



# CHANGING DIMENSIONS OF INDUSTRIAL RELATIONS IN INDIAN PUBLIC SECTOR ENTERPRISES

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## Abstract

Labour-management relations in the present industrial society constitute an important area responsible for collaboration and strife at workplace and it is a dynamic body subject to evolution. The interactions between employees and management have reached to a critical stage in this transforming age. Hierarchically and horizontally, at various levels starting from the instrumental role in protection of democracy at workplace, redefining the people management practices, to the political participation at national and international levels, trade unions are playing keen role in decision consensus in industrial relations. To mention a few, phenomenal changes have taken place in industrial relations via meta-morphosis in public industrial investment foray, the nature of industrial employment and work organization, negotiations, employee reward and welfare, flexible work systems, technology adaptation, increased employee responsibility, production/productivity agreements and in the industrial relations law and public policy. Besides the overt mainstream ideological or ideal based workplace relations, historically there is a conspicuous growing trend towards gender, caste, class, ethnicity, and context based versions of industrial relations with culture as the dominant undercurrent behind. This paper presents the fluidity in current industrial relations in Indian public sector enterprises.

**Index Terms:** *Industrial relations, public sector undertakings, changing trends*

## Introduction

Organisational business sophistry is continuously trying to quickly adopt robust economic models for their survival and growth. The public sector enterprises (PSEs) in India, which are considered as 'organisations under shade' are now facing numerous competitive pressures and are at a critical trajectory. Over a period of time, PSUs have played vital role in industrialisation of the nation by providing necessary infrastructure facilities (Sharma, R. K. 2014).<sup>1</sup>

The PSUs, which are incepted with a vision to strengthen the economy of the country and to spread social equality, are now no exception in the race for quality and cost of their products in the free competitive markets. The government policies through the concept of 'Make in India' to strengthen manufacturing capacities to promote India as a manufacturing hub, further exerted competitive pressures on PSEs from national and international level in the aftermath of economic liberalization in 1991. Soumya Sharma (2014) rightly observes that the public sector had enjoyed the parental affection of the government under various pleas of socialism, welfare state, economic and industrial development, etc. but now it had to fight for itself for its very survival against the global giants on its own.<sup>2</sup> In the current perspective, changes happening in industrial relations in PSEs can be understood as reengineering process of the people relations at workplace as a response to effectively answer the structural and market requirements by the employees and management of the PSEs in India. Drawing on many secondary sources and personal observation, this paper attempts to understand the current trends in industrial relations in PSEs.

## Literature Review

Accordingly to Dale Yoder (1972:5) "industrial relations is a whole field of relationship that exist because of the necessary collaboration of men and women in the employment process of an industry".<sup>3</sup> As per ILO "industrial relations deal with either relationships between the state and the employers and the workers' organizations or the relations between the occupational organizations themselves". Debasish Bhattacherjee (2001) commenting on labour market and industrial relations reforms opines that economic liberalisation will forge greater employment flexibility moving towards greater decentralisation in bargaining especially in the public sector enterprises and lesser governmental intervention in the bargaining process, fewer strikes, and a possible halt to the cleavages within the union movement. From the positive side, all this could imply more employment, and a more efficient union voice but on the negative side, the proposed reforms could lead to an increase in managerial power and accelerate the growth of the non-union sector both leading to a decline in the power of organised labour.<sup>4</sup> Chattopadhyay, P.K. (2017) in his theoretical analysis of industrial relations climate in India, opines that intervention of the integrated HR for top to bottom employees and developing the ownership culture and mind-set in the employees and training them as per industry needs can effectively fight with the competition.<sup>5</sup> But on the contrary, Vennila and Narendrarathnaraj (2018) suggest that the management and recognized unions in industrial establishments should develop a climate to restore the relationship of trust between them to foster cordial industrial relations in this globally competitive era.<sup>6</sup>

## Changing Trends in Industrial Relations in Indian PSEs

There are around 276 Central public sector enterprises in India. PSEs are of three types (1) directly run by Government such as Railways, Postal, Defence Production, Printing press etc., (2) Undertakings run by Corporations registered under Companies Act.1956, (3) Undertakings previously in Private sector and nationalised subsequently. Public sectors have no margins for number of unions and they are flooded with multiple unions having their affiliations to various associations and political parties. Industrial relations in public sector do not fall into any known pure pattern - bipartite, voluntarism, or tripartite. They exhibit the characteristics of all the systems. Yet none can emphatically say that they are progressive and conducive to achieve the objectives of the industry and the economy (Gosavi, Y. M. 2017).<sup>7</sup> In this connection, various trends in industrial relations which are influenced by its players are discussed below:

**Disinvestment:** The Strategic Disinvestment Policy of Government of India by way of sale of substantial portion of Government shareholding in identified Central PSEs up to 50 per cent or more, along with transfer of management control.<sup>8</sup> Disinvestment tends to change the ownership, which is bringing out changes not only in organisations and employment but also in trade union dynamics. Disinvestment decisions are showing impact on the right of workers and trade unions, including job/union security, income security, and social security. The trade unions in the public sectors are strongly opposing the disinvestment drive in CPSEs and raising their voice against the decisions of the government.

**Emerging Players in the Industrial relations:** With pro-investor policies of the Government, a new player the consumer/society has emerged in the industrial relations. The employee and employer are now required to make leverage with the consumers and society for a better relation with them by protecting the interests and rights of all the stake holders.

**Flexibility in labour laws:** In India the subject of labour laws is in *Concurrent List* of the Constitution of India, and changes in the labour legislations are influencing the industrial relations. Along with bringing transparency and accountability in enforcement of labour laws the Government is bringing reforms in provisions of social security, enhancing the avenues and quality of employment (Yearend Review- 2018, Ministry of Labour and Enforcement).<sup>9</sup> Changes were brought in by Government in social security laws like Payment of Wages Act, Payment of Gratuity Act, Maternity Benefit (Amendment) Act, The Workmen Compensation Act, etc. which in turn influencing the relation of employers and employees. The changes in labour legislations are stressing upon to enhance productivity and competitiveness.

**Changing Profile of Workers:** A social wave is sweeping across our country. The improving pay packages, the willingness of management to accommodate conflicting has influenced the stature of workers in society, their increased levels of education and the emergence of process industries has changed the very definition of work, have altogether caused a revolution in perceptions and aspirations of the employees in PSEs. Workforces in public sectors due to their better pay packages, are able to enjoy status and equity. In this context, Vennila & Narendrarathnaraj (2018) rightly observes that with a changing social profile, workers are becoming more assertive.<sup>10</sup>

**Declining Workforce:** Shyam Sundar (2019) found employment levels in the public sector dipped during the post-liberalization period - from around 2.3 million in 1994-95 to 2.1 million 2005-06 06. By and large, the employment in the organized sector diminished and 27,000 jobs were lost in the span of a decade.<sup>11</sup> In public sector, the workforce is declining with recruitment freezes, introduction of voluntary and early separation schemes, and outsourcing. New employment opportunities are shrinking. The decline in workforce invariably influences the density of the trade unions. Further, with rapid modernisation and introduction of cutting-edge technologies, white collar employment has increased, which in turn have major impact on membership of employee unions. The trade unions in public sector enterprises occupied major proportion of organised labour, however, losing their strength due to number game.

**Fixed term employment:** The concept of permanent jobs and job security in the public sectors is slowly diminishing with the introduction of tenure based/project based employment. Ministry of Labour and Employment has included the category of 'Fixed Term Employment (FTE) Workman' for all sectors in the Industrial Employment (Standing Orders) Act, 1946. The objective of fixed term employment on one hand is to provide flexibility to the employers in order to meet the challenges of globalization and on the other hand, this would be beneficial for workers as it gives the 'FTE Workman' the same statutory benefits as that of regular workers in a proportionate manner. This would also substantially decrease exploitation of contract workers as the employer would directly hire the worker without any mediator in the form of contract for a fixed term (Year end Review: 2018, Ministry of Labour and Enforcement).<sup>7</sup> The major PSEs are employing their workforce through tenure/project based employment, where the period of engagement is pre-defined. The introduction of fixed term /tenure based/project based employment inevitably is a major blow to trade unionism.

**Collective Bargaining:** In public sectors, as they are model employers, the employees are given higher pay scales at induction level for retaining them. Further, PSEs have raised the bar of pay scales. Even though trade unions are encouraged in their voice for more reward or benefits, lack of autonomy, long chain of command, authority, less decision making powers of the business unit management is a limitation in collective bargaining in the PSEs. In most of the situations, the trade unions are left in a confusion as to with whom they should negotiate, whereas the negotiation process is under the scanner of various rules and the decision executives have only limited decision power. Virtually, now collective bargaining in public sectors was become confined to welfare amenities. Since the periodicity of wage revision is being decided by the Government, wage revision is not having leverage with productivity; the collective bargaining in public sectors is limited. In majority of the PSEs, wage revisions are pending from 5 to 10 years (Venkata Ratnam, C.S.,2008).<sup>12</sup> Unions in public sector often raise their voice against the policies of the Government, however, the economic coercive tactics like strikes, tool down, dharna, boycotts, go-slows, sit-ins and formal protests in order to get the management attention are less prevalent now.

**Changing Role of Trade Unions:** The trade unions in PSEs which are consider as strong and mighty once are now undergoing a major shift in their roles. The trade unions in public sector have a mixed role in economic development of the nation and protection of employee rights. The trade unions in public sectors are perceived as 'manager of discontent', 'obstacle of modernization', 'tradition bounded and opportunistic' (Venkata Ratnam, C.S. 2006)<sup>13</sup>. The unions in public sector, which are once the mouth pieces of various political parties are distancing themselves from political parties as they

have to change their voice once the ruling party in the government changes. They are now forming their own grid and associations within themselves. On the side-lines of the changes happening in business environment, trade unions in public sector are also changing their role and image. Thus, they are enlarging their role to maintain/improve their conditions of employment.

## Conclusion

Having continuous contraction in employment, flexible employment forms, increase of women and young workers, technological sophistry, flexible and precarious work, informal work, changing nature of work and profile of workers, the changed role of trade unions etc. now the industrial relations in PSEs are brought in and exposed to new challenges. The public sectors are devising better platforms to improve cordial relations with its stakeholders at all levels for better quality, productivity and sustainability.

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