



A Study on Industrial Relations System in India

Dr. K.Gowtam Kumar
Lecturer in 1RPM
K.G.R.L. Degree College (A), Bhimavaram - 534201

Abstract: *The basic purposes of these laws, like under the British colonial rule, were to contain industrial disputes within the framework provided by the laws and maintain continuity of production. One example of this strategy was the Industrial Disputes Act. This act allowed employers to lay off employees only temporarily, with compensation up to 180 days and employer was also required to get permission from the government which was rarely given because of the close ties of the unions with the political parties. Globalization has also brought in the beginning of a government-employer coalition. This coalition is quite obvious keeping in view the enthusiastic support of the government for economic liberalization.*

Key words: *colonial rule, Industrial Disputes, Globalization*

Introduction

Industrial relations were defined to include the relationships and interactions between employers and employees. Industrial Relations are a dynamic socio-economic process. It a 'designation of a whole field of relationship that exists because of the necessary collaboration of men and women in the employment process of industry'. Industrial relations has become one of the most delicate and complex problems of modern industrial society. Accordingly, industrial relations pertains to the study and practice of collective bargaining, trade unionism, and labour-management relations, while human resource management is a separate, largely distinct field that deals with non-union employment relationships and the personnel practices and policies of employers.

Industrial progress is not possible without collaboration of labors and harmonious relationships. Industrial relations have a broad as well as a narrow outlook. Industrial relations cover all, aspects of the employment relationship, including human resource management, employee relations, and union-management relations. It is not the cause but an effect of social, political and economic forces. In order to understand the issues and problems associated with industrial relations, it is desirable to study its various evolutionary phases. Practically speaking, the growth of industrial relations in India is in no way different from that of other parts of the globe. The various stages of industrial relations progressed from primitive stage to factory or industrial capitalism stage. The emergence of tripartite consultative system and voluntary and statutory



approach to industrial relations, immensely contributed, to the growth of a particular system of industrial relations in our country.

Industrial Relations in India

The Republic of India with a population of just over a billion is the second most populous state in the world after China. It has a population growth rate of 1.4 per cent and literacy rate of 60 per cent. Ethnically the Indian is dominated by Aryan race that is 72 per cent of the total population. On religious lines the population is dominated by Hindus who are 81.3 per cent. The Indian labor force is 406 million, with 60 per cent in agriculture, 17 per cent industry and 23 per cent services.

Like most of the countries with colonial origin, India based most of its laws on the colonial structure left by the British. Industrial law was no exception, the Indian government built on colonial labor institutions and regulations to fashion an industrial relation system that sought to control industrial conflict through a plethora of protective labor legislation, influenced by the strong ties between the major political parties and labor forged in the struggle of independence (Kuruvilla, 2002). These laws covered a wide range of aspects of workplace industrial relations: including detailed laws on safety and health, dismissals and layoffs and industrial disputes. The basic purposes of these laws, like under the British colonial rule, were to contain industrial disputes within the framework

provided by the laws and maintain continuity of production. One example of this strategy was the Industrial Disputes Act. This act allowed employers to lay off employees only temporarily, with compensation up to 180 days and employer was also required to get permission from the government which was rarely given because of the close ties of the unions with the political parties. On the other hand the right to strike existed but all strikes needed due notices and strikes could be brought to an end with either party requesting for a third party intervention through government conciliation offices. If conciliation failed the government had the right to refer the dispute to compulsory arbitration w Mohammed Au - Globalization 10 to a labor court or industrial tribunal for final decision (Kuruvilla, 2002). In addition to the above policy, the Indian industrial relations were also tilted more toward the workers. In the absence of social security legislation the burden of social policy like retirement, medical re and even child care was left on the employers.

During this period the economic policy emphasized on the growth and long-term development of heavy industries in the public sector with largely indigenous technology, coupled with the policy of industrial licensing, import controls, and restrictions on foreign ownership that protected public and private sector firms from international competition (Kuruvilla, 2002). These protectionist



policies created an atmosphere that led to increased inefficiency in the firms, over employment -especially in public sector inability to introduce efficient and labor saving methods of production. These problems were enhanced by the fact that there was a relatively high incidence of labor strikes and also competition among various unions as there was no sole-bargaining agent legislation. The unions themselves were not united and at the same time there was not much of a spirit of operation between the employees and the employers. There was diversity not only in unions but also in industrial relations laws, each state had the right to enact its own labor laws. This feature produced a variety of local colors of unions with varying orientations to labor relations and for the most part kept the labor movement from become national.

Union density was about 38per cent in the formal sector workers. As can be ascertained from above, the unions had an influential voice due to their links with political parties, in fact all political parties had their union wings. Unions were mostly structured on enterprise, industrial, political or regional lines. Bargaining structure during this period was industrial or enterprise based, although there was provision in the laws for tripartite structures and works council type institutions but these were not followed in practice (Kuruville, 2002). There was interring union rivalry and adversarial relationship with the employers. Although the employers

were protected by the state policies of protectionism, still they faced the problem of high costs and rigid systems of production.

As long as the protectionist policies were in place the higher cost and the relative lack of flexibility imposed by the industrial relations systems regulations did not pose a serious problem because Indian manufacturers did not have to compete in the international market. With the coming of globalization, the 40 year old policy of protectionism proved inadequate for Indian industry to remain competitive. Therefore, in 1992 the process of liberalization started. The balance of power shifted in the favor of the employers. Apart from the pressure from the international market, international bodies like IMF also exerted pressure to change labor policies in india. Employers pushed for workforce reduction, given their inability to retrench employees, they introduced policies of voluntary retirement schemes. There has been an increase in the demand for functional and numerical flexibility in the workplace by the employers.

Globalization has also brought in the beginning of a government-employer coalition. This coalition is quite obvious keeping in view the enthusiastic support of the government for economic liberalization. In Maharashtra for example for the first time the government has declared several private sector firms as 'essential and public utilities' permitting a ban on



strikes in these sectors (Kuruville, 2002). In a study by Fliers and Kuruvillain 1997, they discuss the changes in the industrial relations in India and bring out the following dimensions:

- Collective bargaining in India has mostly been decentralized, but now in sectors where it was not so, are also facing pressures to follow decentralization.
- Some industries are cutting employment to a significant extent to cope with the domestic and foreign competition e.g. pharmaceuticals. On the other hand, in other industries where the demand for employment is increasing are experiencing employment growths.

In the expansionary economy there is a clear shortage of managers and skilled labor.

- The number of local and enterprise level unions has increased and there is a significant reduction in the influence of the unions.
- Under pressure some unions and federations are putting up a united front e.g. banking.
- Another trend is that the employers have started to push for internal unions i.e. no outside affiliation.
- HR policies and forms of work are emerging that include, especially in multi-national companies, multi-skills, variable compensation, job rotation etc: These new policies are difficult to implement in place of old practices as the institutional set up still needs to be changed.

- HRM is seen as a key component of business strategy.
- Training and skill development is also receiving attention in a number of industries, especially banking and information technology.

Changed Business Scenario and Industrial Relations

The Government of India in 1991 introduced the New Industrial Policy which was followed by a large number of trades - related policies; these policies have reduced the role of the state and have led to unprecedented changes in the labor management relations. Increase in services, emergence of the white-collar workers and new forms of employment, development of non-union enterprises, development in technology and adoption of new techniques in manufacturing, has considerably reduced the importance of trade unions.

Changing nature of work

In terms of work it, the term 'workers' seems increasingly inappropriate. "In the more modern and technologically sophisticated industries, the workers watch panels, push buttons, pull levers and turn a valve or two. Process industry pays them to exercise discretion, not to flex muscle. Their work is becoming increasingly difficult to distinguish from that of supervisors and lower managers. It is no wonder that process industry does not employ workers any longer. It employs operators and technicians."



Changing profile of workers

A social wave is sweeping across our country. The decline power of trade unions, improving pay packets, the willingness of management to accommodate conflicting growing stature of workers in society, their increased levels of education and the emergence of process industries which has changed the very definition of work, have together caused a revolution of perception anti aspiration. The social profile of industrial workers is changing rapidly. Unlike in the early years of our independence, not many come from a background of hardship and deprivation. Workers in the organized sector earn well and like to live well. Their aspirations for their children are no different from those of the middle class. Their eyes are set on upward mobility. Within industry itself, workers are pushing towards status equality. With a changing social profile, workers are becoming more assertive with their union bosses. They are also demanding more egalitarian treatment at the work place.

- Executive dining rooms are giving way to common canteens.
- There is growing demand that manager at least those who are compensated in some form for extra hours should punch the clock.

The reluctance to perform lowly jobs.

- The search for fancy status giving designations -we have 'security guards' and 'sanitary staff in place of chowkidars and sweepers.

- The desire for promotion as supervisor or officer even on lower pay. On a superficial plane, our organizations are moving rapidly towards status equality. The changes in the emerging international and national business environment, challenges technological changes leading to redundancy of workforce, change in quality of workforce, spell out a new role for the trade unions, the management and the Government.

Industrial Relations in Future

The role of the industrial relations partners is certainly alarming when viewed in the context of the new economic environment of India. However, it would be too rash to draw any decisive conclusion of the future of industrial relations in India because the partners can ill-afford to escape the vicious circle of Hobson's choice. The inevitability of the great paradigm shift is obvious. There is absolutely no choice for the economic environment other than to change and adapt itself to global standards. This change makes it inevitable for the market forces to rule the roost. Every economic decision must revolve around the dictates of market forces. The survival of every situation in such an environment must, therefore, depend on the competitive edge of the former. Competitiveness in terms of quality and price will determine the survival and growth of the business. To make the business survive and grow, changes in structure and style, attitude and approach, and system and standards are inevitable. Such



changes will make it inevitable for the economic environment to change. In the initial stages of the implementation of the New Economic Policy, there was widespread agitation and discontentment among the trade unions because of the human consequences arising out of the great paradigm shift. However, gradually there is realization, albeit it slow, among the industrial relations partners that redundancy, casualization of labour, industrial sickness, merger and acquisition, and closures of unviable units are the stark realities of the new industrial climate. Hence, there is no escape from the vicious circle. The fiery trade unionist, Dr Daffa Samant, laments: "There is so much insecurity among workers that no one listens to a trade union which gives a strike call." (Business Standard, November 7, 1995, New Delhi). In fact, in a sudden departure from the past, when Dr Samant's Union, Kamghar Aghadi, rejected the VRS scheme of the management of the Bombay unit of Premier Automobiles Ltd., a large section of the workers accepted the scheme in spite of their one time hero Dr Samant's best efforts to dissuade them. In the management front also, a change in approach is visible. Today, managements are gradually becoming more and more transparent in their policies and practices. Shantibhai Patel, President of Hind Mazdoor Sangh, admits:

"Managements are a little more accommodative these days. They are also more often prepared to consult

unions and settle disputes amicably than they were in the past" (Business Standard, November 7, 1995, New Delhi).

References

1. S. Khuraisa, industrial Relations in Private and Public Sector Industry in India: A Comparative Analysis, Indian Journal of Industrial Relations, 7(3), January- 1972, 411-431.
2. M. Singh, industrial Relations in Maharashtra, Indian Journal of Industrial Relations, 18(4), April-1 1983, 549-567.
3. M. Islam, industrial Relations in Bangladesh, Indian Journal of Industrial Relations, 9(2), October- 1983, 161-189.
4. Gani, Industrial Relations in Jammu and Kashmir, Indian Journal of Industrial Relations, 26(1), July-1990, 53-67
5. Saha and I. Pan, Industrial Disputes in India: An Empirical Analysis, economic and Political Wkly, 29(18), April-1 1994,
6. Mohammad A. Au, "Globalization and Industrial Relations of China India, And South Korea An Argument for Divergence", Schmidt Labor Research Center Semiticar Research Series, University of Rhode Island, 2005.
7. (hausuti. S. EnsimicTina, Banbay, 13th, Sember, 1995.
8. Sheth, N R. "Labour Relations in the New Economic,



Environment," Vrkalpa, Vol 18,
No 3, July. September, 1993.