

Growth of Industrial Relations in India: A Critical Analysis

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Abstract: Growth of Industrial Relations plays an important role. If relations between employers and employees are good in Industry then growth can be achieved. The present paper focuses on Growth of Industrial Relations in India where, it is based on Secondary data where, post-reform period (1992-2012) has been undertaken. The Statistical tools used for the study are Average, Compound Annual Growth Rate and Percentages. The paper tries to examine critically the Growth of trade unions in India, growth of industrial sector in India, number of disputes taken place, cause for disputes and disputes by duration, number of permanent closures and workers affected in India. Where, the number of trade union membership is declining where Stable and strong trade union is essential for good industrial relations in India. Number of disputes are showing oscillating trend. Industrial growth is achieved only in few states in India, and Number of Industrial Disputes and workers involved is on the rise which needs immediate attention. Hence, Government should play an important role by formulating various policies for the betterment of employees and employers. If Growth is to be achieved in the country then Industrial Relations has to play an important role which needs immediate attention.

Keywords: Employees, Employers, Industrial Disputes and Trade unions

Introduction

Industries play a very important role for the economic development of the country. Industrialisation is a continuous process and usually passes through three stages. In the first stage secondary industry concerns itself with the processing of primary products e.g. milling grains and tanning leather etc. In the Second stage, secondary industry begins to transfer material to somewhat finished goods e.g. preparation of bread and confectionery etc. In the third stage, machine and equipment is used not for direct satisfaction of any want but for facilitating future process of production. Most, of the developing countries have only reached second stage of industrialization. At the third stage, the nation is in a position to not only satisfactorily meet its own needs and necessities but to export goods to other countries to meet their requirements as well. (Sharma, A.K. 2006). The term '**Industrial Relations**' is basically, employer-employee relationship, i.e. relations between management and Labour.

First World War to Pre-Independence Period

Isolated disputes took place in India as early as 80s of the last century, but it was not until 1918 that they became a serious feature of the Indian industrial system which doesn't indicate that workers were satisfied and contended. Though, they were not satisfied with long hours of work,

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low wages, bad condition of work etc due to which some also wanted to return to their village, because of hardships in industrial work.

The World-War I (1914-18) created a boom for employers. With rising prices, their profits went up enormously. However, the wages of workers did not keep pace which led to increased strikes, one at Ahmedabad (led by Mahatma Gandhi) and the other at Madras (led by B.P.Wadia) in 1921 are outstanding. During, this period as a result of ILO influence various Acts were enacted, Workmen’s Compensation Act, (1923), Trade Unions Act (1926), and Trade Disputes Act (1917) which provided significant measure of protection to workers against injury during employment and a legal status to trade unions and also granted them protection against criminal and civil suits in cases of strikes and provided machinery for bringing about industrial peace. During, Second World War, employers made enormous profits. The workers demanded a share in it. Bonus and dearness allowance were granted to them but as the money wages did not increase in proportion the rise in prices, the Government tried to prohibit strikes under the Emergency Rules (Rule 81-A of the Defence of India Rules) – which provided for the adjudication of disputes between employers and workers. Immediately, following the war (1946 and 1947) were most disturbed years where, a large number of strikes took place during these years. However, there was a considerable increase in the number of trade unions and their membership. In 1947, the INTUC was formed. Many legislative enactments were brought. In 1946, the Industrial Employment (Standing Orders) Act was passed to regulate terms and conditions of service. The Industrial Disputes Act, 1947 provided for the settlement of disputes. Industrial Growth in the country has, in terms of long-run trend, remained aligned with the growth rate of Gross Domestic Product (GDP). The long-term average annual growth of industries comprising mining, manufacturing and electricity, during the post-reform period between 1991- 92 and 2011-12, averaged 6.7% as against GDP growth of 6.9% (**Economic Survey, 2012**)

With respect to Fig 1.Growth of Industrial sector in India there has been lot of variation where, the growth of industrial sector has been very high in case of Manipur State as compared to Orissa which shows that Industrial Relations has been good in these States in India. On the other hand, there has been a decline in the State of Mizoram and Pondicherry negatively which shows that Growth of Industrial Relations has not been effective which shows that there is no cooperation between employers and employees, which needs improvement.

Fig.1. Growth of Industrial Sector in India (2004-05 to 2006-07)



Review of Literature

Nehru, S (1989); Rath, G.C.et.al (1991); Moorthy, Krishna, N (1994); Mrs. Singh, M.K (1983); Jyoti, et.al (2003); Sundar (2004); in their findings an attempt has been made to examine the causes for industrial disputes, number of workers involved in the disputes, mandays lost due to strikes and lockouts where, deteriorating union-membership, work stoppages are lasting for longer durations and involve more workers and lockouts are being used as a powerful weapon to counter the increasing organised power of workers in the post-reform period. Lockouts incidence has increased over the years. They have lasted for number of days and longer than strikes.

Arudsothy (1990) in his findings, the paper examines the historical influences on the Malaysian industrial relations system and discusses the current state and likely trends in industrial relations.

Johri (1990) in his findings, several paradoxes of industrial system in India are the outcome of strategic policy doctrine of “Industrialism in a Single Country” are discussed where the industrial relations system built on law, principally the Industrial Dispute Act, has formed part of the strategic doctrine. The IR system has now emerged as a major obstacle to technological progress and competition of Indian Industry where it must be reformed to permit greater freedom to managements where the solution lies in providing labour with social insurance cover under a law.

Zechariah (1991) in his findings, an attempt has been made of comparison between the Japanese and the Indian Industrial Relations Model where, he argued that the Japanese models offer learning for the management, unions, workers and the government in India. The management needs to accord a genuine recognition to unions, and the unions would have to be more constructive and realistic. The study also postulates that Japanese Industrial Relations System has been crucial in the evolution and actual performance of the Japanese economy.

Bhattacharjee (1992) in his findings, Linear Probability and Probit techniques were used where, firstly, there exist important regional effects on bargaining structure in India specifically, the west and south seem to prefer and realize decentralized bargaining compared to the east and north. Secondly, contrary, to the hypothesis, it is found that the probability of plant/enterprise level bargaining is higher in the public rather than in the private sector, controlling for regional and sectoral effects. Finally, sectoral/industry characteristics are systematically related to bargaining structure outcomes, as in U.S. and U.K. studies.

Papola, T.S. (1994) in his findings, examines social protection to labour in India, particularly with reference to growth and structural change in employment on one hand and industrial restructuring, structural adjustment and economic reforms, on the other. Structural Adjustment Programme, initiated since 1991, on employment labour market trends has also been undertaken.

Patil (1998) in his findings, the study seeks to portray the contemporary industrial relations scenario with reference to Karnataka where, it reveals that though the environmental changes are fast paced, the organization and labour in the traditional industries are slow in responding to the changes. There is also considerable change in the attitudes of the management and labour unions with the increasing percentage of the knowledge workers in the labour force a change in mindset of both management and labour unions and the emergence of internal leadership of unions, industrial relations are likely to further change enabling the industrial and business organisation to become globally competitive.

Sundar (2004) in his findings, the transition in the Chinese Industrial Relations System has been observed where, social and industrial harmony has been valued highly by the Chinese but inevitable reform process did indeed provoke social and labour unrest where, there has been considerable erosion in employment security in the reform years. The Industrial Relations situation in China is characterized by monopoly state-tied trade union, suppression of independent unions, harsh working conditions in private and foreign invested enterprises, rising inequalities, huge unemployment and so on.

Sundar (2005) in his findings, the issues on labour flexibility is studied where; it focused on the arguments for and against labour flexibility and the demands posed by employers and trade unions in India. The theoretical aspects relating to employment protection is discussed. A review of empirical studies on labour market flexibility in India and abroad is studied. The recommendations of the Second National Labour Commission on other countries are also discussed. Though, there have been many studies done on industrial disputes still there is a need to undertake the present study on Growth of Industrial Relations in India- A Critical Analysis.

Objectives

- To examine the Growth of Industrial Relations in India
- To identify the measures for the improvement of Industrial Relations in India

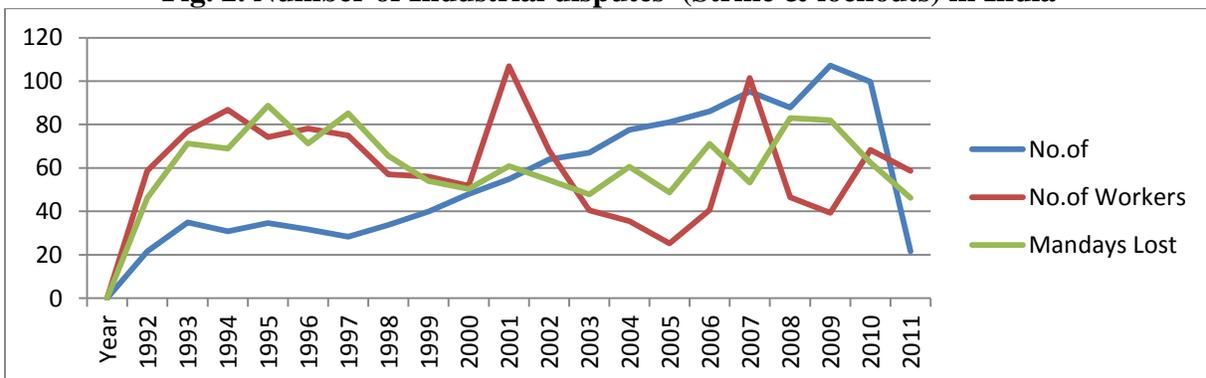
Materials and Method

The present study is based on Secondary data where, post-reform period (1992-2012) has been undertaken. The Statistical tools used for the study are Average and Percentages. The data is collected from www.indiastat.com and Pocketbook of Labour Statistics 2013.

Status of Industrial Relations in India: A Critical Assessment

The below fig.2 shows, the number of industrial disputes in India where, there is a Oscillating trend in the number of disputes in India where the number of industrial disputes and workers involved during the year 2009 and 2001-2007 has affected more which shows that Industrial relations in India are not good which shows that there is no co-operation between employees and employers which needs improvement.

Fig. 2. Number of Industrial disputes (Strike & lockouts) in India



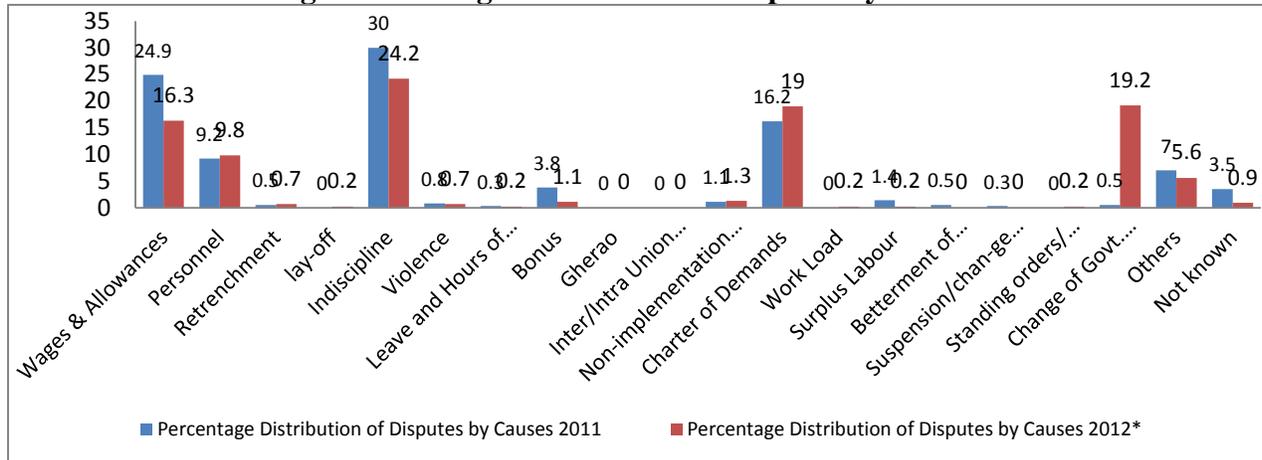
Source: www.indiastat.com

The below figure 3 shows Percentage Distribution of Disputes by Causes where, with respect to Indiscipline, Charter of demands, Change of Economic policy and Wages and

Growth of Industrial Relations in India: A Critical Analysis

allowances employees have been affected more in the year 2011 as compared to 2012 which shows that Industrial Relations in India are improving. In case, of Gherao and inter/intra union rivalry there is no major cause for disputes in the year 2011 and 2012.

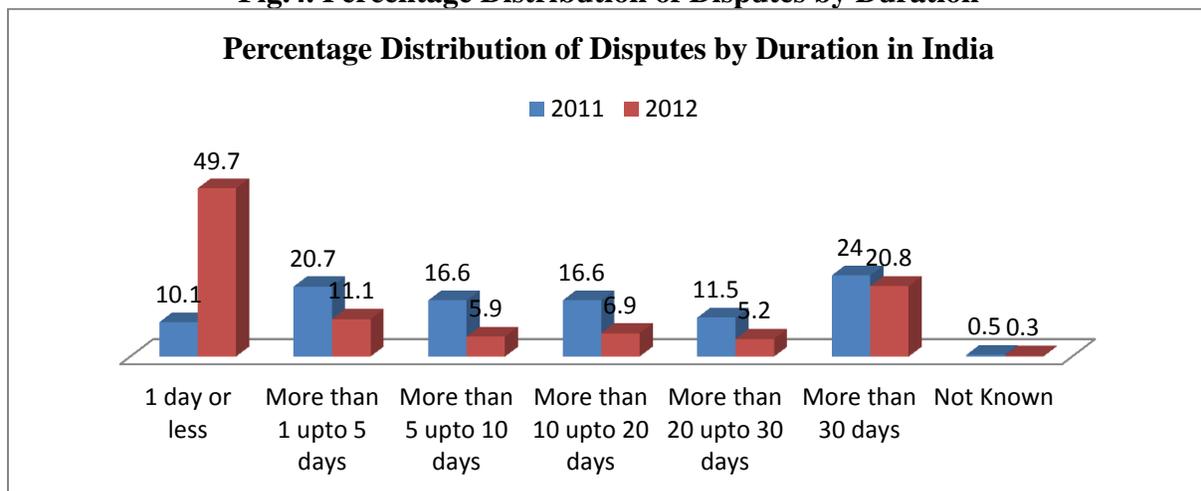
Fig.3. Percentage Distribution of Disputes by Causes



Source: Pocketbook of labour statistics 2013

The below figure 4 shows, the Percentage Distribution of Disputes by Duration for the year 2011-12 where, the distribution of disputes by duration is very high in the year 2012 as compared to 2011 which was for 1 day or less. In case, of 2011 the duration taken for disputes was for more than 30 days as compared to 2012. We can also observe from the figure that the duration taken for the dispute was very high in 2012 as of 2011 which show that more improvement is needed. Employee, Employer co-operation is also very much essential.

Fig.4. Percentage Distribution of Disputes by Duration

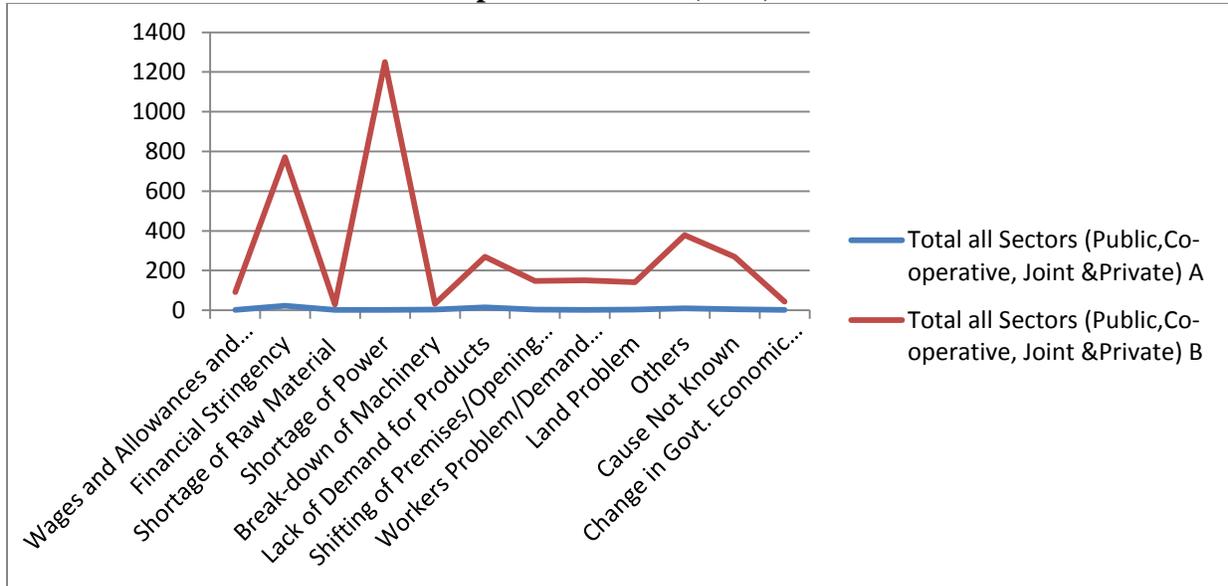


Source: Pocketbook of labour statistics 2013

From the below fig.5 we can observe that with respect to Financial Stringency and Shortage of power the number of permanent closures and workers affected by sectors is a major cause of concern where, it has affected in lump-sum in 2009 with respect to Total all Sectors (Public, Co-operative, Joint & Private) B whereas, with respect to Total all Sectors (Public, Co-

operative, Joint & Private) A, the number of permanent closures and workers affected by sectors is not a major cause of concern in 2009.

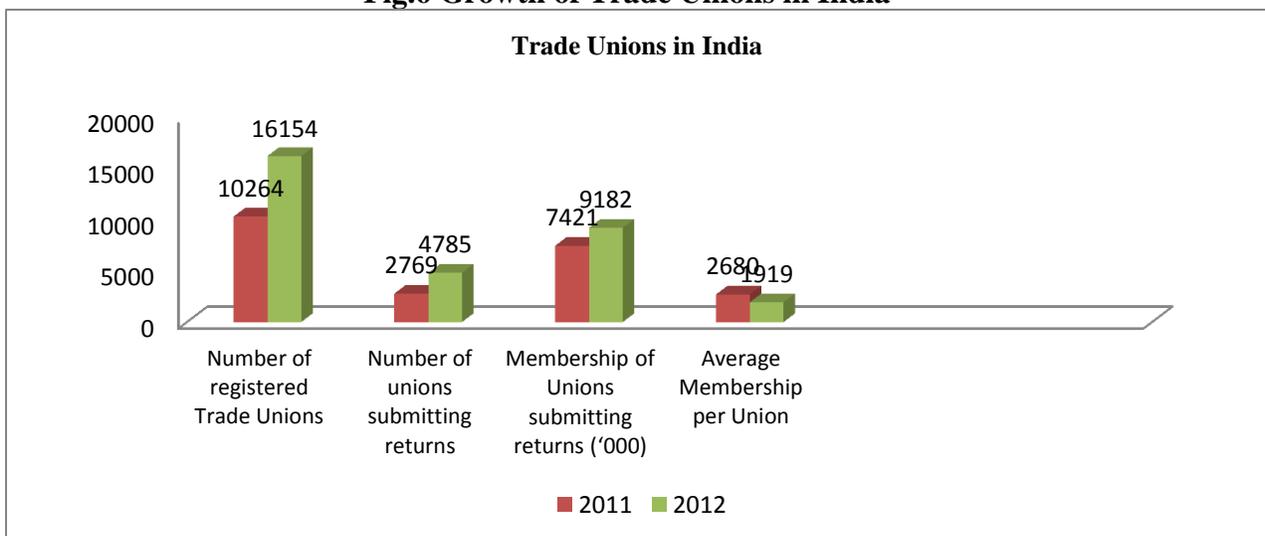
Fig.5. Cause-wise number of Permanent Closures and Workers affected by Sectors and spheres in India (2009)



Source: www.indiastat.com

The below figure 6 shows Growth of Trade Unions in India where, Number of registered trade unions in 2012 was the highest as compared to 2011 which shows that trade unions play an important role in industry. With respect to average membership per union was the highest in 2011 as compared to 2012 which shows there is a decline in membership of unions in the country which needs immediate attention.

Fig.6 Growth of Trade Unions in India



Source: Pocketbook of Labour Statistics 2013

Problems and Policy Perspectives

Both employees and employers have their own problems with respect to their demands and needs in their own way. But without mutual co-operation among them it can't be solved. The following are the measures and policy perspectives for the improvement of industrial relations in India. They are as follows;

- Stable and strong trade union is essential for good industrial relations in India.
- Both management and labour should help in the development of atmosphere of mutual co-operation, confidence and respect.
- Both management and unions should have faith in collective bargaining and other peaceful methods of settling industrial disputes. Collective Bargaining is the corner stone of industrial relations. The approach must be of mutual "give and take" rather the "take or leave."
- The participation of workers in the management of the industrial unit should be encouraged by making effective use of works committees, joint consultations and other methods where, it will improve communication between managers and workers, increase productivity and lead to greater effectiveness.
- Sound personnel policies should be formulated in consultation with the workers and their representatives if they are to be implemented effectively. The policies should be clearly stated so that there is no confusion in the mind of anybody. The implementation of the
- Policies should be uniform throughout the organisation to ensure fair treatment to each worker.
- The Government should play an important role by bringing a suitable change in Legislations for promoting industrial peace.

Conclusion

Growth of Industrial Relations in India is declining where; industrial disputes have shown a oscillating trend which shows that industrial relations are not improving as there is no co-operation between employers and employees due to difference in wages of the regular employees and contract labours is a major issue of concern and is one of the major causes for disputes. Trade Unions are on the decline which also needs immediate attention as they also play an important role for the Growth and betterment of Industrial Relations.

Authors' Note

This manuscript is the authors' original work, has not been published and is not under consideration for publication elsewhere.

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