

LABOUR RELATIONS FOR PRODUCTIVITY AND QUALITY

Ninth Michael John Memorial Lecture delivered at the Tata Workers Union Jamshedpur, on March 7, 1993

It is with very great pleasure that I accepted the invitation from my friend Gopal to deliver Michael John Memorial Lecture. Michael John was a legendary figure in the Trade Union Movement. He was held in high esteem in both India and in the International Labour Organisation. He was the President of the Tata Workers Union for over thirty years and his popularity grew with every year. During that period he built up Industrial peace and harmony in TISCO and achieved substantial benefits for the workers. The wages and fringe benefits that the TISCO workers got was the envy of every Trade Union in the whole of India. I was a contemporary of Michael John in South India. In 1937 at the instance of Sri V. V. Giri, a very well known Labour Leader and Labour Minister in the Madras Presidency. I represented as counsel of the Buckingham and Carnatic Mill Workers before the Labour Commissioner and in 1940; I conducted the Industrial arbitration before the Chief Justice of Madras High Court Mr. Justice BURN in a dispute between the workers and Management of the Madras City Transport Companies. Michael John was detained for two years in the Quit India Movement and so was I. We had something in common all the time.

In 1947 John became the President of the Tata Workers Union and I became the President of the Union of one of the largest Engineering Industries in Madras, the Simpson Group Companies.

Earlier, I had got the Plantation Workers Union registered in the teeth of opposition from the planters that plantation was an agricultural operation and no Trade Union could be registered for Plantation workers. Thanks to Jagjivan Ram who was then the Labour Minister in the Interim Government at the Centre, the objection was overruled. At that time the Indian Constitution had not been framed and hence we escaped the challenge of the decision in the Writ Jurisdiction of Court

The Marxists take credit for organising Trade Unions in India. But before the Trade Union Act, G. S. Arundale and B. P. Wadia were arrested for organising a Trade Union in Buckingham & Carnatic Mill at Madras on the charge of procuring breach of contract, an ignominious section in the Indian Penal Code, which was later repealed. It was found that the Marxists were using Labour more for propagating the communist ideology of Class conflict rather than for promoting the welfare of the working class and the constant disruption of production and law and order were injuring newly independent infant; Free India. We therefore, organised in 1945 a Labour Cell in the Tamil Nadu Congress Committee offering an alternative organisation where workers interests and their improvement would inform the Cell's activities. This was just before the Indian National Trade Union Congress was formed. To my surprise a large number of Unions preferred our organisation. I must be honest to confess that these Unions should have felt that, with the backing of the ruling party and the sneaking sympathy of the employers who were smarting under the tyranny of Marxists Unions, the workers had a better chance for themselves in the Labour Cell. But be that as it may it was clear that labour was not committed to the path of confrontation and conflict.

Like the Tata Workers Union which had an enlightened management in J. R. D Tata, the Simpson Group Companies also after a few years of bitterness, rancour and conflict, changed their attitude towards labour. The Chairman of the Group Companies Sri Anantaramakrishnan

initiated a process of negotiations and settlement with the Union itself. As a result the Company had no strike or cessation of work for over 12 years and during that period it had diversified and expanded into several areas, expanding three fold the job opportunities in the group companies.

The Workers' wages rose and incentives for production further pushed up their earnings. A number of fringe benefits were introduced. The Union under the able leadership of Sri K. Gurumurthi also expanded its activities by starting a Cooperative Society, Credit Society. Storfs Society and also making contributions to specified sickness for workers in addition to E. S. I. benefits etc., were available. Likewise my good friend G. Ramanujam currently President of the Indian National Trade Union Congress set a ilobJe example of constructive Trade Unionism in South India, By skilful negotiations in a cooperative spirit, he was able to improve the lot of textile workers in Tamil Nadu to such an extent that he is almost deified as the patron Saint of Labour. The day just before, I left for Jamshedpur. Ramanujam and I participated in a function where a unit which had just started as a "C" Unit of 7.200 sq. ft, this Small Scale Industry had grown into such size that it was exporting five million Radiator caps to the General Motors of America in the face of stiff Competition from the American Companies themselves, the German Companies and number of others and at that meeting the Management said that for 25 years they did not have strike or cessation of work.

Enlightened Management and responsible labour Unions have demonstrated throughout India that Industrial peace and harmony paves the way for higher productivity, improved conditions of labour and expansion of the enterprises and employment opportunities This has been amply proved in the case of Jamshedpur by J. R. D. Tata and Russi Mody which traditions, I am sure Dr. Irani will not only continue but improve upon. on the one side and Michael John and Gopal on the other. I knew Michael John very well, in fact, in the various National level meetings we used to exchange notes as to what we have done to improve the lot of the metal workers. As Manickam pointed out I represented the metal workers in the International Labour Organisation meeting in 1952 quite a long time. I. therefore, now offer my blessings to the Management, and the Labour for their continued progress and prosperity,

We are today in the throes of a great change. The regimented and controlled Economy is yielding place to free economy where regulations are receding and the market forces emerging in its place. The process is not yet complete. Sheltered market, regulated production, administered prices, and preferential purchases had excised competition so completely that the efficiency of production became a permanent casualty. In a sellers market where the buyer queued up to take whatever was available the urge to improve quality and reduce cost totally disappeared from the producers lexicon. Not being able to compete in the global market, we ran constantly into Balance of Payment deficits and mounting external debts. Our share in global trade came down to a paltry 05%. The Balance of Payment crisis in 1989 bestirred us from the stupor and to launch on Economic liberalisation such as removal of controls, regulations, induction of an element of competition and opening up the economy to foreign investments, We are now in the midstream of this process. Some advise us to go back and some urge us to go forward but we stand in the danger of being swept away,

The acute problem facing today is the result of continuous adverse balance of trade and balance of payments; We cannot enter the export market which is fiercely competitive, unless our goods achieve:

Mere price reduction achieved artificially through export subsidies cannot help enter the global market as the buyer prefers more efficient and durable goods even at a

higher price. Unless quality and reliability are enhanced, Indian goods cannot hope to enter the international market. Competition is the only lever to quality. Hence, fullest competition internally within the country should be ensured as soon as possible. Every vestige of restriction should be removed and full freedom of enterprise in every field of activity afforded except of course in some sensitive areas.

Instead of tinkering with the problem, I would suggest the repeal of the Industries Development and Regulation Act, the M. R. T. P. Act and the FERA. Some control of flow of foreign funds for nefarious purposes would be necessary but that alone could be enacted suitably. Halting and half hearted measures very often fail to serve the purpose intended and add to the confusion.

At the same time. I would suggest caution in allowing unbridled foreign competition before indigenous industry picks up quality and reduces costs. The countries that preach Free Trade today have themselves had severe tariff restrictions during their own period of development. Even today, most developed countries restrict imports through quotas for import of specified goods. There is every likelihood of the European Economic Community and the Single Market 1992, while liberalising movement of goods and service amongst its members, becoming restrictive of trade with outside countries in the third world. The North American Trade Zone consisting of Canada, United States and Mexico and possibly some other Latin American countries may have similar effects on Trade with the developing countries. Already the share of the developing countries in the world Trade has shrunk from 29% in 1980 to 21 % in 1991. These developments emphasise the need for caution in liberalising of imports. While every facility should be offered and all restrictions removed for imports that go to strengthen exports, one should be wary of importing consumer items which cause a drain on the meagre resources of foreign exchange. Besides, the country should be prepared to go without a few items of luxury if it has to survive in the long run. Current sacrifice is the price that the country pays for its future affluence. Therefore, we should HASTEN SLOWLY in liberalising imports of Consumer items. Though one does not subscribe to the labour Theory of Value, one has to admit the dominant role of labour in production and more particularly in improving the quality and productivity. labour is apprehensive that improved productivity will land them in retrenchment and unemployment. - The oft-repeated argument that better wages will unleash higher demand for consumer goods and durables and thereby create more job.;, though correct at the macro level, cannot be a force of false or solace to person who faces redundancy. This argument has an appeal in countries having shortage of manpower where unemployment seldom crosses a single digit. But in countries with astronomical figures of unemployed, it is difficult to enthruse workers to engage themselves whole-heartedly in productivity schemes unless they are assured that they would be in no danger of losing their own jobs. In this connection, I would like to quote from the first Michael John Memorial lecture delivered by the greatest Management Wizard and Industrial genius of our times J. R D. Tata. He said and I quote:

"Increased productivity can only come from matching the total number of persons employed to the reduced manning needs of the new and more automated plant as it is installed to replace old and labour intensive equipment. Note these words as there can be no question, of retrenchment this objective can only be achieved by not filling vacancies as they arise or by voluntary retirement on such terms as the workers themselves would feel. This admittedly is a difficult problem but it is one which must be solved".

I was a member and later President of the United Nations Administrative Tribunal which hears disputes between the staff and the Union Members. In 1978, when the Word Processing Machines were introduced in the United Nations differences arose between the Secretariat Staff and the Organisation. It is of interest to recall that the Secretary General conceded the principle that permanent contracts would be held secure and would not be affected by the introduction of these new machines.

It is significant that the earliest agreement between Tata Workers Union and the Management had included a provision of immense importance to labour that there shall be no retrenchment as a result of rationalisation schemes in the TISCO. In my view, the excellent Labour Relations maintained in TISCO is in no small measure due to this particular provision. Retrenchment without tears has been the age old slogan of the working class. This has also been practised quietly in units without any fuss. The elderly workmen have not been *averse* to retiring on adequate compensation. Resistance occurs only when this is sought to be enforced on unwilling workmen. As early as 1950, when I was President of the Binny Engineering Workers Union, in Madras. Such a voluntary retirement scheme was put through by negotiations and discussions.

Unfortunately, we are a nation of theoreticians and we raise matters which need solution quietly without much ado, into national and global issues. For instance, workers retirement schemes which should be discussed at shop level have been blown up as a national issue under the grandiose name of Exit Policy and a raising controversy spun out of it. The less we talk about EXIT POLICY, the more the chances of Unit level agreements on voluntary basis

Labour unions have displayed increasing response for improvement in quality and productivity where the employers have shown readiness to share the gains with the labour. Even in the number of man days lost by strikes and lockouts there has been a perceptible reduction. While 75 million man-days were lost by strikes and lockouts in 1982 The number of man days lost in 1991 has:come down to 26 million, from 75 to 26 million. There is still every scope for further reduction in the years ahead provided healthy Labour Relations are developed in the Country.

Good Labour Relations can be developed by both sides realising that their common interest lies in increasing the profitability of the undertaking Labour can fight for a share in the profit; they will have to fight for their survival if there is none It is therefore. the responsibility of enlightened Managements and Trade Unions to create a climate of co-operation in the ultimate success of the enterprise.

Such Co-operation should extend to adoption of improved methods of production, induction of sophisticated technology and in increasing the share of Labour in the profits arising out of such schemes.

Free and frank discussions between management and labour is the foundation of such co-operation. If each side tries to be smart and to outwit the other. suspicion will destroy the mutual relationship Fortunately for the country. the LabourManagement relationship has been steadily improving and I am sure that the new spirit will further expand in the years ahead.

While Labour should fight for the best terms for itself before introduction of labour saving devices, it would be suicidal to oppose new and improved technology on the ground that the number of jobs would be reduced or that employment opportunities for future entrants would be curtailed Unless. the industry keeps abreast of modern

development it will stagnate and then die in the competition from newer units with better equipment and technology. Thus. Unions which totally resist induction of new and improved technology are paving the way for their own loss of employment and destruction. It is only increased investment that can create new job opportunities and nothing should be done to discourage investments. An adverse climate in Labour Relationship will discourage fresh investments in the state as well as in the country and divert such investments to other states or even to other countries in the world. Today countries are wooing foreign investments with attractive concessions and there is no reason why a foreign investor should choose a country which has no industrial peace or harmony.

India has made tremendous progress since Independence. From a country begging for food-aid at the time of our Independence, we have achieved self sufficiency in food and have been able to help a few other countries with food-aid. From a country which has been importing Safety pins from Japan and Fountain pens from England, we have become within the first fifteen countries in the volume of industrial production, We have third largest pool of scientific and technological personnel in this World and yet if India ranks very low near the bottom in per capita income. it is because all our progress have been diluted by our enormous increase in the population, From 360 million at the time of our Independence, we have grown to 880 million today and the struggle for existence has become very acute. While the average in the birth rate has shown slight reduction, the volume has remained the same due to the larger base of the population. Besides. while the birth rate has come down in the middle and upper classes. the rate of births in the people below the poverty line has shown no sign of abatement and hence the volume in this area shows increase which in turn accentuates the increase in the people below the poverty line. Since workers today are enlightened and skilled. there should be- no difficulty in inculcating the advantages of family welfare and planning among them. I am happy that this awareness has already come to the industrial labour and that there is no resistance now to these measures from the working class.

In the sixties' it was fashionable to eulogise the Public Sector and sing the praises and the virtues of State ownership of enterprises. Today the pendulum has swung to the other side and it has become fashionable to decry the Public Sector for all the ills that we are having. Protagonists of either schools of thought fail to appreciate the illogicality in demanding privatisation of losing Public Sector units and at the same time urging Government to take over sick Private Sector Units. Not all Private Sector enterprises are profitable nor are all public Sector units losing concerns. It is good management that makes a unit efficient and not the sector to which it belongs.

At the time when Capital was scarce and profit margins in investments in infrastructure industries such as Basic metals, Power, Fertiliser etc. were low, the State had to fill the void and make heavy investments in those areas. This policy has by and large proved beneficial with the rapid growth in Iron and Steel Industries, Engineering Industries, Oil Refineries, Fertilisers etc. But, the conditions have today changed. Private Sector in India have matured and are able to make massive investments in any area. New Flotations are avidly absorbed by the investing public. The genuine investors today is alive to the advantages of having his investments in stocks and shares both for earning annual dividends and as hedge against inflation. The need for Government investment in Industry is no longer as compulsive as it was in the sixties. The new industrial policy of

the country should therefore throw open every sector of Industry to nationals of this country without any let or hindrance.

Before, I conclude, I would like to pay my tribute to Michael John who was an excellent example of an ideal Trade Union leader. He had the courage to adopt productivity as a goal of Trade Unionism at a time when other Trade Unions were bitterly opposing it. He set high standards of mutual accommodation in Bipartite negotiations and in maintaining discipline. Such people appear as angels once in a way to give correct lead to others, May his tribe increase. I am sure that the Institute for Human Resources Development' named after Michael John and being carried on so effectively and efficiently by my friend Gopal would carry the message throughout the country and serve the cause of national progress.