CHAPTER - II

IMPORTANT CONTRIBUTION OF INDUSTRIAL RELATIONS

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CHAPTER - II

IMPORTANT CONTRIBUTION OF INDUSTRIAL RELATIONS

A) SOME IMPORTANT FACTORS INFLUENCING INDUSTRIAL RELATIONS: Trade Unionism:

Trade unionism is a realistic and united movement of working class which seeks to make improvement of the economic and social status of the wage earners through united action. The emergence of trade unionism has marked the begining of a social revolution in India. Bell has regarded that trade unionism succeeds to seize power by virture of their association. It is possible that they may attain certain amount of collective strength, which need not be political power. It can, therefore, be treated as an association of workers for the purpose of maintaining their own interest. This is the reason why Yoder has defined trade union as an association formed to protect the interest of its members. In this own words, = A union is a continuing, long term association of employees, formed and maintained for the specific purpose of advancing and protecting the interest of members in their working relationship 2 =.

^{1.} Bell J.D.M., Industrial Unionism- A Critical Analysis, International Co-op.Alliance, Geneva, 1949, p. 3.

Yoder Dale, Fersonnel Management & Industrial Relations, Frentice Hall of India Pvt.Ltd., New Delhi, 1969, pp.159-160.

It is not only an association, but also an organisation according to writers like Thakur, who says, - perhaps the working of Trade unions as an organisation provides a stimulating area for study -. It is an organisation, which is a combination of various types of industrial workers formed with the objectives of the regulation of the relation between workers and their employers or between workers themselves for attaining benefits to its members. Thus trade union is an important element of industrial relations, and industrial democracy. It safeguards and promotes the interests of workers and improves these working and living conditions. It also improves the status of its members.

Richardson, therefore, defines - Trade unions are essentially associations of workers formed to safequard and improve the working conditions of their members and more generally to raise their status and promote their vocational interests-. While a trade union is an association of workers, the trade unionism is a movement by which the association is formed. In this context trade unionism can be defined as voluntary planned and deliberate movement of working class which facilitates to form association 4.

^{3.} Thakur, C.P., Trade Unions Social Science Research in India, Indian Journal of Industrial Relations, Vol. 12, No. 1, July, 1976, p. 12.

^{4.} Richardson, J.H., - An Introduction to the Study of Industrial Relations, London, 1961, p.137.

Trade unions of workers with indential viewgand interests for the achievement of their common objectives, which have got organisations of its own. The institution of Trade unions aims at achieving the welfare of the workers while it protects their interests. It acts as a bridge between the workers and the managements. Thus, trade unions can be essential elements of industrial relations.

COLLECTIVE BARGAINING:

Flippo observes, \(\mathbb{T} \) It is evident that collective bargaining is the preferred method of working out employer-employee relationship". Collective bargaining is the process of Megotiation between the management and the representatives of the workers, regarding the terms and conditions of services, especially, of compensation, workers can be represented by trade union leaders while the managements are represented by the representatives of the organisations. It mainly seeks to protect the interest of the workers \(\frac{5}{2} \).

Dale Yoder defines, = collective bargaining is
essentially a process in which employees act as a group in
seeking to shape conditions and relationships in their
employment." It is a negotiation between the parties concerned

^{5.} Flippo, Edwin, B., Principles of Personnel Management, 1976, p. 486.

say, managements and workers who come to a compromise without decisive interference of any outside agency 6.

Shister, therefore, observes, = The essence of collective bargaining is a bargain between interested parties and not a decree from outside parties. Interested parties in collective bargaining are trade unions which represent the interests of workers and representatives of managements which identify themselves with managements. Collective bargaining between trade unions and managements results in collective agreements to safeguard the interest of workers, which should not harm the legitimate interest of the managements too. 7

Reynold's observation is relevant. To quote him, = Trade unions try to advance the interests of their members mainly by negotiating agreements usually termed, union contract's or 'collective agreements' with employers. The process by which these agreements are negotiated, administered and enforced are included in the term collective bargaining". Collective bargaining according to Reynolds is not only negotiating the terms and conditions, but also administering and enforcing the terms of agreements. It is the moral responsibility of both the parties concerned to stick to the

Yoder Dale, Personnel Principles & Policies, Prentice Hall of India Pvt.Ltd., New Delhi, p. 97.

^{7.} Shister, J. (Ed.) Readings in Labour Economics & Industrial Relations, 1951, p. 148.

terms of the compromise arrived at from time to time to faster the spirit of the negotiations. Then collective bargaining would result in mutual benefits of both managements and workers⁸.

In its simplest definition, the process of collective bargaining is a method by which management and labour may explore each other's problems and view points, and develop a frame work of employment relations within which both may carry on their daily association in a spirit of co-operative goodwill and for their mutual benefit⁹.

It enables both the parties to establish a rapport between each other and to participate in the industrial administration in a democratic way, since it works out an agreed set of rules to govern the substantive and procedural terms of employment relationship 10.

Flippo, therefore, asserts, a collective bargaining is a process in which the representatives of a labour organisation and the representatives of the business organisation meet and attempt to negotiate a contract or agreement which specifies the nature of the employee-employer union relationship.

^{8.} Reynolds.L.G., Labour Economics & Labour Relations, Prentice Hall, New York, p. 188.

^{9.} National Association of Manufacturers (Industrial Relations Department) Collective Bargaining- A Management Guide, New York, pp. 20, 1970.

^{10.} ILO (Referred to Patil B.R.) Collective Bargaining & Concitiation in India, Indian Journal of Industrial Relations, Vol.12, No.1, July, 1967, p. 41.

Thus collective bargaining provides scope for a mutual understanding regarding the terms and conditions of work and relations between the workers and the managements without sacrificing the interests of any of them. It creates a moral binding on both of them to adhere to the principles of compromise which morally prevents them from indulging in disputes in connection with any of the subjects of compromise. To be precise, collective bargaining is the process of negotiation, between the managements and their workers represented by their representatives or trade union leaders; for the determination of mutually agreed terms and conditions of work which protect the interests of both workers and their managements, on whom there is a moral force to properly implement and administer the terms of the compromise 11.

WAGE POLICY:

Wage policy should be considered as one of the strategic policies of any country in the realm of industrial relations. Since it determines the wages of the working class. It is the wage that determines the relative status of workers in the society; their commitment to industry and attitude towards management, their moral and motivation towards productivity, their living standard and in pact their way of life, so on

^{11.} Flipp, E.B., Frinciples of Personnel Management, Mcgraw Hill Kogakusha Ltd., Tokyo, 1976, p. 486.

and so forth. This is especially so in a country during the process of its economic development. An effective wage policy evolves a wage structure conducive to economic development by minimising the conflicts between the various factors or production, especially labour and capital. Wage policy also stimulates a peaceful and cordial industrial atmosphere which is essential for greater productivity. The scope of a good wage policy is unlimited in a developing countries like India.

The term wage policy includes all systematic efforts of government in relation to a rational wage system. It includes all government actions, orders, acts, statutes, legislations etc. to regulate the level or structure of wages, with a view to achieving the objectives of social and economic policy. Social objectives would be helpful to achieve the fixation of a fair wage system, ensuring good standard of living for workers, eliminating low wages and exploitation of workers, protection of wage earners from the attack of price rise and inflation. The ultimate aim of economic objective is to attain economic welfare of the working class in particular and the whole society in general. It aims at establishing a wage structure conducive to the economic development of the country. ILO has stipulated the objectives of wage policy. They are:-

- To obtain for the workers a just share in the fruits of economic development, supplemented by appropriate measures to keep worker's expenditure on consumption goods in step with available supplies so as to minimise in flationary pressure;
- To set minimum wages for workers whose bargaining position is weak because they are either unorganised or inefficiently organised, accompanied by separate measures to promote the growth of trade unions and collective bargaining.
- 3. To bring about a more efficient allocation and utilisation of manpower though wage differentials and where appropriate, system of payments by results and;
- 4. To abolish malpractices and abuses in wage payment 12.

To sum up the objectives of a good wage policy, it would be proper to quote Giri: = A national wage policy must aim at establishing wages at the highest possible levels, which the economic conditions of the country permit, and it also ensures that the wage earner gets a fair share of the increased prosperity of the country as a whole resulting from economic development. A national wage policy in a socialistic

^{12.} International Labour Organisation, Problems of Wage Policy in Asian Countries, Geneva I.L.O., 1956,p.128.

welfare state should thus ensure that the workers are not exploited a nd the fruit of the labour goes to them. It should also ensure that the workers, by virture of their collective strength, do not exploit the entrepreneures and they do not hold the society to ransom for their vested interests.

In India national wage policy has become inevitable as a result of large scale employment and industrial growth.

It contributes to reduce friction between the employers and employees. There are a few prominent factors that necessiate a systematic wages policy in India. They are:-

at the goal of national development, the achievement of social justice and the provision of equal opportunities to all for the development of their personalities as provided by the directive principles of state policy in the constitution, require that a national wage policy be worked out and implemented. The maintenance of industrial peace through compulsory arbitration and other statutory restrictions on strikes and lockouts is not sufficient, since industrial peace in order to the just has to be based upon a reasonable wage policy;

- 2. The statutory, administrative and quasi-judicial fixation and revision of wages which are being widely used in India require a national wage policy with a clear formulation of the principles which should guide the various authorities changed with the task of wage fixation and revision;
- 3. The absence of a strong and solid trade union movement which may secure to the workers their proper share in the gains of economic progress and which may also make for past leeway in their standard of living, makes it all the more incumbent upon the state to devise a national wage policy for protection of the workers, and;

4. It facilitates:-

- a) to maintain industries peace which cannot be achieved only through compulsory arbitration and other statutory regulations on strikes and lockouts;
- b) to protect a large segment of workers who are living on subsistence level or are employed in sweated trades or industry;
- c) to develop the skill of newly recruited industrial labour and other manpower resources.

- d) to bring about the development of a socialistic pattern of society as a goal of national development, the achievement of social justice and the provision of equal opportunities of personal development as required by the Directive Principles of State policy as laid down in the constitution.
- e) to achieve the fulfilment of production targets and to increase labour productivity for attaining high economic growth, through increase of domestic savings and their mobilisation, high investment and provision of increased employment opportunities and;
- f) to provide guidance to various guthorities charged with the task of wage fixation and revisions.

This is the reason why the planners have not ignored the importance of an effective wage policy, while the first five year plan has aimed at government control over wages and profits, the second one has laid down the principles to bring the wages into conformity with the expectations of working class in the future pattern of society and defined respective rules of wages, profits and prices taking into account the declared social objective of community. The third plan has aimed at satisfying the claims of the workers

for living wage, better living and working conditions, the needed volume of employment opportunities and a faiter measure of social security. The fourth one has given more detailed thought to wage incentives and a study group was set up by the planning commission to probe into the productivity and incentives of workers. The fifth plan has also not ignored the wage policy. It has emphasised the furtherance of the objectives set in the earlier plans. The sixth one lays much more emphasis on the wage policy and cordial industrial relations, especially, wages of rural unorganised workers. Thus the wage policy has received conspicuous attention in India even in the 'economic planning' 13.

WORKER'S PARTICIPATION IN MANAGEMENT:

Participation means the identification with and involvement in the day to day functioning for the achievement of the goals of the enterprise taking into account the reality of the situations which enables the worker to undertake the responsibilities. In such a situation he naturally becomes a partner of the nature of the organisational structure of the participation machinery. The International Institute of Labour Studies remarks:-

^{13.} Giri, V. V., Labour Problems in Indian Industry, Asia Publishing House, New York, 1972, p. 218.

= The participation results from practices which increase the scope for employee's share of influence in decision making at different tiers of the organisational hierarchy with concomitant assumption of responsibility ". This becomes a meaningful only in such a situation. Here it is quite evident that the participation of each should strickly confine to the field for which he is competent and concerned with. Everybody poking his nose into everything is, therefore, not participation, but proliferation. This must have been the reason why a group of practising managers defined 14.

"Workers participation in management is involvement of workers I only in such areas of activities of the enterprises where they can make some positive contribution for the betterment of the enterprise. Such a participation should facilitate effective utilisation of available resources and effective execution of long term expansion plans including diversification. It should facilitate the day to day functioning as well as inventions and innovations.

But it should be notified that worker's participation cannot be limited and isolated to certain areas, which are favourable and convenient to the managements alone. It should

^{14.} The International Institute of Labour Studies, Bulletian, Geneva, I.L.O., Nov.1968.

be conducive to the direct and indirect well being of the workers as well. This is possible only when both workers and the managements commit themselves to the organisation in accord. Hence the success of worker's participation largely depends upon mutual understanding faith and truth. Similarly, worker's participation cannot be limited to the formal participation of one or a few trade union leaders. It should aim at achieving the whole hearted involvement of each worker concerned with his or her area of competenence and concern.

In this context worker's participation can be defined as a principle of ensuring industrial democracy through mutual understanding, faith, trust, and co-operation of workers and the monogements by establishing an effective communication system for attaining the whole hearted involvement of each worker in the area of his competence and concern with a view to maximising in regard to the achievement of the organisational goals and individual well being 15.

B) INDUSTRIAL RELATIONS IN PUBLIC SECTOR:

Government's policies have aimed at ensuring maximum satisfaction to the employees of the public sector. They visualise that the working and living conditions as well as

^{15.} A group of Senior Managers who participated in a workshop on worker's participation in Management & Equity at the Indian Institute of Management, Calcutta, by Sethi, Krishna C., Decision Vol.5, No.3, Ram Centre, New Delhi, July, 1978, p. 187.

the wage and welfare amenities in the public sector should in no way be inferior to private sector. In fact government sector is expected to be a model employer. These objectives were, specially, prounced in the first five year plan, at the same time, had stipulated that the public sector should not evade the responsibility of a model employer, since the profit motive was not the objective of public sector. The provision in the third plan has been still more concrete which holds that the public sector employers have special obligation to follow healthy labour policies which are conducive to securing and keeping a competent workforce. The fifth plan has specially mentioned to maintain a higher rate of wage in the public sector. Thus the public sector is expected to be a progressive model employer, who is expected to maintain cordial industrial relations.

INDUSTRIAL RELATIONS:

It is not evident that the relations are different in Government industries and in Government Departments. While the relations in the former are governed by Industrial Disputes Act those in the latter are regulated by the civil service conduct rules. Thus in the industries of Government, workers are entitled to function in the traditions of industrial establishment. There is legal standing for trade unions in

the public sector industries. However, a sort of bureaucratic power emphasis prevails in the public sector industries also just like the government departments. The top bass of public sector industrial unit is not empowered to initiate any commitments unlike in the case of is expected only to send his recommendations to higher quthorities who need not necessary be directly connected with the unit. While the Industrial Disputes Act enables labour to seek constant wage revision upwards and bonus on profits, and because of this factor. no private sector management could get away with immunity in the matter of any unilateral changes, the public sector managements enjoy considerable amount of immunity from labour pressures in such matters. For onething, very often Industrial Disputes Act is not applicable or is so administered by the State Governments in favour of the public sector management that in effect labour has no recourse but direct action. Excepting very belated and fosthumous probes by public committees or estimates committees, public secror managements enjoy the freedom immediate accountability to anyone. Secondly, very few of the top public sector executives enjoying some authority have any long standing relation with the industry to which they are placed because they are usually administrators put in charge of Industrial undertakings only

for a specified period. Before they get themselves well acquainted with the unit and its environments they are liable to be transferred to some other sphere. These perennial factors influence the labour management relations a great deal, especially when major questions are involved. Thus there prevails an incompetence for exercising proper authority on the part of the top executives. At the same time there is an acute consciousness of security in all the public sector enterprises, as for as the workers are concerned. This security mentailty paves the way for indiscipline to a large extent which facilitates to convert the simple industrial protests into violations of the law and arder, provoking government to make use of their entire might to deal with them. Thus there is a possibility for the public sector employees to indulge themselves in frequent strikes because of the security, over confidence, collective strength and limited obligations to the managements 16.

However, the actual experience is differe nt. The industrial disputes are less in number in the public sector enterprises compared to the private sector, falsifying this possibility. Out of the total workers employed in government sector 84 percent is in the government departments and other

^{16.} The Industrial Employment (Standing Orders) Act, Government Publication Labour Department, Section 13, 1946.

establishments. It shows that only 16 percent of the government employees are serwing in the industrial establishments, which accounts for 19.34 lakhs in 1961, 25.91 lakhs in 1966, 30.85 lakhs in 1974 and 31.43 lakhs in 1975. The number of public sector workers involved in disputes during these years was 1.28, 2.36, 4.59, and 5.13 lakhs (i.e. 6.6 percent, 9.1 percent, 15.9 percent and 16.4 percent of the total public employment) respectively. The percentages of workers involved in industrial disputes in private sector industries during these years were 25,32.51, 34.7 and 37.1 respectively. This throws light on the fact that the magnitude of industrial disputes in the public sector is lesser compared to the same in the private sector. Similarly, the number of mandays lost per 1000 workers employed has been only 115 in public sector as against 1179 in private sector in 1961. Mandays lost per 1000 workers employed in publis sector has grown by about 4 times to 434 as against 4060 making the same magnitude of growth with regard to private sector.

The employment in the public sector has been 140 percent of the employment in private sector in 1961 and 138 percent in 1966 which has grown to about 184 percent in 1974 and 190 percent in 1975. It can be remarked that the manday's lost in public sector has been only 1 percent of the liable

loss at the rate of the mandays lost in the private sector. Thus the effect of industrial disputes on mandays lost in public sector has been negligible. This does not mean that the industrial disputes have been negligible in the public sector and the industrial relations have been cordial. In fact the trends of industrial disputes have been identical in both public and private sectors. Eventhough mandays lost in public sector were not very conspicuous as compared with the same in private sector, productivity has been lesser in many of the public sector units compared to the private sector enterprises. As a matter of fact many of the public sector enterprises have been running at a loss. One can, therefore, observe that besides mandays lost, there are certain other variables, that affect the production potentialities in the public sector. To be precise industrial disputes take a peculiar change in the public sector. Rather than resorting to direct strike, trade unions in public sector adopt certain other strategies like go to slow, tool down, pen down, work to rule, and so on; which do not affect the formal attendence, but actual productivity suffers. This strategy seems to be very favourite of the trade unions in public sector, on account of the reasons mentioned above. But this strategy is not very effective in the private sector, because of the direct and

effective supervision, powerful management, threat to security and soon, where the trade unions resort to direct action like strikes, while the managements are provoked to lock out their units. This is not the case in the public sector, where the relations are much more trained. But the number of formal disputes and the workers involved are comparatively lesser in public sector 17.

Strikes and lockouts as well as the workers involved in them have been increasing in the country. This is a common phenomenon in both the public and the private sectors. While the number of disputes in public sector has marked a growth by 117 percent over a period of 10 years revealing an annual average growth of about 12 percent, growth of disputes in private sector during the given period has been 80 percent, marking an average annual rate of growth of 8 percent. The workers involved have also grown more than proportionately in the public sector. It can be observed that even the direct actions are not negligible in the public sector. However, lockouts are not conspictious in the public sector, mainly because both the management represented by top bosses and the workers are government employees, and irrespective of the loss

^{17.} Mamoria, C.B., Industrial Labour & Industrial Relations in India, Kitab Mahal, New Delhi, 1976, p. 345.

or the expected sabotage, units are kept open, since the decision to lockout should come from government.

Similarly, intra-union rivalries are greater in the public sector than in the private sector. Anybody who can get the signiture of seven (they may be members of other unions also) can register a union, for the protection of self interest. Such unnecessary multiplicity of unions leads to considerable amount of intra-union rivalries. In the words of Mr.Ravindra Varma, Union Labour Minister, = There is a multiplicity of unions and in some of the public sector units there are as many as two dozen unions. This trend is determental to the interest of both the industries and the workers. Eventhough intra-union rivalries are not negligible in the private sector also it is greater in the public sector 18.

It cannot be ignored that Government do encourage the view that there should not be any restriction on the industries and commercial employees of government undertakings exercising their trade union rights like any other employees. But it is the duty of both workers and the trade unions to establish a healthy atmosphere for constructive trade union practices. In actual practice trade unions in the public sector have

^{18.} Ravindra Varma, Union Labour Minister, (Inougurating one day Seminar on Industrial Relations Bill at the National Institute of Labour Management, Bombay), Commerce, Vol. 137, No. 3513, Oct. 1978, p. 643.

turned themselves to be partisan movements rather than representing the majority of the workers and their interests. The responsibility for this trend cannot fully be vested with the trade unions or their leaders. Government's policies are also responsible. Political parties in power encourage the trade unions affiliated to them, while the opposition political trade unions wait for the opportunity for their political parties to come to power. This power politics has corrupted the trade union movements in India, especially, that in the public sector. Hence favouritism and nepotism should totally be banned from the trade unionism and the trade unions should be completely liberated from the political clutches.

There is no reason to believe that the relations in the public sector enterprises are cordial, even though the disputes statistics show that they are greater in the private sector. The relations are not at all cordial in public sector also. The reasons are many. The public sector managements do not assign much importance to implementation of the various tripartite and other agreements promptly, mainly because these managers are not partly to it. Many of the top bosses

^{19.} Government of India, First Five Year Plan, 1952, Government Publication, p. 581.

of the public sector enterprises, though good administrators, are not competent business managers, who are well acquainted with general and personnel management techniques. Similarly, bureaucracy, red-tapism and evading responsibility which are the general features of public administration are not absent in the public sector interprises. These factors affect the industrial relations also. By virture of the political affiliations, trade union problems are usually discussed with the higher level political leaders in power prior to being discussed with the respective managements. In this process the managements of the units become ineffective which affect the personnel practices as well as the industrial relations. National commission on Labour has thrown light on this fact where they remarked that Government interference either at Central or State level adds to the difficulties of the local manager. As the success of public sector enterprises can be taken as a matter for propoganda as far as the ruling political party is concerned, opposition political party trade unions would try to find fault with the managements for tarnishing the ruling party, which accounts for uncordial relations. As a result of the acute feeling of security, workers do not hesitate to behave irresponsibly, paving the way for industrial disharmony. As a whole the attitude of the trade unions

towards the managements and the limita tions of the managements to tackle the problems effectively act together to breed indiscipline and many of the problems of industrial relations in the public sector²⁰.

Thus both managements and workers are equally responsible for the industrial unrest in the public sector. Mathur has observed, = Society cannot allow workers and management to follow the law of Jungle = ". Unless both managements and workers (their trade unions) deliberately make efforts to ensure peace and progress in the public sector, it is impossible for these industries to achieve the declared objectives 21.

This is the reason why the National Commission on Labour has observed, = It is equally necessary to caution that the public sector cannot reach the position required of it by the effort of management alone; there has to be responsible co-operation from labour as well. If model employer, is the observe side of a coin, model workers, is its reverse. One cannot exist without the other". But one, who closely observee the recent trends of industrial relations in the public sector, would not he sitate to assert that both managements and trade

^{20.} Government of India, Report of the National Commission On Labour, Government Publication, 1969, p.362.

^{21.} Mathur, J.S., Indian Working Class Movement, Oxford IBS, New Delhi, 1971, p. 341.

unions behave without any concern for the public sector units. With which they are attached. They are quite indiffernt regarding the progress of the enterprises concerned. It is, therefore, the duty of the Government to find out ways and means to put an end to this tendency to ensure proper involvement of both workers and the managements 22.

C) RECENT TRENDS IN INDUSTRIAL RELATIONS:

Managements and workers have been earnestly desining to achieve cordial relations between them. Government have also made their efforts. Eventhough the national emergency had suppressed the worker's unrest for some time, as soon as the emergency was lifted the unrest has sprung up as a ever before, declaring that the suppression was not at all a remedy. Eventhough some of the policies of the Government of India have specified the workers to a certain extent after the independence, recent trends reveal that the industrial scene is yet to achieve harmonious relations. It is observed that the two variables, industrial disputes and cordiality of industrial relations, are inveresly related in the Indian context. The recent trends especially provide sufficient

^{22.} Government of India, Report of the National Commission On Labour, Government Publication, 1969, p. 364.

reasons to hold this view. Hence an analysis of this relation would until the relevant areas of industrial relations by modern India.

Causes of Disputes:

Industrial disputes that wages and personnel reasons have been the most important causes.

Wages:

Wages has been the most important single cause in 31-40 percent of the causes of disputes. However, personnel and miscellaneious causes formed the most prominent cause. Even among the disputes where wage, has been the main cause, more than 30 percent of them had personnel and miscellaneious reasons too. It is not evident that personnel and miscellaneous causes are most important prominent. Most of such disputes are backed by egositie motives, maintenance of fellow feelings and tream spirit. It is ma inly for want of sense of belonging, absence of an atmosphere of approval, communication recognition and mutual confidence and understanding. A sense of insecurity and an environment of disregard also pave the way for many of the disputes. All such disputes can be effectively tackled and settled by establishing a rappart between the workers and the management and ensuring proper involvement of the workers in the affarirs of the enterprise. Eventhough political reasons

are not directly represented, in about 58 percent of the disputes political motivation has been either primary or secondary reason. Ways and means should, therefore, be found out to get rid of such a trend.

'Wages, is one of the most important causes of industrial disputes in India. Most demanded wage system in recent times is the need based minimum wage (N.B.M.W.), which is most talked about from all the trade union platforms.

It is since 1957 that this term has received place in the agendas of Trade Union Management negotiations. The Annual Indian Labour Conference (ILO), which is a tripartite body (Consisting of the representatives of Government, Management and workers) has decided to reckon "Need" as criterion for the determination of minimum wage for workers. The norms adopted for the fixation of wages are as follows:

- In the first place, the NBMW must be calculated for a family of 4 units.
- 2. It must be based on a daily intake of 2700 colories per adult.
- 3. It must provide for per capita annual consumption of 18 yards of cloth.

4. It must provide for reasonable house rent, expenses for light, fuel and the (undefined) miscellaneous items 23.

A few systematic attempts have been made since 1957 to estimate a money equivalent of NBMW. The most recent estimate, worked out by the Third Pay Commission (1970-73), has been rupees 314 per month.

Government data for industrial workers show that average earnings in 1973 were rupees 260 and this figure is substantially below the NBMW estimate of 314. The gap becomes much more pronounced if one considers that industrial wages are much higher in India. This issue had been the cause of three major nationwide strikes in India during the 1960's and the 1960's. Government's ambivalence has been a major factor in precipitating strike action by unions. The Government was a party to the 1957 decision on NBMW, but latter on it virtually withdrew its association from those proceedings²⁴.

Then, in 1964, the then Labour Minister reserved the government's stand and stated: = We have got to accept the unanimous recommendations of all the tripartile bodies $=^{25}$.

^{23.} Michael, V.P., Economics of Strikes in India; Accent, Vol. 3, No. 5, Himalaya Publishing House, Bombay, Dec. 1974, p. 11.

^{24.} Eastern Economist, Eastern Economist Ltd., Aprial 13, New Delhi, 1973, pp. 789-794.

^{25.} India, Parliamentary Debates, Lok Sabha Debates, Second Series, Vol.XXXVII, No.25, COIS.6019, Government Publication, Dec 18,1959.

We think it is crucial that the government takes a clear stand on the issue of NBMW in order that wage setters, unions, employers all have a clear view of government thinking and policy. After all, government is the most important pacesetter of industrial relations in both public and private sectors ²⁶.

One cannot, however, ignore that both workers and the managements of private sector seldom adhere to such directions or suggestions of government in many of their practical negotiations.

Dayal has observed " It is becoming aparent that labour unions and employers have little confidence in governmental instruments of policy, leading to a higher level of labour management confrontation" 27.

In almost all the disputes where "wages" has been the demand, need based minimum wage (NBMW) has been them of attraction even in 1978. As mentioned, the period of National Emergency (June 1975-February 1977) has shown a lower conflict level, when the statistics are published, but this would be explained not by the existence of a sensible

^{26.} India, Parliamentary Debates, Rajya Sabha Debates, Vol.XLIX, No.10, Col.2150, Government Publication, September, 1964.

^{27.} Dayal Sahab, Wage Incomes and Industrial Relations in Modern India: An Evaluation of Selected topics based on Theoretical & Empirical Implications; Indian Journal of Industrial Relations, Vol.13, No.3, January, 1978.

industrial relations policy of the government, but merely by the outright prohibition on strikes and lockouts during the emergency. The need for a sensible and firm policy remains urgent if order is to be achieved in India's industrial relations system. It is customary for a new government to promise reform in industrial relations. The new minister for labour, Mr.Ravindra Varma also has promised a new labour relations policy recently.

However, wage increases negotiated under major collective bargaining agreement 1977 averaged 7.9. percent in the first year 5.8 percent annually when measured over the life of the contract, which is reported by the Bureau of Labour Statistics. The figures exclude possible gains under cost of living escalator provisions, and compare with average raises of 8.4 percent in the first year and 6.4 percent over the term of the agreement under pacts negotiated in 1976. The 1977 statistics reflect 905 negotiated contracts, each coverning 10,000 or more workers, BLS report said, most of the 3.8 million workers covered by the settlements were in the communications, construction and steel industries. Wage and benefits gains combined, in key contracts covering 5,000 or more workers overaged 9.5 percent for the first year and 6.2 percent a year over the life of contract. Comparable figures

a year earlier were 8.5 and 6.6 percent, respectively.

Contracts in 1976 had an average duration of 32.6 months,

about the same as in 1976 when the average was 32.3 months.

In the manufacturing sector, first year wage increases averaged 8.4 percent and over term raises 5.5 percent, compared with 8.9 and 6 percent, respectively, in 1976.

In non-manufacturing industries, increases averaged 7.5 percent in the first year and 6.8 percent a year over the life of the contract, compared with 7.7 and 6.8 percent respectively, in 1976, contraction industry settlements provided first year wage increases averaging 6.3 percent annually, compared with 6.1 and 6.2 percent in 1976.

It only means that other reasons, especially political reasons, have grown wages still forms one of the most important variables of industrial relations in India.

BONUS:

In the recent industrial relations scene bonus also plays a very important role. This would be one of the reasons why the payment of Bonus (Amendment) Act, 1977 receives much attention now-a-days. It would, therefore, be proper to make little survey of the position of bonus in the industrial relations scene: in India.

The origin of bonus in India can be traced back to a sort of gift, ex-gratia or bakshish' payment made by the European employers to their workers during British period. However, the practice of paying bonus as a periodical and regular extra payment can be traced back to the period of World War I. The mill owners of Bombay and Ahmedabad had granted a war bonus of 10 percent of the basic wage to their workers in 1917, which was subsequently raised to 35 percent of the basic wages in 1919. Eventhough this has ceased to exist as a right of workers according to the report of the bonus dispute committee of 1924, workers of some mills received an ex-gratia. It is to be observed that the claim of the workers for bonus was upheld by the Bombay High Court as well as by the Bombay Industrial Court in 1948. However, it was according to the verdict (1950) of the Labour Appellate Tribunal (LAT) that bonus has become a Legitimate Claim of the workers 28.

Even the Bonus commission of (December) 1961 had also remarked that the bonus is a rightful claim of the workers.

The commission recommended that bonus should be paid unit-wise.

It observed that = a bonus pooling system puts a premium on efficiency = " and that = one of the aims of profit bonus

^{28.} Labour Gazette, Vol.LVII, No.7, March, 1978, Government of India, p.630.

spstrem is to create in the workers a sense of belonging to the concern, to have a stake in the industry and its continued prosperity". However, in a case where industry-wise agreements are in existenle, the parties may renew such agreements. Besides, the commission also agreed to the view that the bonus should be subject to a reasonable maximum which implies that there should be a minimum also. The commission observed that = an arrangement of maximum and minimum bonus would have the advantage of evening out bonus payments over the years ". The commission has recommended that 60 percent of the annual net profit (after various deductions) should be paid to workers by way of bonus. In any case the bonus should not be less than 4 percent of the annual basic wage plus dearness allowance er Rs. 40 per individual whichever is higher. At the sametime the maximum was fixed at 20 percent of the total basic wage plus dearness allowance paid during the year. Both surplus over 20 percent and deficit by paying 4 percent could be carried over to a maximum period of succeeding 4 years. This was appireable to all the public and private sector enterprises except governmental departments and small shops and establishments employing less than 20 workers as well as service organisations.

It was not applicable to new organisations unity they recouped their initial loss. It was on the basis of the recommendations of this commission, which were accepted by the Government of India (with certain modifications) on 2nd September, 1964, that the payment of Bonus Act of 1965 had been passed. It is with a view to amending this Act that the payment of Bonus (Amendment) Act of 1977 has been passed.

The Bonus (Amendment) Act of 1977 has been employed as a weapon of industrial relations in the hands of Government. A much awaited statutory minimum bonus of 8.33 percent has now come true. One cannot however, be sure of what type of utility the industrial sector of India is going to derive out of such a statutory bonus system 29.

Dayal's study (1977) has also revealed more or less the same results. He observes, = "There has been no significant decline in the proportion of all disputes caused by the bonus issue since 1965. In fact, the record shows that bonus related disputes increased between 1968 and 1971 with the intensification of labour union demands that the statutory minimum be raised to 8.33 percent. It should be through this microscope that the recent trends of impact of Bonus Act 1977, should be viewed.

^{29.} Report of the Bonus Commission, Labour Department, Govt. of India, 1964, pp. 31-34.

^{30.} Dayal Sahab, Wage Incomes & Industrial Relations in Modern India- Indian Journal of Industrial Relations, Vol.13, No.3, Ram Centre, New Delhi, January, 1978, p. 303.

Tata observes "Any interpretation, dis-associating bonus payment from accrual of profits in a scheme of compulsory minimum bonus, is unredustic. There is no economic justification for paying such bonus". This the observation of an eminent industralist. But as far as sick units are concerned statutory bonus is a burden and government interventions may not always work well, especially in the industrial relations scene.

D) GOVERNMENT'S ROLE:

One cannot deny that prodent government intervention and thoughtful government control are needed for establishing a healthy industrial relations scene. This is necessary both from the point of view of workers and of the management. However, evidences throw light on the fact that many of the government policies have received cold reactions both from the workers and from the management in India in the past. The failure of the Trade Union Amendment Act of 1947, Labour Relations Bill of 1950 have the same story of narrate. Unless both management and workers consent to a law which would affect both of them, it may not receive their co-operation, in the Indian industrial climate. A strong force may otherwise work for which our political mechanism does not permit. The most substantial interventions government can make, therefore, would be to create an environment where both management and

workers can come together for a mature relationship. It
would provide background for wishful desire on the part of
both managements and workers to get rid of the traditional
capitalist baias and the modern political bias respectively.
Government policies should succeed in convincing both of
them that they are the two sides of the coin and one determines
the destiny of the other. But it cannot be held that government
plays this role well.

The study groups appointed by the National Labour

Commission (one for Western region and other for Northern

region) in 1968 have thrown light on this fact. They have

revealed that the existing concitiation machinery functions

just only like a post office without any confrete contribution

to cordial industrial relations. Neither managements nor

unions were happy with the government policies, which did

not help to mitigate conflicts, while government has retained

much powers and responsibilities to establish good industrial

relations, they have miserably failed in this mission. The

groups have categorically mentioned that the machineries like

conciviation board, wageboards, tribunals, tripartite machinery

etc., could function effectively only if both managements

and trade unions wholeheartedly co-operate. In the actual

practice this has not been the case and hence the results of

these machineries were disappointing. All these arrangements have been converted into politically motivated agencies with much of government control. The study groups, therefore, have observed that the role and control of government should be must minimal, enabling both managements and workers to voluntarily and spontaneously establish a mutual understanding between each other. But the recent trends reveals that the industrial peace cannot be achieved in India without proper government control on the industrial relations.

However, ways and means should be explored to establish cordial worker-management relations, ensuring the co-operation of all the concerned. The Tripartite panel set up under the Chairmanship of Mr.Ravindra Varma, Union Labour Minister in September, 1977, in order to study the various aspects of worker's participation in managements and equity, is expected to turn out something concernete in this respect. The Committee consist of 18 members from various fields of activities. The appointment of the panel is in conformity with the decision taken at the tripartite labour conference held in Delhi in May, 1977. Various points have been considered and the report was finalised in November, 1978. Among other things the committee studied (reference is made to the report elsewhere) whether there should be a statutory scheme for worker's participation in management which should replace

the existing statutory works committee and any other similar committee functioning in a plant/unit; whether the proposed scheme should cover in addition to management at shop and plant levels, the higher levels of management also like the board of directors; whether the proposed scheme should be applied to all types of industrial establishments/undertakings or only to some specified categories of such establishments/ undertakings employing a prescribed number of employees, if so, what should be the criteria in this regard. To what extent, and in what manner, can the concept of trusteeship in industry be given a practical shape in the proposed scheme of workers in participation. Whether and to what extent and in what manner participation by workers in the equity holdings of an industrial establishment/undertaking should be encouraged or provided for; and whether there should be a special machinery for ensuring implementation of the scheme at Central/State levels and for evaluating their working, if so, what should be the nature of such a machinery. The report of the panel is awaited. It is hoped that the panel will turn out something concrete to establish a cordial industrial relations scene in India 31.

^{31.} Tata Naval M., In Pursuit of Industrial Harmany, National Institute of Labour Management, Bombay, 1976, p.84.

E) BOOTHALINGAM COMMITTEE RECOMMENDATIONS:

Compensation say wages and bonus is one of the most important motivating factors of industrial relations. Government efforts in these lines are not to be ignored. The latest development in this connection is the Boothalingam Panel Report, which has been insisted by all the trade unions in the country. The Boothalingam Committee on wages, incomes and prices, which submitted its report to the government in May, 1978, has recommended a gradual transformation of the bonus system into a social security scheme, like pension, covering all wage and salary earners. Uniform rate of dearness allowance irrespective of the salary drawn and the harmonisation of wage scales with a view to removing the disparities in salary scales between the Central and the State Governments and among State governments have also been recommended. The Committee has also recommended that the national minimum wage should be aimed at Rs. 150 per month at current prices. Since it may not be pessible to achieve this immediately without seriously jeopardising employment and dislocation in the tiny and the small sector, it is suggested that to begin with, the national minimum wage should be fixed at Rs. 4 per day for eight hour work or at a monthy rate of not less than Rs.100 per unskilled workers. The Committee has not proposed any freeze in wages or ceiling on income

through it was expected. On the contrary, it is understood to have expressed the view that wages should gradually increase by obtaining an appropriate share in the growth of the gross national product and productivity.

The committee has recommended the appointment of a National Pay Commission in consultation with the States. The commission will, among other things, consider the question of upward revision of salaries in the upper ranges in the government and the public sector undertakings and bring about the harmonisation of the salary structure in the central and state governments and among State governments. The committee has also recommended the appointment of a Pay Committee to go into the emoluments and service conditions of Government and Industrial employees after comparing them in all respects with corresponding employees in the private sector. This is with a view to bringing about the standardisation of pay scales for similar work. Another recommendation is for setting up a permanent non-statutory body to be known as = Bureau of Incomes and Prices = to undertake continuous review of relevant data and to determine each year the guidelines for industry or groups of industries, within which collective bargaining will operate. The bureau will also have a higher policy making council consisting of 30-40 members, representing trade unions, employers and State

Governments. To move away from the bonus system to the pension scheme, the committee has recommended the setting up of a 'pension' commission, which will evolve suitable pension policy for all sectors. While fixing the national minimum wage at Rs.100 per month to begin with, the committee says that the real minimum wage can only be the absolute national minimum, irrespective of sectors, region or States, below which no employment will be permitted. Factors determining minimum wages are the percapita national income, average national income, average national income, average national income per consumption unit, and the per capita rural consumption expenditure. Also, the minimum wage cannot d deviate too much from prevalent earnings in the small scale sector. The impact of minimum wage must not be such a to inhibit the generalisation of employment.

The minimum wage will be applicable throughout the country for unskilled workers and for every adult of 18 years or above. Present starting minimum, where lower, will be brought to the revised level. State governments will have freedom to fix higher minimum wages for any category of employment under the minimum wages act. Since employee relationship is an essential concept for the application of minimum wage/the committee has recommended that the minimum wage will not apply to work = given out to be done in households =

Referring to the rural sector, the committee is believed to have expressed the view that the minimum desirable rural household income should be such as to enable the bottom 30 percent to come up to the level of Rs.1,800 per year within a period of seven years. The plan priorities and financial assistance given to the rural sector will be the main instrument to achieve this. The committee has recommended that the question of national minimum wage should be revised every two years till the level comes to Rs.150 per month at 1978 prices. Thereafter, it should be revised every three years in relation to the increase in the per capita national income.

It has recommended that future DA should be linked to the cost of living on a uniform basis on the all India average consumer price index for industrial workers. The switch over can be from next wage revision. DA revision, it says, should be on a quarterly basis for all sectors. The committee has favoured the = value per index point = system. The value per point suggested is around Rs.1.30, which is already prevalent in two thirds of public sector interprises as also the cement and steel industries. Other industries can continue with varying point value till next wage revision.

Since DA is not related to salary under the new system it should be admissible to all, irrespective of salary drawn, In no case will there be, a reduction in the DA drawn at present. An important recommendation of the committee is that bonus is = unsuitable = for government services and similar activities, including railways, posts and telegraphs and financial and other institutions. Therefore, it is not desirable to extend the bonus system to new areas. Where it prevails now in 'unsuitable areas', it should be phased out by replacing it with other payments related to more suitable measures. The committee has argued that, logically, bonus can be related to profit and suited only to industry producing for the market in reasonably competitive conditions. But it is not suitable to organised activities where profit motive does not operate or profits are induced, influenced or otherwise allocated by public policy or largely used for community welfare. The committee has also suggested ways and means to reduce the disparity between incomes of the rich and the poor.

Thus the report contains a number of useful and valuable suggestions taking into account the existing economic variables. But on account of a few recommendations like conversion of bonus to social security measures, and the like, trade unions have opposed it tooth and nail.

Government is now in a very delicate position with regard to the implementation of the recommendations; one is doubtful whether its original from will be retained or it will be implemented at all. Thus any regulating or controlling measure from the side of government is subjected to massive resistance on the part of trade unions with the help of the political parties, which has become the recent trend in the country ³².

F) THE INDUSTRIAL RELATIONS BILL OF 1978:

In spite of a number of enactments in the industrial relations scene in India, a comprehensive law for curbing the unnecessary industrial indiscipline and unrest is still lacking. It is in this context that the industrial relations bill of 1978, which has been introduced in the Lok Sabha in August 1978 and referred to a select committee of both the houses of parliament on 31st August,1978, receives special attention. The bill proposes certain amount of control on the indiscriminate and illegitimate direct action of both trade unions and the managements. It is a welcome action on the part of government to make such an attempt to enact a comprehensive central legislation on industrial relations. It ensures unformity of action throughout the country.

Michael, V. P., Industrial Relations in India & Worker's Involvement in Management, Himalaya Publishing House, Bombay, 1979, pp. 49-52.

It attempts to amalgumate the provisions of mainly three seperate pieces of provious legislation, viz. the Trade Union Act 1926, the Industrial Employment (Standing Orders) Act, 1946 and the Industrial Disputes Act, 1947, on the lines of NCL recommendations. It also includes the principal provisions of various State Government legislations, especially those of the Maharashtra Recognition of Trade unions and preventions of Unfair Labour Practices Act, 1971. The objective of the new law is ' to delineate a legal framework that will promote cordiality and peace in industrial establishments, protect the legitimate rights of employees and the legitimate interests of industries so that industrial harmony and co-operation may lead to increased production and productivity. increased flow of goods and services and consequent improvement in the standards of living of the people and a greater measure of social justice. Both the trade unions and the employers are legally bound by the bill. It keeps a watch on both the trade unions and the employers. A lot of restrictions are imposed on both strikes and lockouts. Employers and directed to obtain official approval before lockout, layoff or retrenchment of their employees.

The bill imposes certain control on the trade union activities in the country. Many of the provisions of the Bombay Industrial Relations Act are taken into consideration

in the preparation of the Bill. The classifications of representative, primary and qualified unions which should have 25, 15 and 5 percent of the membership respectively helps to put a check on the present trend of the multiplicity of the unions. As against the present 7 members requirement for the registration of a Union, 200 members or 20 percent of the total workers, stipulated in the new Bill is another important clause to check the unhealthy birth of unnecessarily segmented tiny unions which have only partisan effect. Similarly, a sole negotiating agent must have a membership of 65 percent of the workers. A chief negotiating agent, local union and associate union should have not less than 50 percent, 40 percent and 20 percent respectively. There is also provision for the election of a ' negotiating Committee '. by secret ballot in order to represent workers in case of sole negotiating agency is not possible. This committee can be recognised as the sole negotiating agent. These causes help to discourage the existence of multiplicity of unions and intra-union rivalries, which are the most important impediments to the healthy trade union activities. Appointment of a sole negotiating agent facilitates to strengthen one union for on unit. This would stimulate the trade union workers and leaders to co-ordinate themselves ignoring the minor differences. Ban on sectoral craftsments union like driver's union, mechanie's union and so on would work as

another stimulating factor to strengthen one union. However, in the absence of such as union or until such as union is developed, worker's themselves can elect their negotiating committee through secret ballot expressing their unbiased preference for their choice for an able negotiater, while the worker's interest's do not suffer, unnecessary partisan which will cease to exist.

The Bill stipulates that a strike should have the approval of at least 60 percent of workers participating in a secret ballot to be conducted by the Registar of Trade Unions. It also requires the participation of a majority of the workers of an industrial undertaking for the decision to be valid. Section 90 (1) of the Bill holds, ' No employee employed in any essential service shall go on strike in breach of contract; (The First Schedule of the Bill enumerates 12 essential industries and services including defence establishments, Air, Water or Land transport including railways, ports and docks, posts, telegraphs and telephone services, food grains distribution, power and water distribution, sanitation, banking, atomic energy and coal.) Moreover, bection 157 gives power to the government concerned to include any other industry which they feel necessary. Strike is not as easy as at present in other industries also. In such

non-essential industries any strike action during the pendency of conciliation proceedings or within 14 days after such proceedings are completed or during the pendency of any proceedings before an arbitrator, labour court, tribunal or National Commission, or within 60 days after the completion of such proceedings, will be considered illegal. And in general, any strike without written notice to the employer within six weeks before striking and within 14 days of the giving of such notice will be declared illegal. Even strike action which is legal under the Bill requires a secret ballot to be taken on the issue of whether or not a strike call should be given. Only if at least 60 percent of the employees support the strike. It will be legal. Section 90 of the Bill demands the support of 60 percent of the workers, which should be proved through secret ballot, for a strike to be declared. Any employee who illegally strikes work can be fined up to Rs. 100/- and three month's imprisonment. A worker leader in an illegal strike is liable to imprisonment up to 6 months and/or a fine of Rs. 2000/-.

Employers are also subjected to a number of restrictions as far as the labour practices are concerned. Those who employ 100 or more employees will have to obtain government's prior permission to lay of or retrench their employees to or

to close down their establishment, as against 300 workers at present. A number of articles of the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act of 1971 are adopted in this Bill also. Similarly, no employer shall degrade (in terms of service condition) or dismiss an employee who is or has been an office bearer of a negotiating agent, associate union or a member or Chairman of a negotiating committee during the period of his or her occupation of that past and for a further five years. The Bill also includes a list of unfair labour practices on the part of employers, including interference with employees or restraining them in any way from joining or forming a trade union by any means including the granting of wage increases at crucial periods of trade union organisation with a view to undermining of the effects of the employees to organise themselves into unions; encouragement or discouragement of membership in any trade union discriminating for or against any employee, refusal to bargain collectively in good faith, to employe workmen or badlis, casual or temporary and to continue with them as such indefinitely, with the object of depriving them of the status of permanent worker's introduction of labour saving techniques or machines without prior consultation with the trade union certified of the negotiating agent and without planning for the alternative employment of

the employees rendered surplus. Lockouts are totally banned in essential industries. Thus the workers are fully protected.

A welcome feature of the Bill is that it incorporates the concept of time bound action on the part of administrative and judicial machinery dealing with disputes. According to the Annual Report of the Union Labour Ministry for 1977-78, only 5650 cases out of the total 39,000, referred to the industrial relations machinery in 1977 were resolved in the same year. At this rate it will take six more years to dispose of the remaining cases referred to in 1977 alone. This is the reason why managements and workers have already lost faith in the present manner of functioning of the machinery for settling industrial disputes. Adequate care has, therefore, been taken to ensure a really effective mechanism built into the new law for time-bound resolution of disputes. Thus it helps check necessary strikes, lockouts and tension. It does not mean that strikes are banned. If the case for the strike is very important and is of representative nature related to majority of workers, and if it cannot be solved by some other means and mutual negotiations, then getting the consent of 60 percent of the workers is not a difficult task. The present practice of dragging those, who do not wish to strike work, into unnecessary strikes for the whims and fancies and the

vested interests of a minority can be effectively checked which is conducive to the common interest of the workers.

Inspite of all those good provisions of the Bill from the point of view of workers and the managements with a view to establishing healthy industrial relations, the Bill faces maximum amount of resistance from the trade unions. Central Trade Unions is the country have already presented a mass petition signed by over 2 million workers to the Lok Sabha speaker and the Chairman of the Rajya Sabha on 20th November, 1978

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^{33.} Michael, V.P., Industrial Relations in India & Worker's Involvement in Management, Himalaya Publishing House, Bombay, 1979, pp. 55-58.