

Historical Perspective of Industrial Disputes in India

Saroj Kumar Singh¹, Parikshit Kumar Singh², Shanta Singh³ and Subhash Prasad Singh⁴

¹Department of Rural Economics, ^{2,3}Department of L.S.W., ⁴Department of History,

^{1,2,3,4}S. N. S. R. K. S. College, Saharsa,

(A Constituent Unit of B. N. Mandal University, Madhepura, Bihar)

E-mail: ¹drsaroj999@gmail.com,

Abstract—It is from ages industrial disputes have been acting as big hurdle in the growth of industry, which largely impacts the economic growth of nation. The paper is based on The Industrial Dispute Act, 1947. It examines the history of various industrial disputes and presents it in figures. It also tries to understand causes and types of the same. It also studies the basic problem of attitude of management and workers and understands its negative impact on industrial dispute. Having industrial disputes in country is surely not a good sign, it leads to lot of consequences and have multifold impact of various factors like, employee, employer, production, GDP and on the economy as whole. The paper tries to understand the consequences and also tries to give certain solution to it.

Keywords: Industrial dispute, trade union, labour management relationship.

1. INTRODUCTION

The problem of industrial dispute is common to almost all the developed and developing countries of the world. The development of capitalistic industry which means the control of the tools of productions by small entrepreneurs class has brought to the fore the acute problem of friction between management and labor throughout the world (Bhagoliwal .1976; 187-188). Industrialization has tended to create a hiatus between management /employers and workers, owing to the absence of workers ownership over means of production (Bhangoo, 1995; 130) this gap has led to industrial friction and conflicts, which ultimately cause industrial dispute. A review of the existing literature suggests that employees in unionized workplace have significantly more voice mechanisms present than in non-unionized workplace. In India, trade unions have played the role of an agent of social and economic changes, protecting and enhancing the interest of its members and trying to squeeze more and more out of management through bargaining or conflict.

Disputes and their resolutions has been a subject of intensive research for several decades now. While some scholars consider dispute as destructive, others consider as opportunities to create awareness about problems and improve internal management. Hellman (1993) perhaps brings out the

dichotomy succinctly when he suggests that agreement is not necessarily good but neither is disagreement, especially when people disagree for the sake of disagreeing, as a way to assert themselves and to avoid feeling dominated. In the Indian context disputes under the Industrial Dispute Act, 1947, a dispute is raised when an employment contract is not carried out. The issues could include wage demands, union rivalry, political interference, unfair labour practices as described in the fifth schedule of the Industrial Dispute Act, multiplicity of labour laws, industrial sickles etc. The dispute resolution framework under the Industrial Dispute Act consists of Conciliation, Arbitration and adjudication. Apart from this, in line with the theories of industrial jurisprudence, in the unionized context there is collective bargaining, establishment of work committee, discipline management and grievance resolution procedures, which help prevent dispute in the first place.

The first step in the resolution of dispute is their discovery and exposure. There are many upward communications that can be developed for the purpose of bringing dissatisfaction to the surface. Grievance procedure is perhaps the most significant means of discovering and resolving employee complaints and dissatisfactions. On the other hand, there is distinct possibility that the organization will become dissatisfied with the particular employee. Though the Skinner approach to operant conditioning of behavior would preclude the use of punishment, typical practice of most organizations include programs of negative disciplinary action ending up with the maximum penalty of discharge from the organizations. Powers has been concentrated in the hands of a few entrepreneurs, while a majority has been relegated to the insignificant position of mere wage-earners. The workers have now come to realize that most of their demands can be satisfied if they resort to concerted and collective action; while the employees are aware of the fact that they can resist these demands. This denial or refusal to meet their genuine demands has often led to dissatisfaction on the part of the workers, to their distress, and even to violent activities on their part, which has hindered production and harmed both the workers and the employees.

2. OBJECTIVES OF THE RESEARCH

The researcher wants to understand the Industrial Dispute Act in detail with reference to historical perspective to the current situation. To achieve the same following are the objectives, which are kept in mind.

To get historical perspective about Industrial disputes in India

- i. To understand various types of disputes in India
- ii. To study causes of Industrial disputes in India
- iii. To study the management's and worker's attitude towards Industrial Dispute
- iv. Understanding consequences of Industrial Disputes.
- v. Offering suggestions and implications for improvement.

3. HISTORICAL PERSPECTIVE OF INDUSTRIAL DISPUTES IN INDIA

With a view to getting a better understanding of industrial disputes and, in turn, industrial relations in India, it seems pertinent to delineate the historical perspective of industrial disputes in the country.

For the convenience of understanding the subject, a chronological account of industrial disputes history in India is presented under the following three heads:

I. Pre-Independence Period

II. Post-Independence Period

III. Post-Liberalization Period

4. PRE-INDEPENDENCE PERIOD

Industrial disputes get manifestation mainly in the form of strikes and lockouts." According to the Royal Commission on Labour, until the First World War, strikes, on the whole, were rare. But, this does not mean that workers had no grudge or complaints against their employers. In fact, it was so because the workers were illiterate, unorganized, submissive, unconscious of their powers and rights, lack of organization and leader who could fight on their behalf and deliver the goods.

The first strike about which, reliable information is obtainable occurred in a textile factory in Bombay in 1882. Which was followed by a few occasional strikes? As reported by S. G. Panandiker, the first big strike, officially recorded, occurred in Ahmedabad in 1885 as a protest against substitution of a fortnightly payment of wages in place of weekly payment that had existed before, but the strike failed.

The period following the World War I experienced price hikes, workers awakening by the Russian Revolution and the ILO (1919) and the inauguration of the trade union leadership (1926). As a result, the period 1926 to 1930 was marked by a

record loss of 49 million man-days in communist dominated strikes mainly in textile mills.

Subsequently, because of the split in trade union leadership, the appointment of the Royal Commission on Labor and the deepening crisis, industrial disputes witnessed pronounced decline during the next few years. But, with the breakout of the World War II in September 1939, prices begin to soar making the living for workers miserable. This, obviously, resulted in demand for increase in dearness allowance for workers all over the country.

In consequence, the number of industrial disputes almost doubled from 406 in 1939 to 820 in 1945. During 1939-1945, the total number of industrial strikes was 4,000, involving 37 lakhs workers, and causing 31.5 million person-days lost.

5. POST-INDEPENDENCE PERIOD

The Independence of India was followed by the concomitant factors like the overwhelming feeling of Independence in the minds of workers as a sequel to the transfer of power to the national government, the fear of retrenchment, the growing communist influence over the workers and rising cost of living. These all set a hell in India just after Independence for large-scale industrial unrest.

6. POST-LIBERALIZATION PERIOD

The Post-liberalization climate has brought in a perceptible shift in balance of power in favor of management/employers. This is well reflected by decline in the number of strikes and increase in number of lockouts during the period 1961-1996. Speaking alternatively, the bargaining power of trade unions has impoverished and that of the employers has gone up. As such, management has been using lockouts to bring workers down on their knees.

In this context, the following excerpt from India Today" is worth consideration:

"On January 12 this year (1994), more than 1.5 lac insurance workers went on strike across the country to protest against the recommendation of the Malhotra Committee on reforms in the insurance sector. However, they were back at their jobs within two hours. It was an example of the softening stand of the labor sector. Half a decade ago, a nation-wide protest of this nature would have kept them away from work for several weeks or even months together."

"What's changed the workers' attitude is the realization that the Government is no longer going to bail them out"

Very possibly, it is due to these reasons the proportion of strikes with short duration (even less than for a day) has been on increase. For example, the percentage of strikes for less than for 5 days has declined from 66% in 1961 to 51% in 1996. Of these 51% strikes in 1996, strikes less than for a day accounted for 35%.

That the incidence of industrial conflicts or disputes is much higher in the private sector than in the public sector is well indicated by the number of disputes, man-days lost and average number of man-days lost per worker between the Public and Private Sector.

The ratio of industrial disputes between public and private sectors has come down from 1:6 in 1971 to 1: 2 in 1995. This is indicative of the fact that industrial disputes in the private sector have increased but at a lower rate as compared to that in the public sector. The following reasons may be advanced to explain the varying levels of industrial disputes between the public and the private sectors.

Firstly, it is felt that there is a general tendency in most public enterprises to avoid strikes at any cost because the strike affects the large segments of the economy.

Secondly, usually industrial disputes are settled more quickly in the public sector than in the private sector because of pressure from the public and the government. The reason being the public sector covers infrastructure facilities and public utilities. Added to it is the short tenure of the chief executives in the public sector luring the management to be shortsighted and reach stop-gap agreements without necessarily solving problems?

Thirdly, the management in the private sector usually shows greater preparedness for a show down. This is indicated by the common phenomenon of lock-outs in the private sector which is practically non-existent in the public sector.

Finally, the theory of attribution still operates very much in the private sector by yielding least concessions to the workers.

An analysis of industrial disputes i.e., strikes and lockouts in different states reveals that the incidence of disputes were highest in the four states of West Bengal, Tamil Nadu, Maharashtra and Gujarat. These states also happen to be the highly industrialized states of the country. These accounted for 73.4 percent of total man-days lost in 1991. West Bengal registered the maximum of disputes followed by Maharashtra, Tamil Nadu and Gujarat in that order.

7. TYPES OF INDUSTRIAL DISPUTES

Industrial dispute may take the form of strikes, go-slow tactics, token strikes, and sympathetic strikes, pen –down strike, hunger strike, and bandhs gheraos and lock out. A strike is a stoppage of work, initiated or supported by a trade union, when a group of employee’s acts together as a last resort to bring pressure to bear on an employer to resolve a grievance or constrain him to accept such terms and conditions of services as the employees want to enjoy. If however, an employer closes down his factory or place where his workers are employed, or if he refuses to continue in his employ a person or persons because he wants to force them to agree to his terms and conditions of services during the pendency of a dispute. The resulting situation is a lockout.(C B Mamoria)

Disputes according to the code of Industrial relations introduced in the United Kingdom in 1972 are of two kinds (I.L.O., Conciliation of Industrial Dispute, All India Management Association), first Indian edition . 1980, pp 13-14.

a) **Disputes of rights**, which relate to the application or interpretation of an existing agreement or contract of employment; and

b) **Disputes of Interest**, which relate to the claims by employee or proposals by a management about the terms and conditions of the employment.

According to the Industrial Dispute Act 1947, and many judicial decisions which have been handed over by courts and tribunals, industrial disputes may be raised on any one of the following issues:

- i. Fairness of the standing orders;
- ii. Retrenchment of workers following the closing down of a factory, lay-offs, discharge or dismissal, reinstatement of dismissed employees, and the compensation for them;
- iii. Benefits of an Award denied to a worker; nonpayment of personal allowance to seasonal employees; the demands of employees for medical relief for their parents;
- iv. Wages, fixation wages and minimum rates, mode of payment, and the right of an employee to choose one of the awards when two awards on wages have been given;
- v. Lock-out and claim for damages by an employer because employees resorted to an illegal strike;
- vi. Payment of hours, gratuity, provident fund , pension and traveling allowance;
- vii. Disputes between rival union

8. MAJOR CAUSES OF INDUSTRIAL DISPUTE

The phenomenon of industrial disputes is inherent in the industrial system. This is because of the features of industrial work, i.e., it involves division of labour, it is group work, and it is carried under control. In a capitalist economy, it is wage work generally carried on profit, causes industrial disputes.

As the late Dr. Radha Kamal Mukherjee also observed, “The development of capitalistic industry which means the control of the tools of production by a small entrepreneur class has brought to the force the acute problem of friction between management and labour throughout the world”.

Broadly speaking, industrial disputes or differences in an industry occur owing to factors which are essential economic in nature. However, as exhibited by the recent trends, industrial disputes occur due to non-economic causes also. These mainly include psychological, ideological and political causes, behavioral studies like Hawthorne studies by Elton Mayo’s research findings also support that, besides economic

consideration, workers contentment also depends upon the psychological and social relationships they have especially with fellow workers.

This is precisely due to this reason that the social scientists like W.E Whyte in United States and A. K. Sen and H. C. Ganguli in India have attempted to replace the classical model of the 'economic man' by that of the 'socio-economic man'. Compared to the situation prevailing in early 1980s, that causes like wages bonus and allowances, leave and hours of work are much less important now, while causes like indiscipline and violence have become more responsible for industrial sickness. For systematic understanding of causes of industrial disputes, these can be grouped into four categories, vis., economic causes, management practices, trade union practices, and legal and political factors.

Economic Causes: Economic causes of industrial disputes relate to interest disputes. These include wages, bonus, allowances, benefits, incentives, and working conditions. History of industrial disputes reveals that the most of industrial disputes arise out of the economic reasons. Further, wages has been the major economic reason causing industrial disputes. There are two reasons attributed to this.

1. The demand for wages has never been fully met because of continuously rising inflation and high cost of living. These result in never-ending demand for upward revision of wages from the trade unions.

2. Wage differential among industrial sectors, regional levels and geographical levels, also become the cause of disagreement between the workers and the management.

9. MANAGEMENT PRACTICES REGARDING INDUSTRIAL DISPUTE

Instances are galore to report that the management practices too, at times, lead to industrial disputes.

These include:

- (i) Management's threat of use of coercion in exercising the rights of workers to organize themselves in the form of union as per the legal provisions.
- (ii) The management's unwillingness to recognize a particular trade union and its dilatory tactics in verifying the representative character of the trade union.
- (iii) Its unwillingness to talk over any dispute with the employees or refer it to "arbitration" even when trade unions want it to do so.
- (iv) Forcing workers either to join a particular trade union or refrain from joining a trade union,
- (v) To discharge or dismiss workers by way of discrimination, victimization, or any other subjective ground.

(vi) The management's denial for consulting workers in the matters of recruitment, promotion, transfer, merit awards, etc.

(vii) The benefits offered by the management to workers are far from satisfactory.

(viii) Violation of norms by the management such as Code of Discipline, grievance procedures, agreements entered into between workers and management, etc.

The above management practices enrage the workers and lead to industrial disputes.

10. TRADE UNION PRACTICES

Just like management practices, trade union practices also cause industrial disputes. Most of organizations in India have multiple unions. To quote, Durgapur Steel Plant has 15 unions in existence. Such multiplicity of trade unions, among other things, leads to inter-union rivalry. Each union tries to show its greater concern for the workers' cause to attract more and more workers to its folds.

In this tug of war, the settlement arrived at between one union and other (rival) union opposes management. This show remains never ending one. This has exactly happened in the Singareni Collieries, which witnessed 445 strikes (or say, more than one strike each day) in the year 1990-91 consequently, the unit suffered from a loss of production of the order of 3.12 million tones and 34.19 lakh person-days.

Added to it is the trade unions' assumption "what they do is only right and what management does is wrong" breed strife or dispute between the workers and the management. As such, trade unions oppose settlements and the dispute remains unresolved. Ramaswamy's observation in this context is apt to quote: "CITU follows a pristine model of trade unionism drawn from the theory of class conflict. The communists love to fight, but hate to win. Victory for them appears to be defeat. CITU never signed a settlement. When we start discussion, we know what fair settlement is. Others may be willing to accept unfair terms, but we cannot. We are also opposed to long-term settlements. Our position is that no settlement should be for more than three years. In point of fact, the communists have managed to maintain their lily-white image by refusing to sign any settlement for over fifteen long years".

11. LEGAL AND POLITICAL FACTORS

Last but no means the least, the legal and political factors cause industrial disputes. Like multiple trade unions, we also have multiple labor laws, totaling 108, to regulate IR in our country. While there exists, contradiction among these laws with regard to IR, on the one hand, most of the labor laws enacted long back have by now outlived their relevance to a great extent in the changed industrial environment, on the other. Consider just one contradiction. *Minimum wages vary widely across different states, viz., Andhra Rs. 11, Maharashtra Rs. 8, Gujarat Rs. 15, Assam Rs. 32.80, and*

Haryana Rs. 51.57. So is in case of notice period also. Such a situation also at times is likely to lead to industrial disputes.

Like other countries in the world, most of the trade unions in our country are also affiliated to political parties. In other words, the politicization of trade unions is erupted very much in the country. Political parties divide unions on party lines. These also engineer strikes, gheraos and bandhs to demonstrate their strengths. The political party, which is in, power invariably favors a trade union, which is affiliated to it. The outcome is predictable, i.e., unending disputes in the organization.

12. CONSEQUENCES OF INDUSTRIAL DISPUTES

Having identified the various causes of industrial disputes and delineated the scenario of industrial disputes in the country, it seems pertinent let us also have an idea about the consequences, i.e., the cost of industrial disputes to the country.

The common consequences of industrial disputes are loss of production, income, and employment and increase in inflation and cost of living. Alternatively speaking, industrial disputes damage economic welfare of the nation broadly in two ways.

Firstly, work stoppages impoverish the workers actually involved in the disputes and, thus, lessens, their demand for the goods manufactured by other industries.

Secondly, if the industry under work stoppage manufactures items that are used in the conduct of other industries, it lessens the supply of raw materials for their production.

This ultimately results in loss of output and, in turn, reduces the national income. To quote the value of production loss, which was Rs. 537.8 lakhs in 1961, has increased to Rs. 4,545.9 lakhs in 1995, i.e., an eight-time increase in the production loss.

13. CONCLUSION

Industrial disputes can be treated as an index variable for the industrial relations situation of a country. Industrial relations actors, i.e. government, employers, management, trade unions, and workers have earnestly desired to achieve harmonious industrial relations. In the present study industrial disputes denote work stoppages as well as those differences that are reported and settled through the industrial relations machinery. A comparative analysis of strikes and lock out suggests that in absolute terms over the period of study the phenomenon of rising and emerging lock out started appearing on the industrial relations scene. Despite best effort of all, dispute arises among people and organization. It is important to discover these clashes of interest as quickly as possible through such means as gripe boxes, direct observation of behavior, and analysis of records. An open door attitude, personnel counselors, morale surveys, exit interviews, ombudsmen, ombudswomen, and grievance procedure. A

grievance is a complaint that the employees feels is serious enough to justify some types of formal submission and action. It may be ridiculous and justified, but whether or not it is a grievance is up to the employees and not to the management.

The basic method of conflict resolution advocated by behavioral scientist is problem solving and confrontation, a stance that approaches the leadership style in the managerial grid. Other commonly used approaches are withdrawal, smoothing, establishment subordinate goals, compromise, meditation, arbitration, and forcing. The conflict must be managed to produce long-term organizational effectiveness.

Industrial relations are never a one-sided game but depend on the mutual understanding, faith, and goodwill of all the participants in the industrial relation system. The positive attitude of one party towards the whole issue demands the positive of the others. For effective dispute resolution and settlement of differences between labor and management, the best course is to prevent differences from developing into disputes. Even when the differences have developed into disputes, it is desirable to secure their settlement through negotiations between the two parties. The concerned parties to minimize the duration of strikes and lockouts to assure the minimum loss of production and wages must try it. It is also suggested that to curb the growing menace of lockouts every effort should be made to prevent them, as they are highly intensive. For this purpose, new legislations may be enacted and the existing laws may be amended. One of the reasons for the present state of affairs is the poor performance and inefficiency of the State's industrial relations machinery. Therefore, there is a need to reorganize, reorient, and restructure this machinery according to the present day needs. There should be also an attempt to eliminate the corrupt practices, malpractices, and irregularities committed by the officials. It must be understood that with dispute no one wins, for temporary one party may win over other but in long run it is to be understood that 'United we stand divided we fall'.

REFERENCES

- [1] Mamoria C.B, 1983, *Dynamics of Industrial Relations in India*, Himalaya Publishing House, Mumbai, p.249
- [2] I.L.O, 1980, *Conciliation of Industrial Disputes*, *All India Management Association*, First Edition, p 13-14
- [3] Subramanian, K.N (1967), *Labour Management Relations in India*, Asia publication house New Delhi.
- [4] Monappa Arun , *Industrial Relations*, Tata Mc Graw Hill publication Co. Ltd, New Delhi
- [5] 17th Industrial Relations Conference (1994). "*Report Of The Proceedings Of The Council Of Indian Employers.*" New Delhi, February 1994, p.34.
- [6] C.K. Neelakanda Raj (2000). "Role Of Government In Labour Related Issues." *Economic And Political Weekly*, Vol.25, No.32, Aug.5-11, pp.53-54.
- [7] D. Masthan, L. Venu Gopal And B. Ramachandra Reddy (1995). "Political Leadership In Unions Helpful Or Harmful?" *Indian Journal Of Industrial Relations*, Vol.33, No.1, p.101.

- [8] Dayal Ishwar (1999). "Union Management Relations In The Changing Business Environment." *Indian Journal Of Industrial Relations*, Vol. 35, No.2, pp. 221-223.
- [9] Dutt Ruddar (1992). "Lockouts, Closure and The Role Of The State." *The Indian Journal of Labour Economics*, Vol. 35, No.1, p.3.
- [10] Gopal, R.V. (1998). "A Study on The Labour-Management Relations In Textile Industry In Kerala." *Ph.D. Thesis*, University Of Kerala, Thiruvananthapuram.
- [11] H. Das (1999). "Trade Union Activism Avoidable or Inevitable?" *Indian Journal of Industrial Relations*, Vol. 35, No.2, p.232.
- [12] Kathirsan K. (1987). "Dispute Proneness - A Statistical Analysis." *Indian Journal of Industrial Relations*, Vol.22, No.4, pp.433-441.
- [13] National Commission on Labour (1969). *Report of the Study Group on Sociological Aspects of Labour-Management Relations.* pp. 24-51.
- [14] P.P. Arya (1990). "Impact of Union Membership on Industrial Relations." *The Indian Journal of Labour Economics*, Vol.33, No.3, pp.249-250.
- [15] Panikh, Indira J. (1998). "Workers and Management - A Socio-Historical Perspective." *Management And Labour Studies*, Vol.13, No.14, p.241.
- [16] Patil B.R. (1988). "A Contemporary Industrial Relations Scenario." *Indian Journal of Industrial Relations*, Vol. 33, No.3, p.290.