Refer to Annexure 3 in Appendix 3.
from 1,05,993 in 1967 to 1,68,072 in 1978, thus registering an increase of 58 percent over the period 1967-78. The total value of industrial production in the state rose from Rs 841,674 lacs in 1970 to Rs 1,38,284 lacs in 1978, an increase of about 232 percent.

This pace of industrial growth has also, perhaps, 'necessarily' been accompanied by worsening labour-management relations as is reflected in the occurrence of industrial disputes. The number of industrial disputes raised before the industrial relations machinery in the state increased from 2,044 in 1967 to 5,987 in 1978, an increase of 193 percent. The number of strikes increased from 32 to 94 during the same period. More than four lacs of mandays, the highest since 1967, were lost in 1979. This state of affairs evidently calls for concern for an effective dispute settlement process and machinery.

A large number of studies examining the functioning of the dispute settlement machinery have been undertaken in India. For example, Labour Bureau (1951 and 1971), A.D. Shroff (1953), Indian Law Institute (1962), G.S. Thakkar (1962), Kamala Mathur (1962), Ministry of Labour, Government of India (1963), R.N. Bannerjee (1963), Pardeep Kumar (1966),

5. It is pertinent to note that on an average 46 percent of the total average daily employment was provided by the large units, who represented only 4 percent of the total number of registered working factories. See Annexure in Appendix .

6. cf. footnote 1, 'Supra'.

These and some other studies have found that the working of the various methods of dispute settlement, namely, collective bargaining, conciliation, voluntary arbitration and adjudication, was not satisfactory. The major weaknesses of the dispute settlement machinery as listed by the NCL, for instance, were:

1. The delays involved in the settlement of disputes;
2. The huge expenditure involved in resolving a dispute;
3. The largely ad-hoc nature of the existing machinery;
4. The discretion vested in the Government for reference of a dispute; and
5. Political pressures and influences.

1.2 Scope and Objectives

The present study attempts at examining the industrial dispute settlement machinery in Punjab. It may be mentioned
here that only one study regarding dispute settlement in Punjab had been done so far. This study was conducted by the National Labour Institute (1972), referred to earlier, as part of its series on the subject in different states of the country. This study had very limited coverage and had only four years (1967-70) as its temporal reference. Further, it did not evaluate the performance of dispute settlement machinery in terms of any established criteria as also the assessment of the system by the disputant parties.

The present study has, however, wider coverage. It aims at (1) covering a period of 12-years, from 1967-1978, (2) assessing the dispute settlement machinery in Punjab by the disputants and others concerned; (3) evaluating the performance of the dispute settlement machinery with the help of suitable criteria; and (4) offering policy recommendations for making the machinery a more effective and efficient.

As has been stated, this study related to Punjab with special reference to Textile industry in the State. The reasons for selecting this industry are as follows:

1. The Textile industry is the biggest industry in the State in terms of employment. The average daily employment in this industry has been, on an average, accounted for 31.6 percent of total average daily employment in All Punjab during the period 1967-78.

2. Textiles are a highly dispute prone industry in Punjab. An average of 30 percent of total disputes raised in Punjab during the period 1967-78 belonged to
Textile industry. Also, the average percentage for the same period in respect of mandays lost on account of strikes in Textile industry has been about 56 per cent of the total mandays lost in All Punjab.

3. High dispute proneness of the Textile industry may be on account of its being comparatively more unionised industry in Punjab. The claimed union membership in the Textile industry has, on an average, been 22 percent of the total claimed membership in Punjab.

4. Textile industry contributes a good chunk towards the total value of industrial production in Punjab. It contributed on an average 37.4 percent of the total value of industrial production in the state during 1970-78.

Besides using the responses of the employers, workers and union leaders of Textile industry for examining the working of the dispute settlement machinery, it has also been found useful to study performance of the dispute settlement process regarding the disputes arising in textile industry of Punjab vis-a-vis industries in the Punjab state as a whole.

The specific objectives of the present study are as follows:

1. To examine the extent of the problem of industrial disputes and their nature and causes;
2. To describe the functioning of the disputes settlement machinery as constituted under the I.D. Act, 1947;

3. To develop suitable criteria for evaluating the performance of the machinery in terms of its effectiveness and efficiency; and

4. To offer, where-ever felt appropriate, suggestions aimed at improving the working of the machinery.

1.3 Organisation of the Study

The present study has been divided into ten chapters.

Theoretical and empirical literature available in industrial disputes and their settlement has been surveyed in the next chapter in order to develop a conceptual base for the present study.

Chapter three entitled 'The Data', deals with nature, sources and methods of data collection, and, limitations of data collected. It also explains the methods of analysis of data including the criteria developed by the author for judging the effectiveness of the dispute settlement machinery.

Chapter four relates to 'Trade Unions' wherein a brief sketch of the growth, affiliation-wise position and financial strength of the trade unions is attempted.

Chapter five entitled 'Industrial Disputes: Certain Dimension', deals with the phenomenon of industrial disputes
and strikes, including their nature, causes, and intensity; involvement of trade unions, in dispute activity, the process of termination of strikes, etc.

Chapter six discusses 'Dispute Prevention' mechanism evolved for preventing industrial disputes. It examines, interalia, the role of the grievance procedure, works committees and joint management councils in preventing the occurrence of industrial disputes in the State.

The three chapters to follow (Chapters 7 to 9) deal with three methods of dispute settlement as provided under the I.D. Act, viz., 'Conciliation', 'Voluntary Arbitration', and 'Adjudication', respectively. Each chapter describes the organisation and functioning of the concerned method of dispute settlement and evaluates its performance in terms of the criteria of effectiveness and efficiency developed by the present researcher.

The final chapter (Chapter 10) offers 'Summary, Conclusions and Policy Implications', emanating from the present study.