

Factors which Contributed to Growth

As Giri observes,⁶ the following factors helped the growth of trade union movement of India:

1. World War I: Though the labour movement in India began about a century ago; it was only from the end of the First World War (1914-1918) that it gathered momentum. Giri points out that both economic and political conditions alike contributed to the new awakening. Prices had shot up during the war and there had been no corresponding increase in the wages, though the employers had amassed fantastic profits. In the political field, new ideas were in the air. The Indian National Congress had formulated its demand for immediate self-government. All this was reflected in considerable labour unrest, one of the features of the nineteen twenties. These conditions led, inevitably, to the formation of a large number of trade unions throughout the country.⁷

2. Influence of Political Leaders: The early stages of the development of trade union movement in India owe a lot to the contributions of some political leaders, social reformers and philanthropists. "The mass movement started by Lokamanya Tilak, Annie Besant and later by Mahatma Gandhi caused ripples in the trade union movement. In particular, the non-co-operation movement launched by Gandhiji during 1919-21 and the espousal by him of the cause of the peasants and industrial labour had a profound impact on the working class. Gandhiji was also greatly responsible for giving a re-orientation to the labour movement by establishing the Ahmedabad Textile Labour Association, which had, as its main plank, the settlement of trade disputes by negotiations and peaceful methods before resorting to direct action."⁶

3. The ILO: The establishment of the International Labour Organisation, of which India was a founder member, prompted the formation of trade unions in India. In choosing its nominees to the International Labour Conference, held annually, the Government had to consult the organisations of the workers and employers to represent their interests. This led to the establishment of the All India Trade Union Congress as the central body of workers, representing the various trade unions affiliated to it.

4. The Russian Revolution: The success of the Russian revolution gave an impetus to the labour movement because of the feeling it generated that the solidarity of the working class could achieve great things.

5. The Trade Unions Act: The Indian Trade Unions Act, passed in 1926, is landmark in the history of trade union movement in India because this Act gave trade unions a legal status and immunity to its officers and members against civil and criminal liability for concerted action.

Some Important Developments

As indicated earlier, it was only after the First World War that the trade union movement in India gathered momentum. The widespread labour unrest in the immediate post-war period led to the formation of a number of trade unions in different industries on a permanent basis. In 1920, the All-India Trade Union Congress (AITUC) was established to co-ordinate and guide the activities of the individual unions and to express their views on the general policy matters and programmes affecting labour. As Giri observes, the foundation of the AITUC marked the first recognition of the common interest of labour throughout the country, and it gave a great fillip to the rapid formation of unions in different parts of the country and in industries, big and small.

In addition to the rights conferred on the registered unions by the Act, their registration enhanced the status of unions in the eyes of the public as well as the employers. In this process, even unregistered unions benefited, and the movement as a whole gained greater confidence of workers.

The conflicts between the moderates and leftists within the All-India Trade Union Congress resulted in a split in the organisation in 1929, with the leftists capturing the congress. The break away group formed the All-India Trade Union Federation "with a realistic policy, programme and objectives".

The early nineteen thirties were an unfavourable period for the trade union movement. Apart from the serious economic depression which the country had been passing through, Gandhiji's civil disobedience movement, launched in 1930, had diverted the attention of the political leaders of India from the trade union movement. The second split in the All-India Trade Union Congress occurred in 1931, resulting in the formation of a new organisation called the Red Trade Union Congress which, in the next year, united with the parent organisation. The All-India Trade Union Federation and the railway unions joined the National Trade Unions Federation which came into existence in 1933, with a view to forgoing unity in the trade union movement. The National Trade Union Federation, which claimed a larger membership than the AITUC, and the AITUC merged together in 1938.

BOX 30.1 : IMPACT OF POLITICAL AND SOCIAL FORCES

The National Commission On Labour in its Report (1969) has made the following observation:

Forming of trade unions and the shaping of their activities by the political workers and their philosophy, were not entirely unknown in the past. They have acquired new dimensions with the advent of Independence and the environment which the political system has operated in or has created for itself. Though unions are apparently free from organisational ties with political parties, the association of many unions/federations with politics through ideology and leadership cannot be denied. Such ties have led to fragmentation of unions, to inter-union and intra-union rivalries, and some confusion in the minds of the rank and file of workers. A demand for freeing unions from political influence is gaining ground and assertions about their autonomous character in relation to their ideological political partners are frequently made.

A major change on the social side has been brought about by the Hindu Code with its two important components: the Hindu Succession Act, 1955, and the Hindu Marriage Act, 1956. The first gave women equal rights with men in the matter of succession to and holding of property, the second struck at the root of polygamy and provided for divorce with alimony and maintenance. The joint family system is losing its hold, more particularly in urban areas where provision for social security by the State is encouraging nuclear families; because of the growth of nuclear families, demand for improvement of social security provisions is also gaining in strength.

The period of the Second World War (1939-45) was again a bad time for the trade union movement in India. The unity in the movement that was secured before the war did not last long. Differences arose on the question of the attitude of labour towards the war. The attitude of the communists in the AITU swung in favour of the Russian involvement in the war. In the early days of the war, the communists were opposed to the war effort of the British Government because the USSR had been in the opposite camp with Germany. A section of labour leaders, who supported the war effort of the British Government, led by the radical democratic leader, M.N. Roy, seceded from the All India Trade Union Congress and formed a separate central organisation called the Indian Federation of Labour. The Federation, which had the support of the Government, also gained

strength and the support of a large number of trade unions. In many industries, rival unions were formed by those who did not subscribe to the view that workers should assist the British in their war efforts.

When Hitler and Stalin fell out and the Soviet Union changed over to the side of the Allies, the communists in India changed their attitude too, and at the behest of the Secretary of the British Communist Party, lent support to the war efforts.

The nationalist elements in the All-India Trade Union Congress, however, followed the lead of the Indian National Congress, and most of them were arrested and detained for a long time. Their absence from the trade union field enabled the leaders of the Indian Federation of Labour to strengthen their hold on the workers and the communist leaders to dominate the All-India Trade Union Congress. Even though the official outlook of the AITUC was one of neutrality, there were different groups in it having different views on the war.

Because of the sharp increase in the cost of living and the failure of the employers to appreciate the workers' demands, there was widespread labour unrest. The Government used the Defence of India Rules and prohibited strikes and lock-outs, and referred industrial disputes for conciliation and adjudication. However, the deteriorating economic condition of the workers made the latter conscious of the need for making organised efforts to secure relief. This gave a fillip to the trade union movement, and there was a marked increase, both in the number of unions and of organised workers, by the end of the War. The two central organisations, namely, the All-India Trade Union Congress and the Indian Federation of Labour, actively strove to organise workers in different industries; but the absence of nationalist trade union leaders from the field and the general national outlook of the people operated as a negative factor.

The strained economic conditions following the war and the partition of the country at the time of its independence increased the number of the unemployed and made the plight of the workers very miserable, resulting in widespread labour unrest. There was a feeling on the part of the nationalist-minded trade union leaders, when they came out of jails, that the trade union movement was in a most unorganised manner and that steps should be taken to re-establish the unity which had been noticeable in the thirties. The All-India Trade Union Congress was in the grip of the communists; and the Indian Federation of Labour, because of the patronage it had received from the British, was suspect in the eyes of the people. The Indian National Trade Union Congress (INTUC) was, therefore, started in 1947 under the patronage of the Indian National Congress. In the next year, the Hind Mazdoor Sabha (HMS) was formed by the Praja Socialist Party, and the United Trade Union Congress (UTUC) was formed in the following year by some radicals.

The trade union movement in India after independence has become highly politicised, so much so that conflicts in the political parties and political alliances and realignments have had their impact on the trade unions as well. Splits in political parties have usually led to splits in the trade unions related to the parties concerned. Thus, for instance, the split in the communist party and the emergence of the Communist Party of India (Marxists) led to a split in the AITUC and the formation of the Centre of Indian Trade Unions (CITU) by the CPI(M). The successive splits in the Indian National Congress and other political parties have had similar effects.

Limitations and Problems of Trade Unionism in India

The trade union movement in India suffers from a number of limitations and problems. Important among them are the following:

1. The general funds of a registered union shall not be spent on any other objects than those specified in the Act.

A registered union may constitute a separate fund from contributions separately levied for or made to that fund, from which payments may be made for the promotion of the civil and political interests of its members, in furtherance of any of the objects specified in the Act.

2. No office-bearer or member of a registered trade union shall be liable to punishment under sub-section (2) of Section 120-B of the Indian Penal Code in respect of any agreement made between the members for the purpose of furthering any such object of the trade union as is specified in Section 15, unless the agreement is an agreement to commit an offence.
3. No suit or other legal proceeding shall be maintainable in any civil court against any registered trade union or any office-bearer or member thereof in respect of any act done in contemplation or furtherance of a trade dispute to which a member of the trade union is a party on the ground only that such an Act induces some other person to break a contract of employment, or that it is an interference with the trade, business or employment of some other person or with the right of some other person to dispose of his capital or of his labour as he wills.

Further, a registered trade union shall not be liable in any suit or other legal proceeding in any civil court in respect of any tortious act done in contemplation or furtherance of a trade dispute by an agent of the trade union, if it is proved that such person acted without the knowledge of, or contrary to express instructions given by, the executive of the trade union.
4. The account books of a registered trade union and the list of members thereof shall be open to inspection by an office-bearer or member of the trade union at such times as may be provided for in the rules of the trade union.
5. A person shall be disqualified for being chosen as, and for being a member of, the executive or any other office-bearer of a registered trade union if: (a) he has not attained the age of eighteen years; (b) he has been convicted by a court in India of any offence involving moral turpitude and sentenced to imprisonment, unless a period of five years has elapsed since his release.
6. Not less than one-half of the total number of office-bearers of every registered trade union shall be persons actually engaged or employed in an industry with which the trade union is connected. However, the appropriate Government may, by a special or general order, declare that the provisions of this section shall not apply to any trade union or class of trade unions specified in the order.
7. Any registered trade union may, with the consent of not less than two-thirds of the total number of its members and subject to the provisions of Section 25, change its name.
8. Any two or more registered trade unions may become amalgamated together as one trade union with or without the dissolution or division of the funds of such trade unions or either or any of them, provided that the votes of at least one-half of the members of each or every such trade union entitled to vote are recorded, and that at least sixty per cent of the votes recorded are in favour of the proposal.

9. When a registered trade union is dissolved, notice of the dissolution signed by seven members and by the secretary of the trade union shall, within fourteen days of dissolution, be sent to the Registrar, and shall be registered by him if he is satisfied that the dissolution has been effected in accordance with the rules of the trade union, and the dissolution shall have effect from the date of such registration.

Where the dissolution of a registered trade union has been registered and where its rules do not provide for the distribution of the funds of the union on dissolution, the Registrar shall divide the funds among the members in such manner as may be prescribed.

10. A registered trade union shall send to the Registrar a properly audited annual statement of all receipts and expenditure in the prescribed form within the prescribed time. Along with this, a statement showing all the changes in the office-bearers made by the union during the year and a copy of the rules of the union corrected up to the date of despatch should also be sent.
11. A copy of every alteration made in the rules of a registered trade union shall be sent to the Registrar within fifteen days of the making of the alteration.
12. For the purpose of examining the documents of a registered union, as specified in the Act, the Registrar, or any officer authorised by him, may, at any reasonable time, inspect the certificate of registration, account books, registers and other documents relating to the trade union at its registered office or may require their production at such place as he may specify in this behalf; but no such place shall be at a distance of more than ten miles from the registered office of the trade union.

Amendments to Trade Unions Act

A Bill to amend the Trade Unions Act – the Trade Unions Amendment Bill, 2000 – was passed by the Rajya Sabha and was sent for the consideration of the Lok Sabha. The Bill provides for:

First, no trade union of workmen shall be registered unless at least 10 per cent or 100, whichever is less, of workmen engaged or employed in the establishment of industry with which it is connected are members of such trade union on the date of making application for registration. However, in no case shall a union be registered without a minimum strength of seven workmen.

Secondly, a registered trade union shall at all times continue to have not less than 10 per cent or 100 members whichever is less, subject to a minimum of seven persons engaged or employed in the establishment or industry with which is connected, as its members.

Thirdly, all office bearers of a registered trade union, except not more than one-third of the total number of office bearers or five, whichever is less shall be persons actually engaged or employed in the establishment or industry with which the trade union is connected.

It is also provided that the employees who have been retired or have been retrenched shall not be construed as outsiders for the purpose of holding an office in the trade union concerned. This provision was specifically included at the behest of trade union leaders who had appeared before the Parliamentary Standing Committee on Labour and Welfare, to which the Bill had been referred for examination.

An aggrieved trade union may even go for an appeal before Industrial Tribunal/Labour Court in case of non-registration or for restoration of registration.

6. To give a social orientation to the business
7. To ensure the best utilisation of the human resources
8. To improve employee morale
9. To satisfy workers' urge for self-expression
10. To improve industrial productivity.

Problems and Limitations

Workers' participation in management, however, poses certain problems and has some limitations.

1. Workers may not be competent enough to understand and appreciate the managerial aspects of the enterprise. This is particularly so in developing countries.
2. It has been argued that workers are more bothered about labour welfare and the like than about the growth, dynamics and challenging problems of the enterprise.
3. It is possible that the workers' representative in the management may be an outsider – a politician or a trade union leader. To that extent, the “real” participation or involvement of the workers is limited.
4. The possibility of the workers' representative on the Board falling in line with the capitalists against the interests of the workers cannot be completely ruled out.
5. The worker-management collaboration may sometimes turn against the interest of society. The capitalist may get the support of labour to exploit the consumers. Labour may lend its support to the capitalist in this respect if it can also share the enlarged cake.

Forms of Participation

As mentioned earlier, the forms and levels of labour participation in management may vary widely between enterprises. The nature of participation depends on a number of factors, such as the socio-political attitudes and situation, the attitude of management and labour, labour-management relations, the relative strengths of labour and management, the peculiarities of the industry or enterprise, etc., Further, “there could be various forms of managerial decisions in social, personnel and economic matters which have an impact on the work force of an enterprise. Some decisions, especially economic ones, can be taken only at the higher level where basic policies are decided. There are also some decisions at the middle and lower levels concerning the formulation and execution of policies, especially in the area of social and personnel matters.”⁴ Accordingly, “workers' participation in management will have to be at different levels and in different forms. Workers may be given an opportunity to influence or take part in managerial decisions at the higher level through their representatives on Supervisory Boards or the Board of Directors or through Work Councils. Participation may also be at lower levels at which workers are given some authority to plan and take decisions about their work, like job-enrichment, job-enlargement, delegation, etc. Workers may participate in managerial decisions through collective bargaining. They may also participate informally through the participative style of supervision. Some consider that workers' participation in ownership is also a form of participation. However, it has to be realised that participation in the result of an enterprise through profit sharing or some schemes does not, in the real sense mean participation in management.”⁵

The common forms of workers' participation in management are the following:

Collective Bargaining: It is common to decide certain matters, especially those which have direct economic significance for workers, on the basis of collective bargaining. The growth of trade unionism, the workers' awareness of their rights and strength, and the recognition of the importance of negotiations by labour and management have contributed to the growth of collective bargaining. Some of the common subject matters of collective bargaining are wages, bonus, working conditions, and welfare matters.

Joint Consultation: The functions of joint bodies, comprising representatives of the management and employees, may range from decision making on some issues to merely advising the management as consultative bodies. Joint consultation as a form of WPM is common in countries like India and Britain. The essential features of the Joint Management Council in India are the following.

- (a) The Council is entitled to be consulted on certain specified matters.
- (b) In some others, the management is expected to share information with the Council, and, in a set of functions, administrative responsibilities have to be given to it.

Though the Joint Management Councils/Committees have been tried in some countries, they have, generally, "not been found effective". There is a certain amount of lack of clarity of objectives. Moreover, being advisory or consultative bodies, neither the management nor the workers take them seriously. Often, they merely work as forums where workers and management freely vent their complaints and grievances without solving them. Some consider that unless these joint committees are vested with powers to take binding decisions, they will remain ineffective. There are others who feel that such joint committee should not be given authority to take decisions on such issues as are normally the concern of the management. In such a case, joint management committees would be accused of shedding their advisory role and becoming a kind of management body instead; and no sooner does Committee become managerial, there would be need for a new consultative body.⁶

Joint Decision-Making and Administration: For the purpose of joint decision making and administration, the workers are represented on the Board of Directors. Sometimes the worker representative's role is limited to participating in decision-making; but the actual execution of the programmes is the responsibility of the management. In the area of joint administration, however, workers and management share the responsibility and power of execution. In India, the scheme of worker-directors has been introduced, both as a statutory arrangement in nationalised banks as well as voluntary one in selected Central public enterprises. As Virmani observes, though "legally the workers' representative on the Board may have all the rights and obligations like the other members of the Board, his ability to participate in managerial decision-making, to a large extent, will depend on his quality, his knowledge of company affairs, his educational background, his level of understanding and also on the number of worker representatives on the Board. Most of the decisions in which the workers are interested are normally made at the lower levels of management."⁷

Complete Control of Management: In some cases, like the system of self-management in Yugoslavia, workers have complete control over the management of the enterprises. Under the system in Yugoslavia, the workers have the option to influence all the decisions taken at the top level; but in actual practice, the Board and the top management team assume a fairly independent role in taking policy decisions for the enterprise, especially on economic matters. The system of complete control of management cannot, obviously, fit into a capitalistic system. A potential danger of complete

Reasons for Failure

In the evidence before the National Commission on Labour (NCL), State Governments expressed the view that the advisory nature of the recommendations, vagueness regarding their exact scope and functions, inter-union rivalries, union opposition, reluctance of employers to utilise such media etc. have rendered Works Committees ineffective. The employers' associations have attributed the failure of Works Committees to factors like inter-union rivalries, union antipathy, and the attitude of members (workers' wing) in trying to raise in the Committee discussions extraneous issues. According to the unions, conflict between the Works Committees and the unhelpful attitude of the employers had generally led to their failure.

Suggestions

The NCL indicated that the effectiveness of these committees will depend on the following factors.

1. A more responsive attitude on the part of the management.
2. Adequate support from unions.
3. A proper appreciation of the scope and functions of the Works Committees.
4. Whole-hearted implementation of the recommendations of the Works Committees.
5. Proper co-ordination of the functions of the multiple bipartite institutions at the plant level.

Joint Management Councils

The Scheme of joint management councils (JMCs) is based on a draft prepared by the tripartite committee appointed by the 15th Session of the Indian Labour Conference, as subsequently modified by two tripartite national seminars on the subject held in 1958 and 1960.

Objectives: The main objectives in the establishment of JMCs were:

1. To promote cordial relations between management and workers.
2. To build up understanding and trust between management and workers.
3. To effect a substantial increase in productivity.
4. To secure better welfare and other facilities for workers.
5. To train the workers to understand and to share the responsibilities of management.

Functions: The essential features of the scheme of JMC are:

1. The Council is entitled to be consulted on certain specified matters.
 2. In some others, the management is expected to share information with the Council.
 3. In a set of functions, administrative responsibilities have to be given to it.
- (a) The Councils would be consulted by the management on such matters as:
1. The administration of Standing Orders and their amendment, when needed.
 2. Retrenchment
 3. Rationalisation
 4. Closure, reduction in, or cessation of operations.

- (b) The Council/Councils would also have the right to receive information, to discuss and to give suggestions on:
1. The general economic situation of the concern.
 2. The state of the market, production and sales programmes.
 3. The organisation and general running of the undertaking.
 4. The circumstances affecting the economic position of the undertaking.
 5. The methods of manufacture and work.
 6. The annual balance sheet and profit and loss statement and connected documents and explanation.
 7. Long-term plan for expansion, re-deployment.
 8. Such other matters as may be agreed to.
- (c) The Councils would be entrusted with administrative responsibility in respect of:
1. Administration of welfare measures.
 2. Supervision of safety measures.
 3. Operation of vocational training and apprenticeship schemes.
 4. Preparation of schedules of working hours and breaks and of holidays.
 5. Payment of rewards for valuable suggestions received from the employees.
 6. Any other matter.
- (d) All matters, *e.g.*, wages, bonus, etc., which are subjects for collective bargaining, are excluded from the scope of the Council/Councils. In short, the creation of new rights as between employers and workers should be outside the jurisdiction of the Management Council. Individual grievances are also excluded for its/their scope.

Shop / Departmental Councils and Joint Councils

In October 1975, the Government announced a model scheme for workers' participation in management. This scheme, meant for implementation in all manufacturing and mining enterprises employing 500 or more workers, envisaged shop councils at shop/departmental levels and a joint council at the enterprise level.

The two councils were to have an equal number of representatives of the employers and employees. The representatives of the workers on the councils were to be nominated by the management, in consultation with the union, from amongst the workers actually engaged in the enterprises. All decisions of a Shop Council should be on the basis of consensus and not be a process of voting, provided that either party might refer the unsettled matters to the Joint Council for consideration. Every decision of the shop council is to be implemented within a month, unless otherwise provided in the decision itself.

The main functions of the Shop Council are to help management in achieving production targets, improving productivity, assist in maintaining general discipline in the shop, attend to physical conditions of working, welfare and health measures, and to ensure a proper flow of adequate two-way communication between the management and the workers, particularly on matters relating to production schedules and the progress in achieving the targets.

One possible drawback of the VRS is that the efficient employees would leave the company while the inefficient may stay back; the efficient ones would be hopeful for alternatives outside while the inefficient may not be very optimistic.

A number of companies have already reduced their work force by VRS. These VRSs have taken different forms. In fact, the process of getting rid of the excess labour started in several companies much before the economic reforms ushered in India.

The ACC had brought down its workforce from 25,000 to 16,000 in 10 years. Between 1987 and early 1993, SAIL got rid of 17,000 worker through its VRS and by 2000 another 57,000 were estimated to retire.

The VRS takes different forms. While in SRF Ltd. the VRS cost was a low Rs. 25000 to one lakh per head, in Hindustan Geigy it was about Rs. 4.4 lakh per head on an average. The absolute limit set by the government is Rs. 5 lakh.

The NTC had offered looms at subsidised rates to the workers under the VRS package. They are also offered sheds for housing the looms and marketing facilities to sell their production. Between November 1992 and March 1993, 25,000 NTC workers had accepted VRS. Road transport firms can offer buses to the employees under the VRS.

Between April 1997 and March 1999, the central public undertakings reduced their manpower by over one lakh.

National Renewal Fund

A very important step taken by the Central Government to benefit the workers affected by industrial restructuring, modernisation or closure of the unit was the establishment of the National Renewal Fund which was operationalised in 1992. The objectives of the NRF are the following.

1. To provide assistance to firms to cover the cost of retraining and redeployment of employees arising as a result of modernisation and technological upgradation of existing capacities and from industrial restructuring.
2. To provide funds for compensation to employees affected by restructuring or closure of industrial units, both in the public and private sectors.
3. To provide funds for employment generation schemes in the organised and unorganised sectors in order to provide social safety net for labour.

The NRF is administered by the Department of Industrial Development. The first set of cases taken up by the Department were those relating to the National Textile Corporation.

The NRF was proposed to have a corpus of Rs. 2,000 crore which would be contributed by three sources; Rs. 200 crore as budgetary support (the 1991-92 Budget earmarked this amount); Rs. 1,000 crore from the disinvestment of public sector undertaking's shares and Rs. 800 crore from the World Bank.

The NRF was proposed to have two parts. The first part is the Employment Generation Fund, which would provide resources to approved employment schemes in the organised sectors. The second part is the National Renewal Grant Fund to meet the compensation and training expenditures of retrenched workers.

The World Bank has offered (in February 2001), to fund Government of India's downsizing plan, estimated to cost a minimum of Rs. 5000 crore, provided the Government is willing to settle for a young bureaucracy.

Conclusion

Although a full-fledged, detailed exit policy has not yet been formulated, the establishment of the National Renewal Fund is very important step. This is indeed a clear indication of the appreciation of the need for modernisation, restructuring and even closure of units in inevitable cases and that if these measures render workers unemployed the right policy is not to resist such measures but to retrain and redeploy the workers to the extent possible.

Schemes like NRF should not be made completely dependent on the national exchequer. A scheme for regular contribution to such a fund by the companies and workers should be designed and implemented.

As mentioned earlier many companies and organisations all over the world, one time or the other, have faced the problem of surplus manpower. It was reported that the Chinese Government had decided to bring about sweeping changes in the Central Government structure causing a 20 per cent cut in the number of government employees. India cannot afford to be blind towards hard realities. Organisations should be allowed and facilitated to swiftly respond to environmental realities to enable them to become efficient and competitive.

The workers have a lot of apprehension about the very term exit policy. One of the important objectives of an exit policy is to protect the interests of the workers. However, instead of educating the workers about it, the trade unions and politicians seem to be causing unnecessary fears in the minds of the workers. It is pointed out that "the exit policy on which the union bosses are currently declaiming pertains to their own impending exit and not that of the common worker.

It is almost a certainty that the average retrenched blue-collared person will get a fair deal by way of compensation, retraining and redeployment."

In fact, "the biggest loser of not having an exit policy is the labour because the legitimate interests of labour are protected only when there is a legal closure of a sick mill. In a situation of a sick unit not functioning and not legally closed, workers may remain years together without employment, wages and not getting their legitimate dues. One may therefore, argue that "if properly implemented, it is the most pro-labour policy imaginable."

There is however, a growing realisation among the workers of a need to increase productivity to survive the domestic and foreign competition; if firms do not shed the excess manpower all the workers would sink with the firm. While in some companies the unions cooperate with the VRS, in several companies they have strongly opposed. In a number of cases the workers defied the call of the unions to boycott the VRS.

The response of the workers to the VRS may depend upon the attractiveness of the scheme, their assessment of the future of the enterprise etc. In 1989, when the Hindustan Lever (HLL) lifted its year long lock-out at its Sewree plant in Bombay, more than 550 workers availed of the VRS. But in 1992 when the HLL offered another Scheme to retire 500 workers, only nine of them accepted it. Recent offers of VRSs many organizations have evoked very good response.

Ideally members of a particular Circle should be from the same work-area or who do similar work, so that the problems they discuss will be familiar to all of them.

An organisation may have a number of Q.Cs. If the number of workers of any particular department/section who volunteer to join the Q.C. is more than the ideal number that one Q.C. can accommodate, two or more circles may be formed in the same area. Thus, an organisation could have one or more Q.C. in every department or section. There are organisations where all the workers have become members of Q.Cs.

Structure of Quality Circles

Figure 33.1 shows the structure of organisation of quality circles.

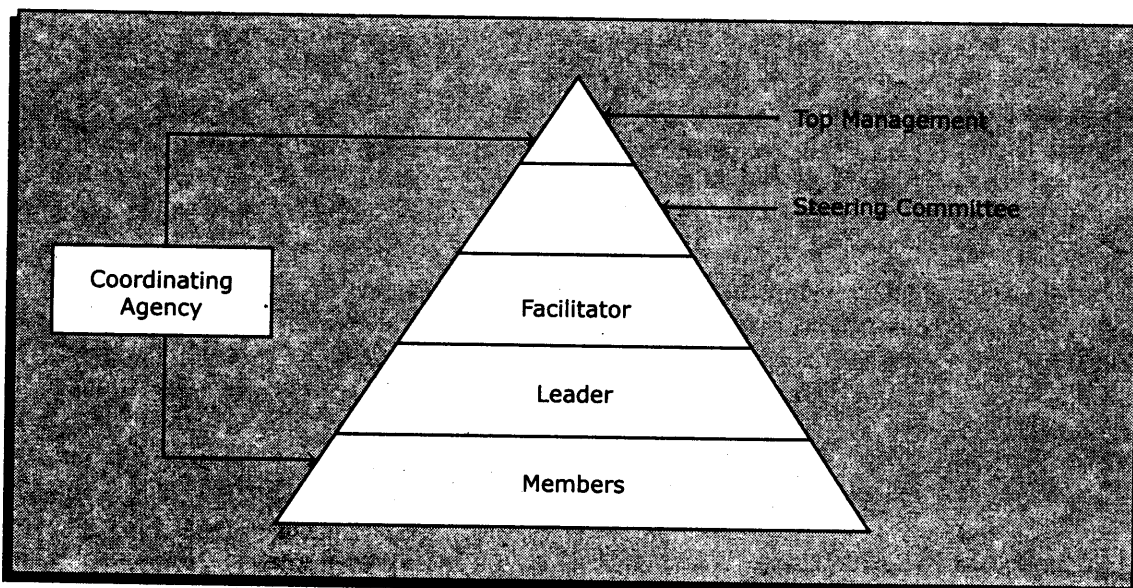


Fig. 33.1: Structure of organization of Quality Circle

Top Management: For the success of quality circles, earnest support of the top-management is essential.

Steering Committee: The Steering Committee usually consists of the heads of major departments of the organisation and is presided over by the Chairman who is preferably the Chief Executive of the organisation. Facilitators are invited to the Steering Committee for giving brief reports on the functioning of the circles in their respective areas.

The Steering Committee sets the goals and objectives for the quality circle activities which establishes operational guidelines and takes an overview of the quality circle activities.

Facilitator: The facilitator is a senior official nominated by the management responsible for facilitating and guiding Q.C. activities in his area. The facilitator's functions include liaising with the coordinator on all aspects of Q.C. activities; execution of all Q.C. policies, procedures and code of conduct; upward and downward communications in respect of Q.Cs, etc.

Leader: Every quality circle must have a leader whose functions include encouraging members to actively participate in the circle activities, ensuring proper conduct of the Q.C. meetings, making regular progress reports and maintaining circle records, providing agenda for the meeting etc: