

## MACRO DIMENSIONS OF MAN-MANAGEMENT IN INDIA

### THE PROBLEM

Economic Planning on a national scale faces manpower challenges equal and similar to those of modern industrial enterprises. It is universally accepted that unlike material, machines and money, human inputs have unfathomable capacities which could be utilised by efficient and effective management and this holds good both at the Macro and Micro levels. The challenge at the macro level, however, is a formidable one as national man management has to be oriented to the cult of transience in a changing industrial society. Movement of people from the periphery to the centre and the cultural shocks of urbanisation involved in the process need well thought out social economic programmes and projects. National incomes and wage policies have to be introduced, reoriented and effectively implemented for reducing the tensions resulting from the absence of horizontal equity in rewards of production activity. The national effort has to be diverted towards :

- (1) Increase in Allocative Efficiency so that employment, incomes and supply of goods and services increase substantially and the growth rate is adequate for long term goals of development.
- (2) Economic Stability is maintained so that real wages gradually rise and abrupt changes in personal incomes do not occur.
- (3) Distributional justice is introduced in the entire economic structure so that the tensions and conflicts are reduced to the minimum.<sup>[1]</sup> A minimum programme of maintaining horizontal equity by planning equal rewards for equal work should be the minimum strategy during earlier phase of development.

It is an accepted fact of planning strategy that the programmes of industrial development have widespread and greater linkage effects than those of primary production. India is on the road to economic growth and big programmes of industrial growth have been planned and executed during the era of planning with inescapable changes in the socio-economic environment. It is the purpose of this article to review the impact of industrialisation process with special reference to its impact on manpower management at the macro level.



## THE NEW INDUSTRIAL CLIMATE :

Independence of the country, economic planning and new social climate ushered in a new era of human relations in India. The attitudes to work and produce underwent fundamental changes with the end of alien rule and refreshing utterances about the central role of working force in national building and assurances of a fair reward in return. The Industrial Policy Statements, the Directive Principles of the Indian Constitution and repeated assurances in the Plan documents raised the aspirations of the working class. Politicalisation and universalisation of Unions and growing success of strikes and their increasing longevity gave the workers a sense of confidence in the tool of vigorous and continuing industrial disputes. Neglect of rural economic growth, poor employment opportunities and substantial wage differentials between the rural and the urban sectors as also the demonstration effect carried through annual visits of earlier migrants to urban areas posted rural working population to urban areas [2]. The worker uprooted from the villages started aspiring for urban life with modern living and democratic rights.

Since cultural impact is a function of aggregate socio-economic conditions, it may be worthwhile casting a glance at basic changes brought about in the industrial structure during the last two decades. Here, two facts are significant. Firstly, the importance of private sector from the point of view of employment has gradually dwindled and secondly, employment in the emerging new sectors like Engineering, Machinery building and metal manufacturing grew faster than that of traditional and consumer product industries[3]. Most significant change in the industrial scene is, however, the emergence and dominance of public sector in recent years[4]. This development set new standards of amenities for workers and new norms of management and social responsibility. While much could be said about the efficiency or otherwise of public enterprises, it is an unchallenged fact that these enterprises paid better wages and provided unprecedented social overhead facilities at the industrial complexes set up in different parts of the country. Besides, spread of education and technological orientation of industrial structure had a direct impact on the quality of work force. Stagnation of traditional manufacturing industries and strengthening of higher technology units substantially altered the composition of the workers at various points of industrial operations. These units and traditional units with doses of modernisation preferred literate workers to non-literate ones[5].

Preponderance of public sector and changes in the composition of workers had an important bearing on the labour management scene of India. Besides, setting new standards of wages and amenities, these units introduced new techniques of recruitment eliminating the Mukadams or intermediaries. This change amounted to the development of the persona-

ity of workers with rights of self assertion. The new class was sensitive to the non-financial demands like participation in management and insensitivity of managements to this social urge became more proclaimed and apparent. Beginnings of rational recruitment policies in recent years may perhaps be traced to similar techniques followed by the public sector.

ASPIRATIONS AND FRUSTRATIONS :

As already stated the Constitution, the Plan documents, Industrial Policy Statements and the official utterances at Labour Conferences persistently proclaim socialist attitudes towards economic policies and programmes. It is asserted that benefits of economic development must accrue more and more to the relatively less privileged classes of society. These assurances, however, remained ineffective due to,

- (1) Dilution of real income resulting from failure to hold the price line;
- (2) Lack of horizontal equality in the absence of national wage policy;
- (3) Sectional and regional differences in income and social environment; and
- (4) Widespread unemployment and inability of the growth sectors to cope with the growing labour pressures.

While the story of unbridled inflation needs no reiteration, a brief statement would suffice to show how the real income of the workers eroded fast in recent years. With the onset of planning the Index of wholesale prices (Base 1949) went down from 101 in 1950-51 to 96 in 1955-56. It, however, continuously rose during the subsequent plan periods. In terms of common index number, the all-commodity wholesale prices Index went up from 100 in 1952-53 to 224 in 1970. During the last decade the Index of Real earnings of Factory Workers went down from 100 in 1961 to 98 in 1969[6]. This, however, scarcely records high prices that the common man paid outside the open market during all these years.

It is a well known fact of our distributional pattern that the grains of productivity have not been equally shared with those engaged in production.[7] Studies reveal how index of productivity per unit of labour increased much faster than the index of real wages. Here two aspects of the problem demand attention. First, the rate of growth of rewards of different participants in productive enterprises were highly dissimilar and second, that the rewards of similar participants in different enterprises differ widely. The wage structure of employees working in the private and the public sectors, or in State and Central sectors or in local and the state sectors or in the rural and the urban sectors, vary too widely to claim a plain fall within the umbrella of national wage policies designed with a social purpose.

Regional imbalances in economic growth give another twist to the entire problem of labour welfare and employee morale. Levels of investment through central projects differ widely from state to state, thus providing different infrastructure facilities from State to State with varying levels of aggregate demand and industrialisation. It is not therefore surprising to see that the level of earnings differ widely between neighbouring states thereby sowing the seeds of frustration and unmorale. This is illustrated by the following figures of per capita annual earnings of workers in Manufacturing industries in some of the neighbouring states.

*Per Capita Annual Earnings, 1961*

	Rs.
Rajasthan	761/-
Punjab	1174/-
Uttar Pradesh	1264/-
Bihar	1856/-
West Bengal	1410/-

The problem takes still serious edges when one visualises that higher levels of wages in manufacturing industry of a certain state do not indicate higher level of economic development of the entire region. Thus, while Bihar has one of the highest paid industrial worker in the country, it ranks as low as fifteenth in terms of per capita income indicating a very low level of economic achievement. This is also substantiated from the fact that the State has a comparatively small number of industrial workers per one lakh of population.<sup>[9]</sup> Existence of small islands of heavy industries in the area is the obvious explanation for the situation. It needs no statistics to say that creation of higher income cells in a poor economy without efforts to pull up the periphery does create unfavourable climate for stable labour relations.

It is relevant to stress that the economic efforts during the era of planning failed to solve the problem of unemployment. The backlog of unemployment has increased year after year and plan after plan. During the decade ending 1970 the number of applicants on live registers increased from 18 lakhs to 40 lakhs, recording an increase of 122%. The Industrialisation during all these years remained too inadequate to absorb the flow of working population resulting from natural growth and urbanisation. The structure of national economy remains nearly unaltered. At 1948-49 prices the percentage contribution of Mining, manufacturing and small enterprises was 16.7% and it was the same figure in 1967-68. The only visible change relates to 'other services' viz., Professional and liberal Arts, Govt., domestic services and house property. It is obvious that this sector rising from 16% in 1950-51 to 24% in 1967-68 reflects the prosperity of selected professions



and property rentals in urban areas<sup>[10]</sup>. Employment in private sector mainly expanded in trade, commerce and services with sluggish rise in manufacturing sector<sup>[11]</sup>. This trend may also be explained by the capital intensity approach of the private sector. While productive capital per given value added registered an increase, the number of employees for the same value declined. During the period 1959-66, the number of workers per Rs. 1000 of value added declined to 58%. Further there was a 4% fall in the share of wages and salaries during this period. The situation further worsens when one notes that private employment in Agriculture, livestock forestry and fishing—the dominant sector of the economy was nearly stagnant during the last decade and the marginal increases in employment merely reflect a larger statistical coverage<sup>[12]</sup>. Extra share of labour in the increase in value added was negative during 1955-65<sup>[13]</sup>. It is important to note that increasing unemployment and inability of the growth sectors to increase employment opportunities in the organised sector has created the sticky attitude of the employees resulting in lower labour harmony in recent years. This desirable change need not be studied in isolation as the total picture is not happy when one notes that the number of industrial disputes and successful strikes as also the number of longer strikes (30 days or more) has substantially increased during the last decade.<sup>[14]</sup>

#### CONCLUSIONS :

This hurried survey of the employment, labour and industrial scene throws a few conclusions in bolder relief. Indian economy has trodded a long weary way in an attempt to transform itself into a modern industrial economy but the pace of growth has been slow and inadequate to employ increasing labour force in a fruitful manner. The emergence of new industrial sectors, the cultural impact of industrialisation and new standards set by the public sector have added new norms of labour amenities and aspirations of workers. Inability of the administration to hold the price line and consequent dilution of real wages, lack of horizontal equity of income distribution, regional and sectoral wage policy and widespread unemployment and inability of the growth sectors to cope with the growing labour force have all added to the worsening labour relations. Lack of efficient administration of labour laws and egalitarian approach of employers toward management problems, have made at best a marginal impact on labour relations. Lasting solutions would depend on (i) effective steps for improving faster economic growth which would increase employment opportunity and maintain stability of prices, (ii) distributional justice, both vertical and horizontal so that a climate of confidence in the operation of the economy is created, and (iii) implementation of a crash programme of providing social and economic overheads to rural sector so that the ills of unbridled urbanisation are averted and wider areas are put in the industrial net.

## Foot Notes

- [1] While only 29% of strikes were 'successful' in 1961, the figure rose to 35 by 1969. Number of Strikes with a longer duration (more than 30 days) increased from 8% in 1961 to 14% in 1968. Indian Labour Year Book, 1968, Labour Bureau-GOI, Part X *passim*.
- [2] According to NSS Report No. 134, annual income of Agricultural Household was Rs. 695 as against Rs. 1540/- earned annually by industrial worker in 1961.
- [3] Thus while Textile industries formed 40% of Factory Employment in 1951, the figure came down to 25% in 1969. Again, Employment in Machinery Industry (including Electrical Machinery) quadrupled between 1955 and 1965 although total employment in Factories increased from 27 lakhs to 47 lakhs. No. of Tea factories declined.
- [4] Employment in public sector increased faster after industrial programmes started during the Five Year Plans. Employment in manufacturing sector increased from 2 lakhs in 1956 to 39 lakhs in 1970. (India Pocket Book of Information-GOI & Labour Statistics).
- [5] During 1961-69, the number of workers employed in cotton textile factories stagnated around 12 lakhs, that of workers in Machinery (including Electrical Appliances and Transport Equipment) increased from 6.6 lakhs to 10 lakhs during the same period. Table 2.3, Labour Statistics, G.O.I. 1971. Some textile units with modernisation recruited only workers who had passed High School examination.
- [6] Indian Labour Statistics, 1971, GOI Tables 4.8 and 5.5.
- [7] For instance, advertisements of Investment Companies like Bajaj Investment Corporation show how value of investments has doubled in many cases in as short as a 3 year duration.  
Index number of productivity of industrial workers increased from 100 in 1955 to 171 in 1961 but the relative index of real wages remained at 126—Report on a Framework for Incomes & Price Policy p. 75.
- [8] For instance, the shares of Rajasthan and West Bengal in the total investment in Central Industrial Projects were 0.6 and 18% respectively (Alternative Policies for the Fourth Plan, Kerala State Planning Board, 1969).
- [9] Report of the Working Group on Identification of Backward Areas, Planning Commission, 1969, *passim*.
- [10] Economic Survey 1969-70, G.O.I. p. 63.
- [11] Employment in Private Manufacturing sector rose only by 25% between 1961-1969. Relative figure for Trade and Commerce was 130% and for services 200%. —Ibid p. 95.
- [12] Ibid p. 95.
- [13] Goel R. M., "Labour and Capital Inputs and Employees share in Indian Industries." Indian Labour Journal, May, '71.
- [14] Separation Rate of factory workers went down from 2.11 in 1961 to 1.68 in 1969. Longer duration strikes made 14% of total strikes in 1968 as against 8% in 1961. (Indian Labour Statistics, 1971 Table 8.3).