

## THE ROAR OF LABOUR UNREST IN INDIA

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### ABSTRACT

Despite the consistent negotiations between the labour unions and management for the basic worker related issues the ghost of labor unrest is still frightening the industrial members relentlessly as nowhere an appetite to resolve the issues which are responsible for this unrest is appearing. Moreover the role of Government is not up to the level of satisfaction. This article presents the views and suggestions to improve the claws of Industrial Dispute Act and may help to fill the gap between labour and Management through the Government strong, wise intervention. As soon as the relation of the both will become harmonious the more significant and positive effects on labour productivity will appeared resulting in more rapid industrial and economic development of the country.

**Key Words:** Labour Unrest, Industrial Dispute Act 1947, Labour Reforms

## **INTRODUCTION**

The strikes in Maruti owing to the small but important issues between management and Labour has once again proved that labour unions and workers are completely prepared to adopt a more determined and stubborn attitude for their rights at work place. This attitude of labour should also be understood as indication that time will compel both the parties to inculcate some significant changes to a certain extent. Whatever the field of battle is quite peaceful for the moment and soldiers are back to home after a long fight. A peace pipe is being passed behind them the images of mayhem that hit the industrially flourishing Gurgaon-Manesar region in Haryana. But behind the walls, tremors can still be

felt. The important question here in everyone's mind is how to believe that what happened in Automobile giant Maruti will not repeat itself.

If a pillar of the Auto industry can feel the shock of strike then is it hard to believe that a financially weak and small company would be able to face the similar conflicts with the same force. The list of questions is too large but the answers to the questions are not much satisfactory.

The unfortunate incident of Maruti should be taken as early warnings of a big wave of labour militancy in the future. Isn't it making feel to the Government as if labour unions have been handed with a powerful weapon to convince the management for their reasonable and unreasonable demands? This raises a multiple questions to the Government who is responsible for taking care of all the resources of the business environment. This incident of Labour unrest is a lesson for all those who have faced it and also for those who became evident to this.

## **INDUSTRIAL UNREST**

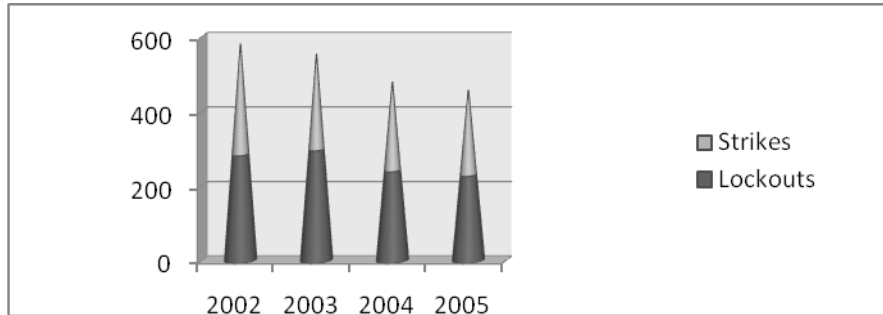
Labour unrest is a term used by employers or those generally in the business commodity to describe organizing and strike actions undertaken by Labour unions, especially where Labour disputes become violent or where industrial actions in which members of a workforce obstruct the normal process of business and generate industrial unrest are essayed.

A Labour unrest is a social phenomenon of enormous complexity and it is very difficult to give any complete explanation of this phenomenon. It is a matter of controversy whether the predominant factors underlying labour unrest are economic or non economic. It has been

concluded that so long as income remained the all important means for satisfying human wants and needs wage would continue to be major consideration in Labour unrest.

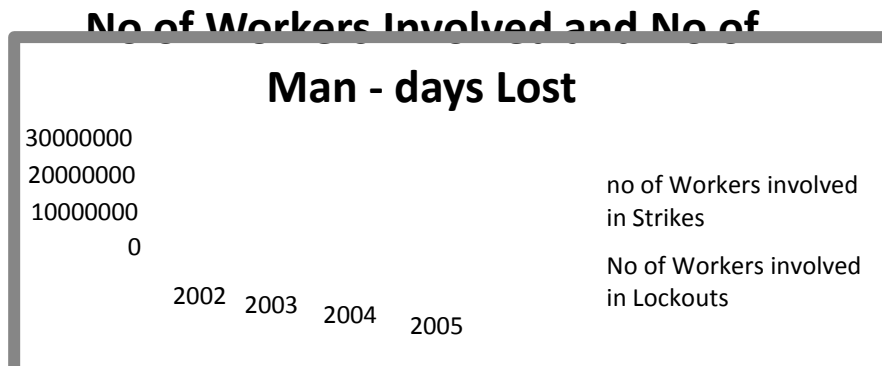
**DATA SPEAKS ABOUT LABOUR UNREST**

**Number of Strikes and Lockouts**



Source: Ministry of Labour

Figure-1



Source: Ministry of Labour

Figure-2

**CAUSES OF UNREST**

- Workers seeking more wages – justly or unjustly
- Better working conditions for better performance.
- Adequate housing and all other benefits necessary to raise the living standards of workers etc
- Political sentiments and outside interferences
- Economic crisis

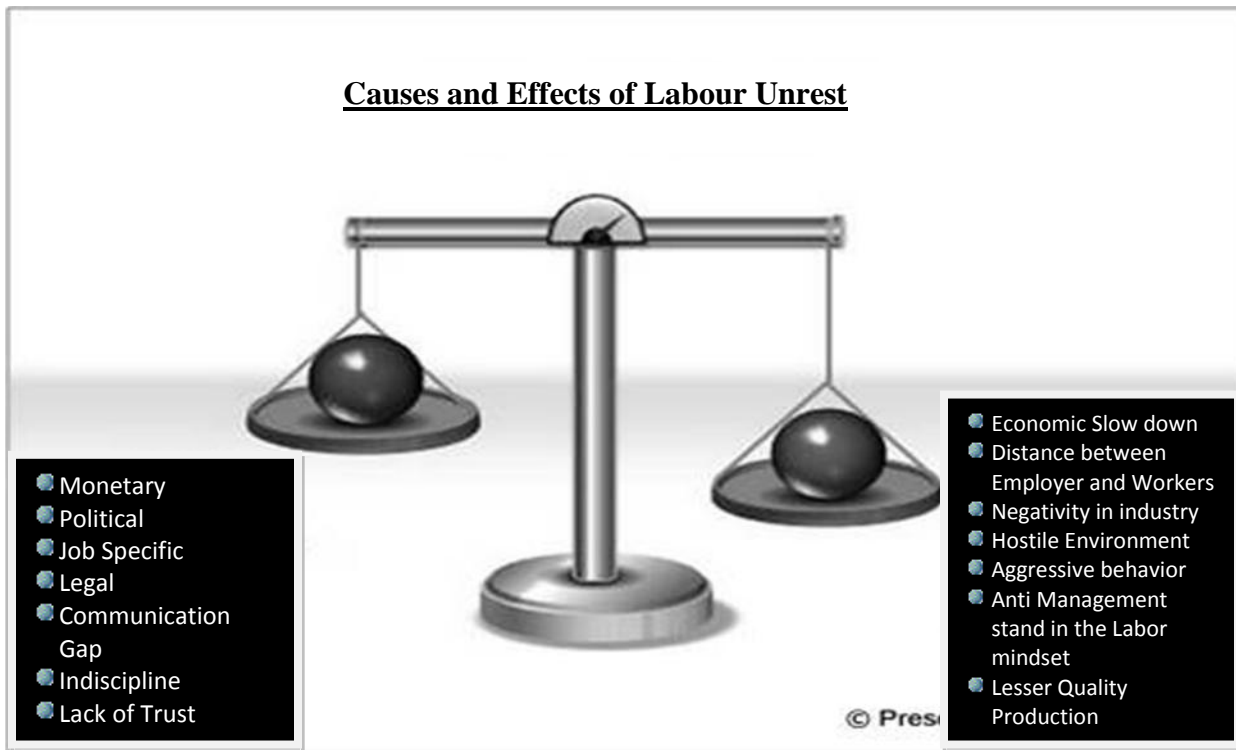
If we analyze the Strikes and Lockouts of last few years the factors responsible may be divided in to five prominent heads

- Monetary Factors

- Political Factors
- Job Specific Factors
- Legal Factors
- Others

All these factors are more or less play a significant role in the labour unrest and making the workers dissatisfied from the employer, from working conditions and ultimate from their job. If these so-called problems are not taken in to consideration by the management and the concerned Government they may intensify the situation and hamper the smooth development of economy overall. The potential problems thereafter must be studied further so as to find out the main reasons behind these problems and rectified them.

**Figure 3**



### **UPGRADATION OF WORKERS BASIC SKILLS**

On the one side beside wages and the job security of the workers there are some other demands which explains the lack of job satisfaction of workers, on the other hand management is all the time prepare to debate with the workers on the demand of devotion in the work. There is also another aspect of the whole discussion i.e. Government which continuously emphasizing the

upgradation of labour skills and education. The Government's this philosophy is feasible because failure to upgrade workers skills in a globally integrated economy will make it more difficult for unskilled and low skilled workers to demand higher wages and such a scenario will not let the labour unrest reduced by any way.

In the increasing Globalization companies would have to improve their training programs and for doing so a deeper understanding of the requirements of globalized economy and train the workers accordingly would be proved as the main thrust for the companies. This is certainly going to be the only way for the organizations and workers to help them in attaining their desired goals and reducing the labour unrest.

Despite of the blasting population if our country is not able to provide the globalized companies with the skilled and qualified workers then in that case there will be hardly any option to stop them to transfer to the neighboring countries shoes labour skills are comparative yet require less pay. Therefore entrepreneurs and factory owners needs to kick around sedately on investing in Human Resources, machines and technology.

### **MARUTI MYSTERY**

After the strike called off on 1<sup>st</sup> October 2011, company denied to take back the 94 suspended workers. 1200 contractual workers were also restricted to resume on job. Resentful with such attitude of the company workers decided once again to go on strike. This time strike continued for 15 days. This so called workers strike also fizzles out the production in Gurgaon unit. This happened because workers of another three units of Suzuki in Manesar named Suzuki Power Train, Suzuki Castic and Suzuki Motorcycle went on strike in the support of their colleagues. Amongst the three from the production point of view in Maruti the most important is Suzuki Power Train. In this company the engine to be used in the Maruti cars is produced. Therefore after the strike here the Maruti's Gurgaon unit too collapsed.

Because of these errors of Maruti Management the scope of support to the workers went on increasing step by step. Other trade unions such as All India Trade Union Congress (AITUC), Center for Indian Trade Unions (CITU), and Hind Majdoor Sabha also stood abreast.

After multiphase negotiations between Maruti Management and worker leaders in the presence of representatives of the Harayana Government the Maruti's Management decided to rehabilitated the 64 workers. The decisions about 30 workers are still pending. The company will also reinstate the 1200 contractual workers.

After this settlement production once again is in momentum in Maruti's Manesar unit. But the frequent strikes have let the company made the loss of Two thousand crores which is obviously painful for the company and the country as well.

All it stresses the need to analyze and finding the reasons for the labour unrest at Maruti. In the Maruti during the last 16 years workers have gone to strikes seven times.

April, 1995	On the demand of wage raise.
25 <sup>th</sup> March 1998:	On the matter of Local workers. This strike was made in company's Gurgaon unit
12 <sup>th</sup> October, 2000	For the demand of increments in wages the workers went on strikes for 89 days
4 <sup>th</sup> June, 2011	On the demand of forming a Labour Union for 13 days strike.
29 <sup>th</sup> August 2011	Because of workers denial on signing the affidavit of Excellence of Conduct.
15 <sup>th</sup> September, 2011	Strike in Suzuki Power Train in the support of Maruti's workers.
7 <sup>th</sup> October, 2011	On the matter of rehabilitation of the workers suspended because of involving in strikes

Having a look on these data makes us aware that the factors such as wage raise and labour union formation are prominent for the Strikes and lockouts. And the demand of labour union formation in no way show any signals of walk along.

To conclude, an idea of forming the labour union did not go well with the management of Maruti. This may find the roots in Industrial Dispute Act (IDA), 1947 which restrict the labour market flexibility. This is the reasons of management's procrastinating in recognizing the unions even after its formation. This necessitates the revisions in labour laws in such a way so as to protect the interests of both employers and employees.

### **THE STRUCTURAL ANALYSIS OF LABOUR REFORM**

Any change or revision in Labour law depends on the following four competitive forces: Trade Union, Employer, Political parties and Government. In these forces, Employers and Trade Union take diametrically opposite stand on any issue. Employer wants more flexibility in retrenchment and layoff policy to become more competitive whereas Trade Union stress primarily on the Job Security and their influence on workers, which intensify their bargaining power with Management. The other element i.e. political parties want to conserve their vote bank from the

worker and also financial support from businessmen as well. On the other hand Government is keen to bring the Labour reforms in order to keep the country on the fast track of development but don't want to create unrest among the workers. Therefore all the four elements put their interests on the front of reforming Labour laws.

### **LABOUR LAW REFORMS IN INDIA**

Considering the present economic scenario of the country there is a need to amend the Labour Laws. However a different stakeholder such as Trade Unions, Employers, Political Parties and Government seems to be differ on the reforming issues. The political parties in the ruling coalition of the Central Government possess contradicting ideologies on Labour related matters. Leaders of the Communist Party of India (CPI), an important part of the, coalition, have been opposing the flexibility to industry on Labour related issues. Congress The ruling party has its own philosophy for Labour reforms to attract foreign direct investment in the Country. However, the journey of Labour reforms seems to be difficult owing to inherent contradictions among the stakeholders involved in the process.

Trade union opposes the Employer's demand saying that any flexibility on the part of Government over the industry by way of Labour reforms would throw workers out of job safety net. They are interested to strengthen the social security of the workers, more participation of workers in the management decision making and extension or social security benefits to workers in the organized sector.

### **THE ACT THAT CALLS FOR REFORMS** **INDUSTRIAL DISPUTES ACT, 1947**

Besides the Trade Unions Act, 1926, the Industrial Disputes Act, is the most important Act that govern industrial relations in India.<sup>1</sup> Both these Acts have generated a lot of controversy in the past. This law mainly deals with the important issues concerning to the settlements of industrial disputes, regulation of strikes, lockouts, layoffs, retrenchment and other related matters. Under chapter V-B of Industrial Dispute Act, for industrial units employing 100 or more workers, the prior permission of the appropriate Government is a must before any workman can be laid-off or retrenched or the undertaking closed down. This permission is not given to the employers for populist reasons, and various committees have recognized this.



Employers and some political leaders have their own arguments for a change in this Act. Employers are of the opinion that the limit for the application of chapter VB should be raised to 1000. NDA Government, during its tenure had expressed its willingness through various statements to amend Industrial Dispute Act to free the employers from the restrictions on them in the chapter. It was proposed to give an additional retrenchment compensation of 45 days wages for every completed year of service. But trade unions are very much opposed to it, as almost every unit would come under this limit, giving employer's unrestricted right to close their units without any consent.

### **INTERESTS OF DIFFERENT STAKEHOLDERS ON THIS ACT**

#### **EMPLOYERS:**

Employers always wants to increase the limit that has been specified in the Chapter VB up to 1000 as to safeguard their side on the issues concerning to layoffs , retrenchment and most importantly closure of the units. They expect some beneficial effects from this increase in limit.

- By this way they will be able to reduce the costs.
- They will become more competitive.
- It must enhance their flexibility at work place
- They will be enjoying more controlling powers
- They will have to face less legal battles
- They will be able to form a favorable exit policy

**POLITICAL PARTIES:** There is contradicting views among different political parties on this issues resulting in no clear consensus. Some parties may find it beneficial as they expect to get a financial support from employers for spending on the elections. On the other hand some other political parties may find it as a threat as this might reduce the political support of the workers.

**GOVERNMENT:** for the economic development of the country every government takes appropriate steps in bringing requisite changes in the Labour laws. This is infect necessary for the government to enhance the change process in order to attract a massive Foreign Direct Investment. However sometime it is the political rivalry that restricts them to take right steps in this direction. Also threat of loosening appropriate supports from a large part of the society i.e. Worker discourage them to be aggressive in the reforming process



### **SUGGESTIONS FOR IMPROVEMENT IN INDUSTRIAL DISPUTE ACT, 1947**

It's very much obvious that the views and interests of different stakeholders are not mutually similar making it difficult for the ruling political parties to make equilibrium in the mutual interests of the entire factor concerned. The basic reason behind this dilemma of Government is that it doesn't want to lose political support of the workers and financial support from employers as well. Simultaneously Government makes all the efforts continuously to attract the foreign direct investment for the economic development of the country.

But the conflicting interests of employers and Trade Unions always creates the roadblocks in the process of smooth Industrial relations as both the parties have opposite stand on the controversial issue of managerial control at the workplace. While management always want to increase the controlling power through retrenchment and other regulatory measures, Trade unions on the other hand denying the accept such controls which mitigate their powers.

--the most important step in maintaining a balance of control at the work place between the employers and the Trade Unions is to develop the well specified procedures of retrenchment and lay-offs. The main significance of creating this equilibrium is to abolish the arbitrary retrenchment on the part of employers. This certainly will protect the workers rights and also help in creating a balance at workplace.

--Making some provision by employers in which workers should be given an assurance to rejoin the organization as and when company would make expansion and would require more manpower to deal with the diversification.

--The workers must be given reasonable time to look for a new job assignment before retrenching them so that they may not feel frustrated after layed off or the closure of the unit.

There are a number of companies such as Volkswagen, who have successfully used these methods to steer themselves out of the economically tough situations without opting for conventional means like freezing recruitments, going in for retrenchment or lay offs etc.

Amendments under Industrial Relations Bill of 1982 should be implemented as it contains many provisions that would attend to the current concerns like setting up of a time bound grievance redressal, fixing a time limit for the adjudication of individual and collective dispute.

## CONCLUSION

It is not hard to believe that in a developing country like India the employment opportunities are not up to the mark in the present scenario. And the process of labour reform is going to be A Thorn in side for the government and the parties concerned. The more important topic worth debate is the fair provisions of Social Security for the workers employed in both organized as well as unorganized sector. The need is to find the solution to satisfy the workers of unorganized sector who are not even paid the minimum wages and even modest level of social security and are exploited by the unscrupulous entrepreneurs and are deprived of basic living conditions. Therefore the labour market flexibility must be accompanied by some kind of insurance and social security to the vast unorganized labour force in the country. Here the Government needs to play an important role to improve the conditions of workers and should make all possible efforts to enlarge the scope and coverage of social security provisions.

Rigidity by any element of the system may create deadlocks in the process of labour reforms therefore all the concerned stakeholders should stick to flexible measures considering the earnestness of the issue. The gaps between the mindset of both employers and the trade unions have to be filled. The immediate challenge in bringing about the desired labour reforms is to resolve the anti labour stand in the employer's mindset and labour prejudices. Refraining from being extremist by both sides is always welcomed. The government's role in making both the parties realize that they are not separate entities but the two sides of a coin should also be remarkable. The harmony in the relationship can bring the mutual respect for each other rather than mere arguments for self interests. The employers therefore should be more concerned towards qualification and skill upgradation of the workers through proper training and human resource development programs. Workers on the other hand should realize the importance of education and skill enhancement techniques.

Government and politicians should also come out of racial and party politics and should have a consensus for the economic development of the industry and the country as a whole rather than sticking to their self interests. The issue of labour reforms is worth a thorough discussion involving intellectuals, Industrialists, academicians, law experts, HR experts, Government's representatives, Policy makers and general public at large who remains a silent observer on this issue. At last but not the least an accommodation of good corporate Governance must be maintained to make the industrial environment free from all sorts of chaos and confusions giving birth to labour unrest

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