CHAPTER 3

Labour Management Disputes and Legislative Measures
INDUSTRIAL DISPUTES

Conflict as one of the features of labour-management relations is a general concept. When it acquires a concrete and specific manifestation, it becomes an industrial dispute i.e. industrial conflict is general whereas industrial dispute is specific. According to section 2(k) of Industrial Disputes Act, 1947, "The expression 'Industrial Disputes' means any dispute or difference between workmen and workmen or between employees and employers or between employers and employers which is concerned with the employment or non-employment or terms of employment or with the conditions of labour of any person."

The term 'Industrial Dispute' has been interpreted differently in different case situations by the court. Some of the principles to judge the nature of a dispute were evolved by the courts as follows:

1. The dispute must effect large group of workmen who have community of interest and the rights of these workmen must be affected as a class in the interest of common good. In other words, considerable section of employees should necessarily make common cause within the general lot.

2. The dispute should invariably be taken up by the industry union or by an appreciable number of workmen.

3. There must be a concerted demand by the workers for redress and the grievance becomes such that it turns from individual complaint into the general complaint.
4. The parties to the dispute must have direct and substantial interest in the dispute, i.e. there must be same nexus between the union which exposes the cause of the workmen and the dispute. Moreover, the union must fairly claim a representative character.

Patterson observes, "Industrial strikes/disputes constitute militant and organised protests against existing industrial conditions. They are symptoms of industrial unrest in the same way that boils are symptoms of a discorded system."[1]

Industrial dispute, thus, takes an organised form when the workmen make common cause for their grievances against employers through manifestations of strikes, demonstration, picketing, marches, gate meetings, gheraos, etc.[2]

**Causes of Industrial Disputes:**

Today, modern industry requires large amount of capital which the poor labour cannot afford to supply. This capital therefore, comes from outside sources bringing into picture two distinct classes - those who supply capital and those who supply labour, i.e. employer and employees. These two parties have distinct and some time quite opposite interests, which in fact is at the root of the modern unrest. In other words in large scale industries where factors of production are supplied by different agents, every agent tries to get the larger share in profit, and

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many differences and conflicts arise. Thus industrial disagreement, strikes, and lockouts have been evident wherever industrialisation has spread. Workers are specially interested in higher wages, healthy working conditions, opportunity to advance, satisfying work, some voice in industrial affairs, and protection against loss of wages over work and arbitrary treatment. But when such things are denied to them (because employers cut down their expenditure on labour to inflate their profits) they are forced to exert their rights and stop working to make the employers understand their grievances and redress them.

A sense of insecurity and frustration as well as a disregard for human and spiritual values as a result of the social disorganisation caused by industrial development and the consequent complex trade unionism pave the way for a widespread industrial dispute. Even though political reasons are not directly represented, over half of the cases of industrial disputes are politically motivated. It is mainly for the fulfillment of the political aspirations of the trade union leaders. Thus labour management relations in our country represent a very complex trend in recent times.

In the case of strained and acrimonious labour management relations there may be many causes which are rooted in historical, political and socio-economic factors, and in the attitude of the workers and their employers. These causes may be classified in the following heads:
**Industrial Factors:**

Under this category some of the causes of a dispute may be:

1. An industrial matter relating to employment, work, wages, hours of work, privileges, the rights and duties of employees and employers; terms and conditions of employment including matters pertaining to:
   (a) Dismissal or non-employment of any person,
   (b) Registered agreement, settlement or award and
   (c) Demarcation of the functions of an employee.

2. Disputes often arise because of:
   (a) The rapidly increasing population which has no opportunities for gainful employment; there is therefore no improvement in the standard of living of employees who put forward demand for higher wages, which is not conceded, often lead to strained industrial relations and strikes.
   (b) Rising unemployment. Idle manpower has always been a prolific source of disturbed and acrimonious labour-management relations. Often unemployment resulted from the implementation of rationalisation schemes and the installation of new computerised machines on which fewer persons could be employed. Capital-intensive rather than labour intensive industries are setup, which further aggravate the problem of unemployment and create dissatisfaction, particularly among the young workers.
3. The galloping prices of essential commodities, their shortage or non-availability, all these erode the value of money, as a result of which the real wages of the workers go down. Existing inadequate and unjustified wage and D.A. structure which have been chaotic, confusing and full of anomalies have created dissatisfaction among the workers and resulted into the demand for higher wages.

4. The attitude and temperament of employees have changed because of their education, adoption of urban culture and the consequent change in social values, the growth of public opinion and progressive legislation enacted for their benefit. They are, therefore, very conscious of their rights and will not put up with any injustice or wrong done to them.

5. The trade unions have often failed to safeguard the interests of workers. The reasons for this state of affairs are:

   (a) Rivalry among and multiplicity of trade unions have destroyed the solidarity among the working class;

   (b) Non-recognition of some trade unions as "bargaining agents" of their members;

   (c) Compulsory adjudication has made trade unions redundant for the wages and working conditions of industrial employees can now be determined by courts, tribunals, and wage boards;
(d) Trade union generally do not bother about any aspect of the lives of industrial labour except their wages;

(e) Trade union leaders who are themselves industrial workers have become an eyesore;

(f) Trade unions generally function on the basis of caste, language or a communal considerations, which 'divide' rather than 'unify' industrial labour;

(g) Trade unions are unstable and ephemeral;

(h) Trade union leadership aim at fulfilling ulterior motive leading to thwarting the attempts of trade union unity.

Management Attitude Towards Employees:

(1) Management generally, is not willing to talk over any dispute with their employees or their representatives or refer it to 'arbitration' even when trade unions want them to do so. This encourages the workers.

(2) A management's unwillingness to recognise a particular trade union and the dilatory tactics to which it resorts while verifying the representative character of any trade union have been a very fruitful source of industrial strife.

(3) Even when a representative trade union has been recognised by employers, they do not, in a number of cases, delegate enough authority to their officials to negotiate with their workers, even
though the representatives of labour are willing to commit themselves to a particular settlement.

(4) The management's insistence that they alone are responsible for recruitment, promotion, transfer, merit rewards etc., and they need not consult their employees in regard to any of these matters, generally annoys the workers, who become uncooperative and unhelpful and often resort to strike.

(5) The services and benefits offered by a management to its employees do promote harmonious labour management relations. But a large number of managements have not taken any steps to provide these benefits and services for their workers.

**Government Machinery:**

(1) Though, there is a plethora of enactments for promotion of harmonious relations, yet it is ineffective and unsatisfactory in most cases due to:

(a) Both employers and employees have very little confidence in it;

(b) Both have become litigation-minded;

(c) It is inadequate, for the number of disputes referred to it is very large and the personal dealing with them is hopelessly inadequate, particularly because, in addition to labour disputes, it is called upon to see to it that labour laws are properly implemented; and
The officers associated with conciliation proceedings have very little training in handling the problems or disputes which are referred to them.[1]

Other Causes:

The following may be considered as other causes:

1. Affiliation of the trade unions with the political party. Each political party, therefore, somehow, "engineers" strikes, gheraos and bandhs to demonstrate its political strength. Invariably, the political party which is in power, favours that trade union organisation affiliated to it. This results into labour conflict and others disputes.

2. Political instability, centre-state relations, general responsibility on all fronts are reflected in industry resulting in industrial conflict.

3. Other potential factors, like rampant corruption in industry and public life, easy money, conscious consumption, permissive society, character crisis and general break-down in the national morale have brought in their train, debasement of social values and social norms all these can and have perpetuated all kinds of unrest, including industrial unrest.[2]

According to Radha Kamal Mukharjee, "The development of capitalistic industry which means the control of the tools of production...
by a small entrepreneur-class has brought to the force acute problem of friction between management and labour throughout the world."[1]

Data Analysis:

We now look at the data regarding number of disputes, number of workers involved and number of mandays lost. This examination will help us in understanding the nature and dimensions of conflict in India over a time of span. It will also give some insights into the means utilised in industries to finally resolve, conflicts.

The given table 3.1 shows year-wise data of the number of industrial disputes, number of workers involved and number of mandays lost from 1961 to 1996.

It is clear from the tables that there is an increasing trend over the years barring few in industrial conflicts.

SETTLEMENT & AVOIDANCE OF DISPUTES

Remedial Measures:

These days not only the employer and workers, but also the government and public at large, are equally concerned about disputes, since conflict, if not resolved in time take the form of strikes or lockouts resulting in loss.

In India, the remedial measures are categorised as:

(i) Non statutory measures
(ii) Statutory measures
(iii) Government sponsored guidelines

### TABLE NO. 3.1

**INDUSTRIAL DISPUTES CLASSIFIED BY STRIKES AND LOCKOUTS**

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Disputes</th>
<th>No. of Workers Involved</th>
<th>No. of Mandays Lost (’000)</th>
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<tr>
<td></td>
<td>Strike</td>
<td>Lockout</td>
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<tr>
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<tr>
<td>1962</td>
<td>1396</td>
<td>095</td>
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<tr>
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Contd. .....
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**INDUSTRIAL DISPUTES CLASSIFIED BY STRIKES AND LOCKOUTS**

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Disputes</th>
<th>No. of Workers Involved</th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strike</td>
<td>Lockout</td>
<td>Total</td>
</tr>
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<tr>
<td>1996</td>
<td>3246</td>
<td>686</td>
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*Source: Indian Labour Journal, Labour Bureau, Ministry of Labour, Department of Labour, Government of India.*
GRAPHICAL REPRESENTATION ACCORDING TO TABLE 3.1

1979 to 1987
GRAPHICAL REPRESENTATION ACCORDING TO TABLE 3.1
1988 to 1996
Measure of Conflict Resolution

Non Statutory Measures
- Code of Tripartite Workers Participation
- Discipline Machinery in Management

Government Machinery
- Collective Bargaining Scheme

Statutory Measures
- ID Act 1947
- State Acts

Labour Administrative Machinery
(State and Central Level)
- Work Committee
- Conciliation
- Voluntary Arbitration
- Adjudication
  - Conciliation Board
  - Conciliation Officers
  - Labour Court
  - Industrial Tribunal
  - National Tribunal
NON STATUTORY MEASURES

Code of Discipline:

The 15th Indian Labour Conference (1957) discussed the question of mounting industrial unrest and indiscipline since 1956. Workers complained that the awards of tribunal and agreements were not implemented by employers. Employers complained of indiscipline among workers. The tri-partite sub-committee, constituted to consider the problem, submitted a draft Code of Discipline which was adopted in 1957 after minor modifications.

The Code of Discipline provides guidelines for the employers, workers and the unions. It also stipulates that no unilateral action should be taken with regard to any industrial matter by management or union. The existing machinery for settlement of disputes should be utilised with utmost expedience. The workers should not resort to strikes or lockouts or unfair work practices etc. The disputes should be settled by mutual negotiation, conciliation and voluntary arbitration. In order to maintain discipline in the industries, employees and employers should recognise their rights and responsibilities defined by law and agreements. Both the parties should discharged their obligations properly and willingly.

From the resolution passed by various trade unions and employers, it appears that the parties do not have much faith in each other. Available information shows that the provisions regarding mutual negotiation, voluntary arbitration and constructive cooperation have not
been implemented. Management does not implement the provisions regarding recognition of unions, implementation of settlements, awards, decisions and orders. On the other hand workers also do not take any constructive step to avoid disputes.

**Tripartite Machinery**

The Eighth Session of Indian Labour Conference decided to set up tripartite industrial committees to discuss specific problems of the industries covered by them. They have to submit their report to the conference which will coordinate their activities. It consists of the Indian Labour Conference, the Standing Labour Committees and the Industrial Committees at the Centre. Apart from this, similar other bodies have also been setup to deal with the specific subjects.

Indian Labour Conference and Standing Labour Committee recommended various legislative proposals. These proposals include the enactment of Industrial Employment (Standing Order) Act 1946, The Factories Act 1948, the Revision of Employment of Children Act 1938 etc., Apart from this tripartite bodies discuss and make the recommendations on other important issues such as worker's education, worker's participation in management, training within industries etc. These institutions have become a power instrument in the formulation of labour policies.

**Worker's Participation in Management**

Worker's participation in management means anything from establishing works committees to auto-management by workers. The
meaning of this word differs at different situations depending upon the
goals which are desired to be achieved. In the socialist economy, the
object of worker's participation is to achieve industrial democracy in its
widest sense. In a capitalist economy, the idea behind the worker's
participation is to achieve industrial peace and harmony. In India the
goals and functions of worker's participation are given in second plan.
The plan points out that for the successful implementation of the
plan, increased association of labour and management is necessary. This
will promote productivity in employment and give them a better
understanding of their role in production process. The worker's urge for
self expression is also satisfied by participating in management.

Worker's participation in management requires a strong trade union,
a sincere desire on part of workers and employees to cooperate, a clear
understanding of the object of such cooperations, frank and free
discussion and educated trained and qualified worker's who can take
intelligent part in discussions. But unfortunately, we lack all this in India.

**Collective Bargaining :**

The ILO workers' manual defines collective bargaining as -

"*Negotiation about working conditions and terms of employment:

between an employer, a group of employer's or one or more
employer's organisations, on the one hand, and one or more
representatives worker's organisations on the other, with a view to
reaching an agreement.*"
Collective bargaining is a group process, wherein one group representing the employers and the other representing employees sit together, negotiate terms of employment. This process involves number of steps. It starts with the presentation of the charter of demand and ends up with the agreement. This agreement would be seen as the basic law governing labour management relations over a period of time in an enterprise. In collective bargaining there is a considerable scope for discussion, compromise etc. It is a bipartite process. It involves only two parties i.e. employer and employees, in bargaining process. There is no intervention of the third parties.

The concept of collective bargaining should be understood in its proper prospective.[1]

Statutory Measure:

In India, state governments are free to legislate their own labour laws to resolve their industrial conflicts. For the states which have their own laws, the Industrial Dispute Act 1947, is applicable to industries not covered by the state legislation. Though the Industrial Dispute Act 1947 is a central legislation, it is administered by the Central and State governments in their respective spheres.

Industrial Dispute Act 1947:

Industrial Dispute Act 1947 replaced the Industrial Dispute Act 1929 and modified the statutory machinery under the act of 1929.

The Industrial Dispute Act 1947, was enacted to promote industrial peace by providing appropriate machinery for amicable settlement of disputes arising between employers and employees. The main objects of this Act are as follows:

- Promotion of measures to secure cordial relations between labour and management.
- Investigation and settlements of industrial disputes.
- Prevention of illegal strikes and lockouts.
- Provision of relief in matters of lay off and retrenchment.

The Act empowered the appropriate government to constitute works committees in every industrial establishment employing 100 or more workmen. The objectives of these work committees are to remove the causes of friction in the day-to-day administration of enterprise and to promote measures for securing good relations and amity between the parties. Work committees are composed of representatives of employers and employees.

In India, the Industrial Dispute Act 1947 and BIR Act provide for conciliation as a method for settlement of disputes. For this, the government can appoint conciliation officers after notifying in its Official Gazette.

In the conciliation proceedings, the conciliation officer tries to bring both the parties together for the purpose of settling disputes. After listening to both the parties, he proposes a solution to the problem or
a compromise. This solution or compromise may or may not be acceptable to the parties. Thus there may be many rounds of discussions and mediation. Conciliation officer has to send a report to the government, giving details of the steps taken to settle the disputes, within 14 days. He is also required to give information about his success or failure.

Hence conciliation is a process of trying to bring the two parties together, without an imposition of the Conciliation officer's decision.

The Act provides a new orientation to the conciliation machinery through boards of conciliation. They promote the settlement of industrial disputes. The board consists of an equal number of representatives of employers and employees and an independent chairman selected and appointed by the government. The other members must be appointed in equal numbers to represent the parties to the dispute on the recommendations of the parties concerned.

A court of enquiry is another authority set up by the government under Industrial Dispute Act for enquiring into any matter appearing to be connected with or relevant to an industrial dispute. The court may consist of one independent person or such number of independent persons as decided by appropriate government. A court of enquiry has to submit its report in writing to the government within six months from the commencement of its enquiry. This report is published by the government subsequently.
Arbitration is another measure to settle disputes. It is different from conciliation in the following aspects:

- The arbitrator gives his judgement on the basis of the evidence submitted to him by the employers and trade union.
- Its decision is binding upon the parties.

Arbitration can either be voluntary or compulsory. In voluntary arbitration both the parties show their willingness to go to an arbitrator for settlement of disputes. Whereas in compulsory arbitration both parties are forced to go to the arbitrator by the power of the state. Compulsory arbitration is also called adjudication and it is used when the parties fail to solve their disputes by voluntary method.

The government is also empowered to constitute one or more labour courts for the adjudication of industrial disputes. Labour Courts consist of one person only, who is called the Presiding Officer. He is appointed by the appropriate government. Presiding Officer should be or should have been a judge of High Court.

The appropriate government can also constitute one or more Industrial Tribunals for the adjudication of industrial disputes. This is also a one-man body (Presiding Officer). The Industrial Dispute Act, in its third schedule mentions matters which fall within the jurisdiction of industrial tribunals. However, the industrial tribunals can adjudicate industrial disputes relating to any matter whether specified in the second schedule or third schedule.

National tribunals is another adjudicatory body provided by the
Industrial Dispute Act, 1947. The industrial disputes of national importance (in the opinion of Central Government) are considered to be within the jurisdiction of the national tribunals. The Central Government is empowered to constitute National Tribunals, if in its opinion:

- The industrial dispute is of national importance.
- One or more states are affected by such a dispute.

The Central Government may appoint two assessors to assist the national tribunals.

The Act makes it compulsory for the government to take up all disputes relating to public utility services for conciliation. The Act lays down the procedure, powers and duties of the authorities involved, when an industrial dispute exists or is apprehended and the employer and workmen agree to refer it to arbitration by written agreement. The settlement arrived at by agreement between the employer and the workmen otherwise than in course of conciliation proceedings is also binding on the parties for the period agreed upon. If no period is agreed upon, it is binding for a period of six months after which the party to the settlement can give two months notice in writing of an intention to terminate the settlement.

**Other Statutory Measure**: In order to impose ban on strikes and lockouts government promulgated Essential Services Maintenance Ordinance which later on became an Act.
In this, government identified "essential" services and the government has the power to declare a service as essential by notifying in the official gazettes. Essential services for this purpose are Railways, Post and Telegraph, Telephones, Airports, Banking, Production and Refining of Petroleum and Distribution of Petroleum Products, Public Conservancy etc.

In these services Government imposes a ban on strikes/lockouts. The order shall remain in force for six months and may be extended for not more than six months. It provides punishment for violation of the provisions of the Act.

At present, the institutions established have not been able to resolve problems quickly in spite of this fact that the government has tried to provide an adequate framework to deal with industrial disputes.\[1\]

**GENESIS OF INDUSTRIAL DISPUTES IN LAL IMLI KANPUR**

In the pre-nationalisation period i.e. before June 1981 there were three major changes in the management structure of Lal Imli Mills.

Upto the year 1954 the British promoters had full control over this unit. The industrial relations remained quite smooth except for a major strike in 1942 as a part of the Quit India Movement. These harmonious industrial relations could be attributed to three major factors namely:

- fair wages
- satisfactory working conditions
- adequate welfare activities.

\[1\] Labour Laws and Industrial Relations - New Horizons - Srikanta Mishra.
These was a change in the management in January 1955 Mr. Hari Das Mundra took over the control of the management of B.I.C. He however retained the English executives in all the units including Lal Imli Mills. The labour policies remained the same and the industrial relations remained unaffected.

In 1958, the scenario changed and due to the mismanagement in the B.I.C., the high court constituted a new board of directors, headed by late Shri H. S. Chaturvedi, a retired judge of Allahabad High Court. The British Executives, however, continued in all important positions and there was no appreciable change in the industrial relations.

In October 1961 the Bijoria's of Calcutta took over the shares of Mr. Hari Das Mundra. At that time, since the government was holding 39% shares, a dual management started. The declining fortune of B.I.C. and the difference between the two promoters i.e. the government and Bijoria's triggered off the industrial disputes. Lal Imli Mills also became affected occasionally by these turmoils. It was during this period that another branch of BIC i.e. Cooper Allen and north west tannery (leather branches) started incurring heavy losses. The labour unions wanted this unit to be nationalised and agitated for it. It disturbed the industrial peace of Lal Imli also and on many occasions the workers of Lal Imli resorted to strike in sympathy with the workers of leather branches. This, however, did not affect the fabric of industrial relations to any appreciable extent.

The Cooper Allen branch was taken over by Government of India on 23rd May, 1969.
The agitation in the leather branches had convinced the workers in other units of BIC that by agitations they could achieve the desired results. It was in this context that in the year 1971 the workers of Lal Imli Mills raised the demand for increased bonus to 15% instead of 8.33% which was permissible under law. The agitation took violent turn as the workers resorted to stay in strike. The civil administration took strong measures and arrested more than 100 workers and union leaders. The strike fizzled out on the 4th day. Later when the condition became normal, the management unilaterally increased the quantum of bonus by paying an extra 1.67%. The workers by and large responded favourably to this action of the management. The result was that the Lal Imli continued to have industrial peace till the nationalisation. However, on two occasions during this period there were minor showdowns between the labour and the management but they did not last beyond a few days.

In the post nationalisation period, which started from June 1981, labour strikes in Lal Imli Mills became too frequent a feature.[1]

In the year 1981-82 which consisted of 9 months of post nationalisation period, there was a sudden strike of about 5 days. The demand of the labour were not significant but the timing of strike i.e. the month of June & July was quite important. There was a change in the management as the Board of Directors had been reconstituted by the central government. The labour unions wanted to display their strength.

The strike was resolved amicably but left enough warning signals for future.[1]

During the month of May 1983, the Lal Imli Mills again faced a sudden strike for about 12 days as the warning signals of 1981-82 were not taken seriously by the new management. The over enthusiastic management provided by the Central Government had given high hopes to the workers as soon as it had taken over the charge. The newly appointed Chairman-cum-Managing Director Mr. D. N. Dikshit broke all the past conventions and addressed the meetings of workers at their colonies and in other public places. In his zeal to condemn the past management, he created a situation where the workers tried to get all monetary benefits without rendering adequate work. All sorts of demands, reasonable and unreasonable were raised by labour unions. Kanpur has been a strong base for communist led unions. On the political platform, they never agitated to use the labour force to achieve their political objectives. By insighting the workers they always tried to cow down their adversaries in power. The strike in Lal Imli in 1983 was engineered by the CPM led union headed by Shrimati Subhashini Ali. The practical principle of industrial relation is that a weak management can not hope for industrial harmony, came true in the case of Lal Imli. [2]

During the year 1983-84, 84-85, 85-86 the management adopted a highly conciliatory policy towards labour and tried to accept

[1] The matter of this Chapter is based on the interview with Mr. T.N. Srivastava, the then General Manager, Lal Imli Mills, the Director's Report for the year 1981-82. (Questionnaire attached at the end. Annexure No. IV.)
[2] Ibid. year 1982-83. (Questionnaire attached at the end. Annexure No. IV.)
their demands when they were raised from time to time. Since the
demand for wage increase raised by the labour unions in textile industry
at Kanpur, was considered by the State Government and there were
intense activities and dialogues with the government, there was a period
of lull in Lal Imli Mills. [1]

In the year 86-87 as Directors Report states a serious situation
arose when some of the labour unions backed out from the agreement
under which workers had agreed to work on Sundays by rotating their
weekly holiday. It meant that the mill had to run for all seven days in
a week. The strike continued for 12 days. It was for the first time after
nationalisation that management took a firm stand and eventually came
out successful in concluding a reasonable settlement. Labour unions
agreed to work on Sundays. [2]

The year 1987-88 was peaceful as the matter relating to the wage
increase & fixation of work load was pending before the industrial
tribunal for adjudication. [3]

However, in the year 1988-89, when Shri K. K. Pandey's Award
was announced and implemented, there were large scale disturbances
in Kanpur based textile mills including Lal Imli Mills. Work was
disrupted under pressure from labour union and the Government of
U.P. cancelled the award. It was a deadly blow to the textile industry.

[1] The matter of this Chapter is based on the interview with Mr. S. Mitra, the
then General Manager, Lal Imli Mills, the Director's Report for the year 1983-
84, 84-85 & 85-86. (Questionnaire attached at the end. Annexure No. II.)
[2] Ibid. year 1986-87. (Questionnaire attached at the end. Annexure No. II.)
[3] Ibid. year 1987-88. (Questionnaire attached at the end. Annexure No. II.)
of Kanpur and the last hope for revival had vanished. Some very interesting facts emerged during the interview with the people associated with the management of Lal Imli Mills. It was learnt that labour unions did not even study the award and discarded it, although they were party to the adjudication proceedings. The CPM led union once again came in forefront to disrupt the industrial peace of Kanpur textile mills. It will not be out of place to mention that they played their political game at the cost of labour and Kanpur textile industry. JK Rayon, JK Shato, JK Electronics and several textile mills had already been closed due to the negative activities of the union. In the same manner, they put the textile mills in such a position from where they could never recover. Unfortunately the Government of U.P. was an equal partner in this game of destruction. [1]

From 89-90 the main thrust of the mill management was to provide better facilities to the workers. [2]

A management which is conscious of well being of its workers surely paves the way for better industrial relations. During these years Lal Imli adhered to this principle. The above period witnessed a steady decline in the production. This is clear by the Table No. 3.2

[1] The matter of this Chapter is based on the interview with Mr. S. Mitra, the then General Manager, Lal Imli Mills, the Director's Report for the year 1988-89. (Questionnaire attached at the end. Annexure No. II.)
TABLE NO. 3.2

PRODUCTION OF THE COMPANY

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PRODUCTION (in Lacs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989-90</td>
<td>4034.13</td>
</tr>
<tr>
<td>1990-91</td>
<td>3028.92</td>
</tr>
<tr>
<td>1991-92</td>
<td>3120.65</td>
</tr>
<tr>
<td>1992-93</td>
<td>N. A.</td>
</tr>
<tr>
<td>1993-94</td>
<td>1635.30</td>
</tr>
<tr>
<td>1994-95</td>
<td>1626.50</td>
</tr>
<tr>
<td>1995-96</td>
<td>1476.46</td>
</tr>
</tbody>
</table>

Source: Annual Reports of BIC Ltd. Kanpur.

Because of this the future of the mills appeared to be dark. Under these circumstances no union was willing to create any industrial unrest as the workers were getting their wages without doing adequate work. This ruined the work culture of Kanpur & gave a staggering blow to the prospects of any revival in future. [1]

IMPACT ON FUTURE INDUSTRIAL RELATIONS

Industrial disputes are to be analysed closely. The conclusion are important as they affect the future industrial relations to a large extent. There are external factors as well as internal factors causing disputes which should be clearly understood.

[1] The matter of this Chapter is also based on the interviews with Mrs. Subhashini Ali, Union Leader, CITU, Mr. R. K. Rawat, Union Leader, RTMU, Mr. Vimal Mehrotra, Union Leader, INTUC, Mr. Dwarika Prasad, Union Leader, BMS & Mr. M. Y. Rehmani, Union Leader, Suti Mill Mazdoor Sabha. (Questionnaire attached at the end. Annexure No. V.)
Graphical representation according to Table 3.2

1989-90 to 1995-96

Data of 92-93 is not available.
The genesis of industrial disputes during the last 25 years indicate that CPM led union had been out to demolish the industrial fabric of Lal Imli Mills as well as in other industrial units of Kanpur. They never carried on the struggle for bonafide demands of the workers but for superfluous demand to disrupt the industrial peace. It is surprising that in West Bengal, which is ruled by CPM, they agreed to large scale retrenchment cut in wages and other major sacrifices from the workers. In Kanpur, they have been opposing even the rationalisation of work load in Lal Imli Mills. It was because of this factor that the management tried to keep them at bay. Unions led by the other political parties were encouraged by the management. This also caused the decline in the membership of CITU (CPM led union).

The various industrial disputes in Lal Imli established the need for better interaction between the labour and the management at the floor level in the mills. Consequently the committees were formed in the various departments through which many problems were sorted out by exchange of ideas. It has reduced the frequency and intensity of the industrial disputes.

A clear view of the genuine problems of workers has become possible by virtue of the above study. Basic facilities in the labour settlement have been a cause of concern for labour. Inspite of financial crunch the management has carried out the maintenance of the facilities. It may be recalled that this was an issue in one of the major industrial disputes in 80's.
### TABLE NO. 3.3

**DETAILS OF SALERIES & OTHER WAGES**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>SALARIES &amp; WAGES</th>
<th>BONUS</th>
<th>PENSION &amp; P.F.</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>89-90</td>
<td>10,90,08,685</td>
<td>76,76,511</td>
<td>89,74,368</td>
<td>12,56,59,564</td>
</tr>
<tr>
<td>90-91</td>
<td>11,13,29,533</td>
<td>81,51,053</td>
<td>94,98,804</td>
<td>12,89,79,390</td>
</tr>
<tr>
<td>91-92</td>
<td>12,47,33,331</td>
<td>85,16,206</td>
<td>1,05,99,805</td>
<td>14,38,49,342</td>
</tr>
<tr>
<td>92-93</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>93-94</td>
<td>14,13,80,216</td>
<td>83,92,385</td>
<td>1,19,37,252</td>
<td>16,17,09,853</td>
</tr>
<tr>
<td>94-95</td>
<td>14,40,62,247</td>
<td>1,10,48,670</td>
<td>1,28,22,889</td>
<td>16,79,33,806</td>
</tr>
<tr>
<td>95-96</td>
<td>14,75,83,809</td>
<td>92,91,266</td>
<td>1,30,10,647</td>
<td>16,98,85,722</td>
</tr>
</tbody>
</table>

*Source: Annual Report of BIC Ltd., Kanpur.*
SALARIES & WAGES (in Lacs)
Data of 92-93 is not available

GRAPHICAL REPRESENTATION ACCORDING TO TABLE 3.3
1989-90 TO 1995-96
A very important lesson from the industrial disputes is that the management is able to find out the weaknesses in its setup and also in its policies relating to industrial relations. In Lal Imli Mills changes were made in the personnels/labour department soon after the strike of 12 days (in 1986-87).

The department was strengthened. The communication gap between the labour department and higher management was bridged in the management information system. The labour issue became an important part.

As far as the external factors are concerned it is important to assess the effectiveness of management's liason with the office of labour commissioner were as well as with the Ministry of Labour of the State Government. In the industrial disputes arising as an aftermath, to the Pandey award. It was observed that there was no proper liason between the mill authorities and agencies of state government including the district administration. These areas were later on strengthened by developing contacts with these agencies. It reduced the intensity of subsequent industrial disputes.[1]

[1] The matter of this Chapter is also based on the interviews with

Mrs. Subhashini Ali  - Union Leader, CITU
Mr. R. K. Rawat  - Union Leader, RTMU,
Mr. Vimal Mehrotra  - Union Leader, INTUC,
Mr. Dwarika Prasad  - Union Leader, BMS,
Mr. M. Y. Rehmani  - Union Leader, Suti Mill Mazdoor Sabha
Mr. A. K. Srivastava  - Labour Officer, Lal Imli Mills.

(Questionnaire attached at the end. Annexure No. V & I.)
CORRECTIVE STEPS CONDUCIVE TO THE REHABILITATION OF LAL IMLI, KANPUR

The present thesis shall remain an inconclusive exercise unless a programme of rehabilitation of Lal Imli Mills is dealt with. The discussion of the past history of industrial relations will not be meaningful unless a well planned rehabilitation programme is formulated in the light of the conclusions drawn from the past. As a matter of fact looking to the present

**TABLE NO. 3.4**

ACCUMULATED LOSSES OF THE COMPANY

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ACCUMULATED LOSSES (in crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981-82</td>
<td>19.62</td>
</tr>
<tr>
<td>1982-83</td>
<td>27.21</td>
</tr>
<tr>
<td>1983-84</td>
<td>40.98</td>
</tr>
<tr>
<td>1984-85</td>
<td>54.90</td>
</tr>
<tr>
<td>1985-86</td>
<td>56.71</td>
</tr>
<tr>
<td>1986-87</td>
<td>60.60</td>
</tr>
<tr>
<td>1987-88</td>
<td>60.01</td>
</tr>
<tr>
<td>1988-89</td>
<td>61.81</td>
</tr>
<tr>
<td>1989-90</td>
<td>77.68</td>
</tr>
<tr>
<td>1990-91</td>
<td>109.25</td>
</tr>
<tr>
<td>1991-92</td>
<td>133.33</td>
</tr>
<tr>
<td>1992-93</td>
<td>N.A</td>
</tr>
<tr>
<td>1993-94</td>
<td>192.59</td>
</tr>
<tr>
<td>1994-95</td>
<td>224.68</td>
</tr>
<tr>
<td>1995-96</td>
<td>257.85</td>
</tr>
</tbody>
</table>

Source: Annual Reports of BIC Ltd. Kanpur.
Accumulated Loss (in Crores)

GRAPHICAL REPRESENTATION ACCORDING TO TABLE 3.4
1981-82 TO 1988-89
Accumulated Loss (in Crores)

Data of 92-93 is not available

GRAPHICAL REPRESENTATION ACCORDING TO TABLE 3.4
1989-90 TO 1995-96
state of affairs of mills which are carrying on with large accumulated losses running into about Rs. 258 crores approximately up to 1995-96 and with present capacity utilisation between 15%-20% \(^1\) it is of paramount importance to discuss and give suggestions for the rehabilitation of this mill.

At the present juncture, the status of the problem is that the BIFR has already passed an order for winding up of the BIC Ltd., the owner of Lal Imli Mills. The winding up proceedings are pending before the Honourable High Court at Allahabad. \(^2\)

In the context of a general feeling that the tax payers money should no more be sunk into those industrial units which are not viable it is necessary to examine whether the Lal Imli Mills are viable or not. The following points deserve serious consideration to arrive at any meaningful conclusion.

1. In the recent past, the partial modernisation of Lal Imli Mills has been done at a cost of about Rs. 20 crores. With the addition of a fleet of Sulzer looms, latest combing plant and other back processing machines, the new wing of Lal Imli can be compared with the most modern mills of the country. \(^3\)

With very low depreciation on the old machines, which are still in very good shape, and lower cost of production on the new machines the economic viability is beyond any doubt.

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\(^1\) Mentioned in Director's Report of B.I.C. Ltd. for the year 1995-96.
\(^2\) Mentioned in the Rehabilitation Plan made by Management of BIC and Officers of International Wool Secretariat.
2. The products of Lal Imli Mills are well known inside and outside the country. Some of the products like 60 No. Lohi, fabrics for defence are quite popular in the country. It is said in Bihar,

**TABLE NO. 3.4**

**IMPACT OF MODERNISATION (PARTIAL)**

<table>
<thead>
<tr>
<th></th>
<th>Before Modernisation</th>
<th>After Modernisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Worsted Spindles</td>
<td>17292</td>
<td>22092</td>
</tr>
<tr>
<td>2. Woollen Spindles</td>
<td>14976</td>
<td>10176</td>
</tr>
<tr>
<td>3. Power Looms</td>
<td>504</td>
<td>518</td>
</tr>
</tbody>
</table>

* Including 24 new sulzer looms Balance 494 old looms average age 55 years.

*Source*: Rehabilitation Plan made by management of BIC and members of International wool sectariat.

Eastern U. P. and Bengal no marriage can be performed without Lohi No. 60. 'Premiere' a woollen blanket. in Lal Imli is the first love of upper middle class in the country. Lal Imli enjoys the brand superiority of very high order.

3. To mobilise the financial resources the Lal Imli Mills have large surplus land and building situated in the prime localities of Kanpur. If these properties are sold away. the sales proceeds can provide much needed working capital.

4. The woollen industry in the country is performing satisfactorily.
5. Lal Imli has vast potential for catering to the export market.

On the question of viability of the unit, I append hereto a copy of letter written by Shri P. C. Jain, former Company Secretary of BIC Ltd. to the Honourable Prime Minister of India which gives out area of strength as well as certain suggestions for rehabilitating this unit.(Annexure No.XI).

I shall now be with the possible measures to rehabilitate the mills and to make it a profit earning proposition. These measures can briefly summarised as under :

[A] Financial Measures :

1. The State Bank of India has advanced to BIC a sum of about Rs. 70 Crores which together with interest comes to about Rs. 120 Crores. There should be a moratorium on the payment of this amount for next three years and there after it may be paid in installments spreading over next five years. It will be necessary that bank should come forward to waive off the penal interest.

2. The bank may further advance a sum of Rs. 10 Crores as a short term agreement till the company is able to sell its surplus property and mobilise working capital.

3. The mill should arrange the finance from their agents against their orders for monopoly items.

4. In accordance with the latest rehabilitation plan drawn by the BIC
Management and the experts of International Wool Secretariat, the BIC can sell property worth about Rs. 83 Crores in the open market and augment its working capital. Transparency will be needed while monitoring these transactions. The Central Government should write off or convert into equity, the loan given to BIC, so far.

[B] **Operational Measures**:

1. It will be necessary to draw a comprehensive maintenance schedule for the plant and machinery to get the best operational results. Since the mills have been working at much lower capacity since last 10 years, it is necessary to update the maintenance of machines.

2. Identification of the brands according to the market taste is necessity of the hour. A strong market survey by company's sales executives is necessary.

3. The designing department has to be strengthened considerably in Lal Imli. In the past also the worst criticism against the mill was its inability to produce product of latest designs. Research and development is equally necessary to be conducted on a perpetual basis. In view of the growing competition this becomes an essential part of the activities.

[C] **Measures Relating to Industrial Relations**:

1. The work load and work assignment is to be rationalised.
As compared to other mills it is lowest in Lal Imli. In Raymonds Woollen Mills, Bombay for a production of about Rs. 180 Crores per annum, the employment is about 2200 workmen whereas in Lal Imli, on a maximum production of about 12 crores the strength of labour is about 4000.

2. To reduce the number of workers, the Government of India has already introduced the scheme of voluntary retirement. The scheme should be implemented to streamline the workers. Furthermore no new appointment should be made in place of super annuated workers.

3. In order to increase the production, the mill must work on Sundays also. Workers had accepted this principle but it is not implemented, so far.

4. Basic wages should be pegged for next five years.

5. There must be a complete holiday of strike and lockout for next five years.

6. During the last 10 years of inadequate operations, the worst casualty has been the work culture. It has to be restored otherwise all the other efforts to rehabilitate the mills are bound to go waste. For this the class of supervisors should be encouraged who in turn can motivate the workers. Workers and supervisors should be sent in batches at frequent intervals to other woollen mills so that they can regain their confidence to work.
7. A mechanism should be devised that only one union operate in Lal Imli. Needless to say that multiple trade unions have caused irreparable loss to the industrial relations in Lal Imli as well as in other textile mills of Kanpur.

During the discussion with the senior officers of the mills, the above suggestions emerged and they have been incorporated here. Needless to say that, the suggestions are meaningful, if followed. [1]

[1] This matter is based on the Rehabilitation Plan made by Management of BIC and Member of International Wool Secretariat and interview with Mr. P.C. Jain, Retired Secretary, BIC Ltd. (Questionnaire attached at the end. Annexure No. III.)