

A study on strengthening labour relations in liberalization in few districts in Haryana

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Abstract

Liberalisation is the process of liberating the economy from various regulatory and control mechanisms of the State and of giving greater freedom to private enterprise. Liberalisation can be defined as, "Unilateral or multilateral reductions in tariffs and other measures that restrict trade". The impact of liberalization on labour relations is thus of vital importance for the question of what strategy public-service providers follow in liberalized markets. Companies in Gurgaon and Faridabad are providing good facilities and few companies like Maruti Suzuki India Ltd., Honda Motorcycle and Scooter Pvt. Ltd., Richo India Ltd., Imperial Auto Industries Pvt. Ltd. Jaico Steel Fastners Ltd. and Maharani India Ltd are doing very well. These companies are providing all four facilities in a proper way and workers are doing jobs in these companies are feeling well and they have good views about their companies so they are hardworking and have much more dedication towards quality of the products. Some other companies are also doing well but social securities and job status are at low stage in Gurgaon and Faridabad. However, overall functioning of the companies are not bad. Many workers are satisfied for the facilities providing by the companies. But in Sonapat and Rohtak, the situation is not good only two companies are trying to do well but in social securities and job status, these are also at low position and others are at very low position. At the time of data collection, some workers told that the companies are taking much more benefits from the Government behind the curtain of Liberalization and Privatization but these benefits are providing to the employees in paper record only. In fact, implementation is not up to mark and it is only in favor of companies not in favor of the development of the Employees, Society, Economy and Country. It cannot create smooth coordination, cooperation and labour relations. If the companies want to strengthen good labour relations, these companies have to provide sufficient facilities to the employees so that they can give their 100% for the better of the companies.

Keywords: labour relations, liberalization, Haryana

1. Introduction

Liberalisation is the process of liberating the economy from various regulatory and control mechanisms of the State and of giving greater freedom to private enterprise. Liberalisation can be defined as, "Unilateral or multilateral reductions in tariffs and other measures that restrict trade"

The impact of liberalization on labour relations is thus of vital importance for the question of what strategy public-service providers follow in liberalized markets. As the services under discussion are public services, which means that they are essential for the well-being of many citizens, competition should not only focus on lowering prices, but also on facilitating innovation, improving quality and expanding accessibility. In order to avoid competition that is primarily carried out at the expense of the employees, liberalized markets need a strong labour regulation that creates a common level playing field for all competitors and makes it possible to follow a high-road strategy.

The promotion of liberalization of public services has been one of the core political projects in India. It has been justified by the expectation that the creation of new markets would lead to greater efficiency and would promote both more economic growth and social wealth. Since 2000, the advanced liberalization policy of growing parts of public services has also become a core element of the Indian strategy, which aims "to make the Indian Union the most competitive and dynamic economic area in the world – an economic area which is able

to link sustainable economic growth with more and better jobs and a stronger social cohesion."

While liberalization, above all, is about the introduction of competition in formerly protected markets, the question of what parameters companies should compete on has widely been neglected in liberalization and privatization discourses. Although there are many different forms of competition, companies can essentially follow two different strategies: they can either compete on quality and innovation, which includes elements such as innovative products, high service quality, efficient and productive organisation of work and production (including a well-trained and motivated workforce) etc., or they can compete on labour costs, by lowering wages, extending working hours or using special forms of employment linked with lower labour costs (e.g. self-employed workers, subsidized employment).

The first approach can be described an innovation and quality-driven competition model that follows a *high-road strategy* to corporate success.

The second approach tends to ensure a downward spiral with deteriorating wage and employment conditions resulting in a *low-road economic survival strategy*. Of course, if allowed to do so, companies will always try to lower their wage costs, especially in labor-intensive sectors with a high proportion of labour costs. Regulations, including industry-wide collective agreements that prevent companies from adapting a low-road strategy, are therefore all the more important.

2. Need for Liberalisation

- Brings flexibility in the operations of business organisations.
- Covers the way for globalisation
- Helps companies to compete with other companies at international level.
- Saves time, efforts and money of business enterprises.
- Reduces cost of production and distribution
- Increases efficiency, productivity and profitability of business organisations.

3. Privatisation

Privatisation is the process of transferring an enterprise or industry from the public sector to the private sector. The public sector is the part of the economic system that is run by Government agencies. Privatization may involve either sale of government-held assets or removal of restrictions preventing private individuals and businesses from participating in a given industry.

Privatization is an ongoing trend in many parts of the developed and developing world. Proponents of privatization maintain that the competition in the private sector fosters more efficient practices, which eventually yield better service and products, lower prices and less corruption. On the other hand, critics of privatization argue that some services -- such as health care, utilities, education and law enforcement -- should be in the public sector to enable greater control and ensure more equitable access.

The term has alternate meanings within business and finances. For example, if an individual or organization purchases all the stock in a publicly-traded company, that effectively makes it private, so that process is sometimes described as privatization. However, in contrast to the primary understanding of privatization, the company in question is in the private sector to begin with and remains there.

Liberalization and Privatisation have far-reaching consequences for the established labour- relation regime (LRR), defined as coherent set of institutions (statutory regulations, collective bargaining and employee representation) regulating labour relations in a particular sector. With the creation of new markets and the transformation of former public entities into profit- oriented organizations, the companies affected are put under significant competitive pressure. Since many of the affected sectors, such as postal services, public transport or hospitals, are labor-intensive with labour costs making up two-thirds of total production costs, the reduction of labour costs is a core element in improving competitiveness. Labour costs can be reduced by rationalizing production processes (substituting machines for workers) or by lowering wages, extending working hours or using cheaper forms of employment. In order to save labour costs, liberalized and privatized companies have tried to withdraw from the traditional more expensive LRR of the public sector and set up new forms of regulation. As a result we have seen the emergence of new LRRs which often have *no or only weak links to the old LRR of the public sector*. This includes far-reaching changes in collective bargaining, wage levels, and employment conditions.

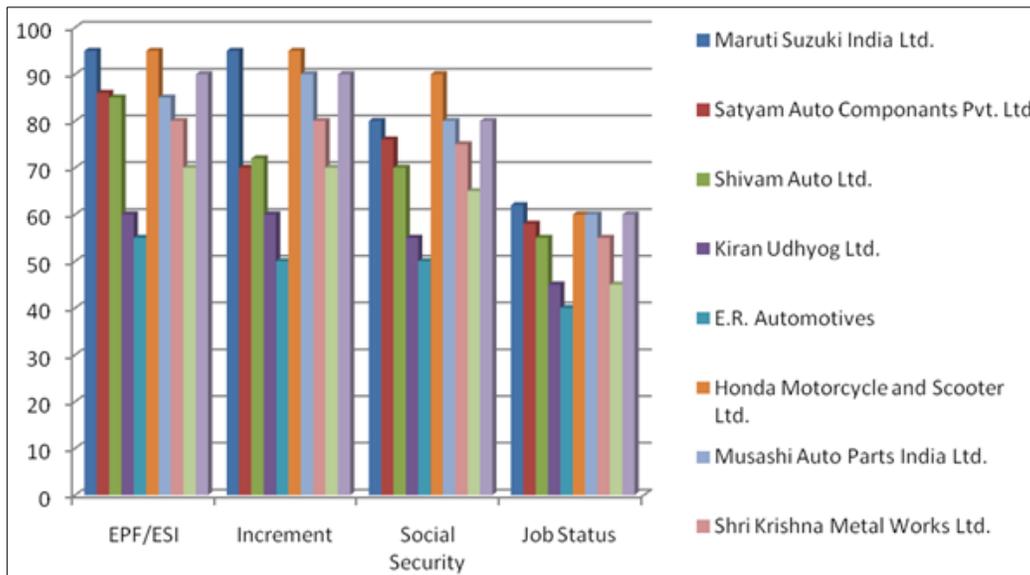
4. Data Analysis and Discussion

A survey was conducted in Gurgaon, Faridabad, Sonapat and Rohtak to know the reality about the impact of Liberalization and Privatisation on labour relations in various automobile companies / factories on various issues like EPF, ESI, Allowances/Increments, Social Securities and Job Status. At the time of data collection, it was discussed at various levels of workers that what they think about the future and progress of their company. Different people told different views that are discussed below:

Table 1: Companies in Gurgaon

S. No.	Name of the Company	EPF/ESI	Increment	Social Security Medical / Maternity / Employee Accidents	Job Status Permanent / Casual / Contract
1	Maruti Suzuki India Ltd.	95	95	80	62
2	Satyam Auto Componants Pvt. Ltd.	86	90	76	58
3	Shivam Auto Ltd.	85	72	70	55
4	Kiran Udhyog Ltd.	60	60	55	45
5	E.R. Automotives	55	50	50	40
6	Honda Motorcycle and Scooter Ltd.	95	95	90	60
7	Musashi Auto Parts India Ltd.	85	90	80	60
8	Shri Krishna Metal Works Ltd.	80	80	75	55
9	Minda Furukarea Ltd.	70	70	65	45
10	Richo Auto Ltd.	90	90	80	60

(<30%= Very Low, 30%-49%=low, 50%-75%=Moderate, >75% Strong)



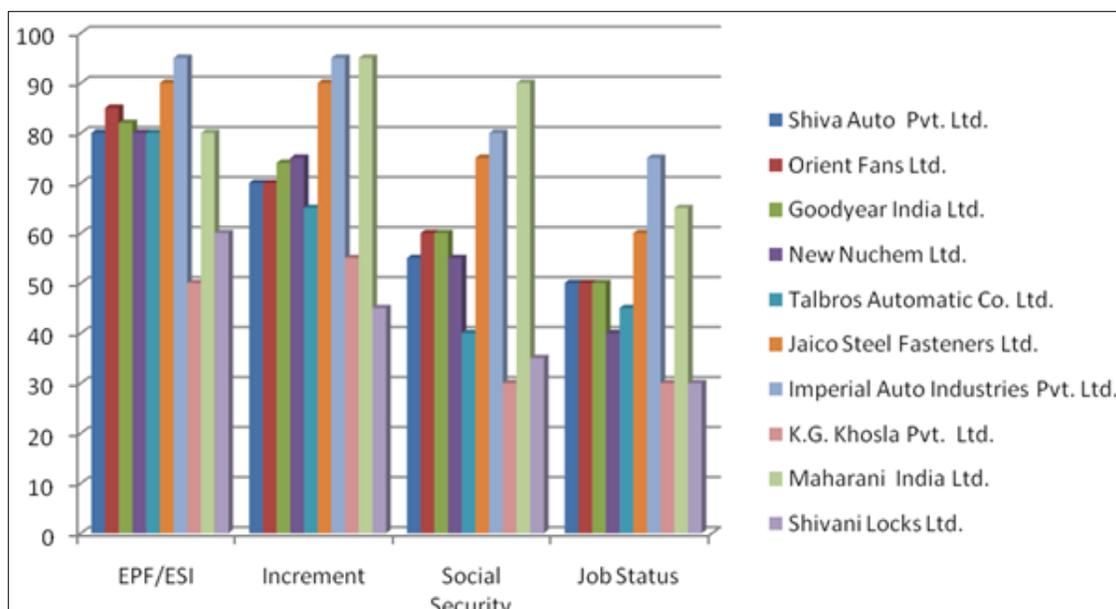
The above data shows that only two companies i.e. Maruti Suzuki India Ltd. and Honda Motorcycle and Scooter Ltd. are very reputed companies. These are showing their strong position in above terms. These companies are providing all above facilities in proper way. In Liberalisation and Privatisation, most of the rules and regulations are

implementing by these companies, keeping in view, the future of employees as well as company. Musashi Auto Parts India Ltd. and Richo Auto Ltd. are also doing well. Some others are good and most of the workers working in these companies are feeling well and few companies are at low positions but labour relations are also good.

Table 2: Companies in Faridabad

S. No.	Name of the Company	EPF/ESI	Increment	Social Security Medical/Maternity/Employee Accidents	Job Status Permanent / Casual / Contract
1	Shiva Auto Pvt. Ltd.	80	90	55	50
2	Orient Fans Ltd.	85	90	60	50
3	Goodyear India Ltd.	82	85	60	50
4	New Nuchem Ltd.	80	75	55	40
5	Talbro's Automatic Co. Ltd.	80	65	40	45
6	Jaico Steel Fasteners Ltd.	90	90	75	60
7	Imperial Auto Industries Pvt. Ltd.	95	95	80	75
8	K.G. Khosla Pvt. Ltd.	50	55	30	30
9	Maharani India Ltd.	80	95	90	65
10	Shivani Locks Ltd.	60	45	35	30

(<30%= Very Low, 30%-49%=low, 50%-75%=Moderate, >75% Strong)



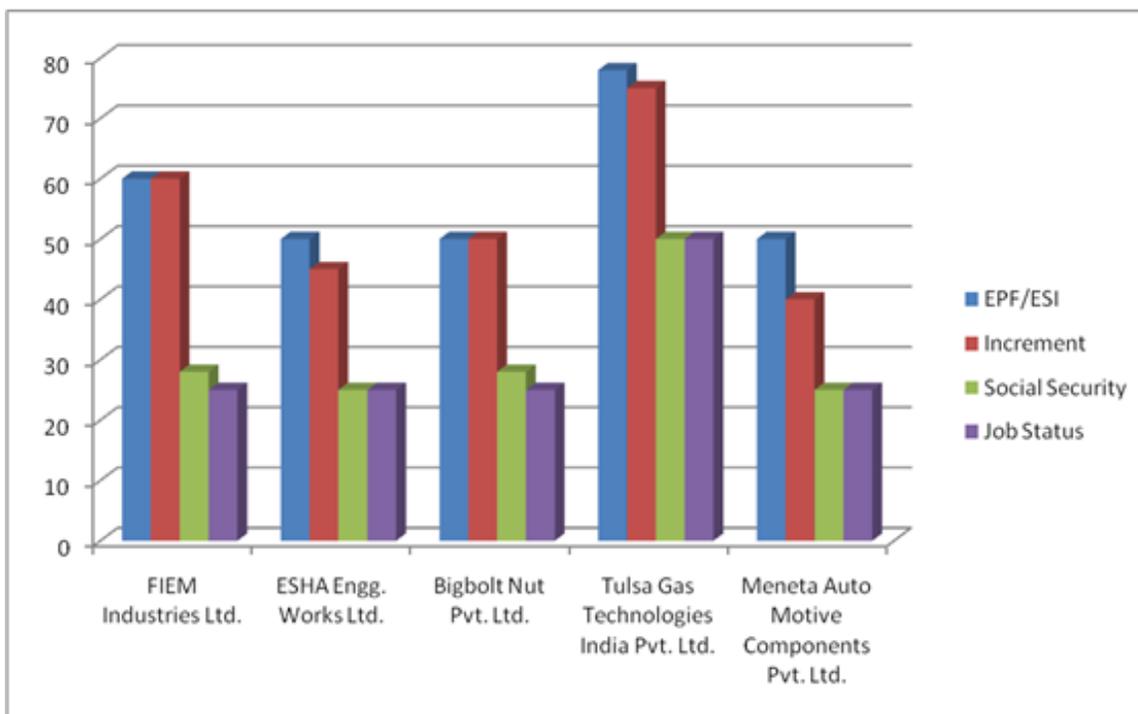
In Faridabad, Imperial Auto Industries Pvt. Ltd. Jaico Steel Fastners Ltd. and Maharani India Ltd. companies are doing very well as per data shown in the above table. Few others like Shiva Auto Pvt. Ltd., Orient Fans Ltd. and Goodyear India Ltd.

are also doing well. But others are showing low position in above table. Social Securities and Job Status are very poor because these companies are taking work on daily wages or on contract basis. In these situations, workers are not feeling well.

Table 3: Companies in Sonapat

S. No.	Name of the Company	EPF/ESI	Increment	Social Security	Job Status
				Medical/Maternity/Employee Accidents	Permanent / Casual/ Contract
1	FIEM Industries Ltd.	60	60	28	25
2	ESHA Engg. Works Ltd.	50	45	25	25
3	Bigbolt Nut Pvt. Ltd.	50	50	28	25
4	Tulsa Gas Technologies India Pvt. Ltd.	78	75	50	50
5	Meneta Auto Motive Components Pvt. Ltd.	50	40	25	25

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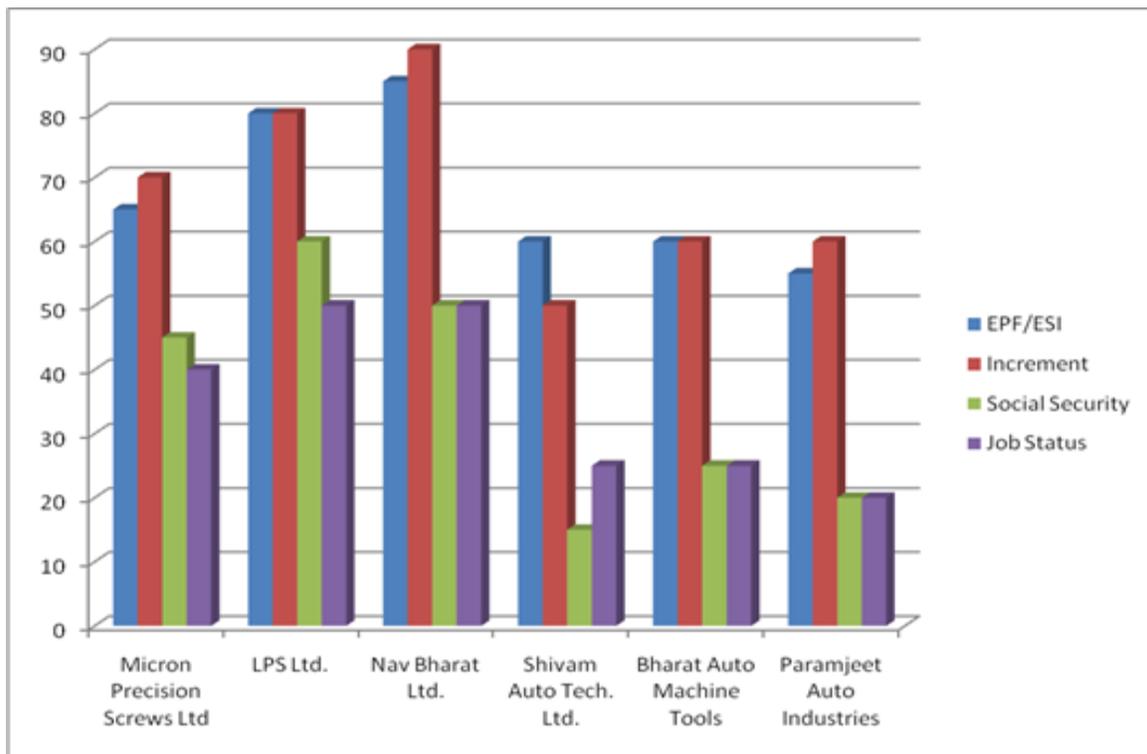
In Sonapat, all above five companies are not doing very well as per collected data. All companies are giving 40-60% facilities to the workers except Tulsa Gas Technologies India Pvt. Ltd. but Social Securities and Job Status are very low. At

The time of data collection, when we asked about the company, most of the workers are telling against the policies of the companies.

Table 4: Companies in Rohtak

S. No.	Name of the Company	EPF/ESI	Increment	Social Security	Job Status
				Medical/Maternity/Employee Accidents	Permanent / Casual / Contract
1	Micron Precision Screws Ltd	65	70	45	40
2	LPS Ltd.	80	80	60	50
3	Nav Bharat Ltd.	85	90	50	50
4	Shivam Auto Tech. Ltd.	60	50	15	25
5	Bharat Auto Machine Tools	60	60	25	25
6.	Paramjeet Auto Industries	55	60	20	20

(<30%= Very Low, 30%-49%=low, 50%-75%=Moderate, >75% Strong)



In Rohtak, only two companies named LPS and Nav Bharat Ltd. are performing well. Micron Precision Screws Ltd. is also providing 40 -70% facilities but other two companies are not doing well, few facilities are provided by these companies at very low status.

5. Conclusion

Keeping in view of the above discussion, it is pertinent to say that Companies in Gurgaon and Faridabad are providing good facilities and few companies like Maruti Suzuki India Ltd., Honda Motorcycle and Scooter Pvt. Ltd., Richo India Ltd., Imperial Auto Industries Pvt. Ltd. Jaico Steel Fastners Ltd. and Maharani India Ltd are doing very well. These companies are providing all four facilities in a proper way and workers are doing jobs in these companies are feeling well and they have good views about their companies so they are hardworking and have much more dedication towards quality of the products. Some other companies are also doing well but social securities and job status are at low stage in Gurgaon and Faridabad. However, overall functioning of the companies are not bad. Many workers are satisfied for the facilities providing by the companies. But in Sonapat and Rohtak, the situation is not good only two companies are trying to do well but in social securities and job status, these are also at low position and others are at very low position. At the time of data collection, some workers told that the companies are taking much more benefits from the Government behind the curtain of Liberalization and Privatisation but these benefits are providing to the employees in paper record only. In fact, implementation is not up to mark and it is only in favour of companies not in favour of development of the Employees, Society, Economy and Country. It cannot create smooth coordination, cooperation and labour relations. If the companies want to strengthen good labour relations, these companies have to provide sufficient facilities to the

employees so that they can give their 100% for the better of the companies.

6. Suggestions

- Government should appoint the permanent controlling authorities and these authorities should be changed monthly so that fixing system can be avoided because controlling agencies do not take proper action, these meet with the company's authorities.
- As per complaints of the employees, record should be audited properly and Form 16 and ITR should also be verified.
- Most of the companies, do not appoint permanent employees, they take work from daily wages or contractual basis workers. So, Government should take necessary action against this system.

7. References

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