



## **CHAPTER: 1**

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**CHAPTER:-1**  
**INTRODUCTION**

Industrial development is not what the Industrial development was in the past and the industrial development of tomorrow is not going to be what industrial development is today. Particularly in an era of liberalization with the entry of multinational's in the industry sector. Industrial development has played a vital role in accelerating economic development of different countries. How the Indian Industry is reacting or should react to change of this economic scenario is a crucial question which has not been yet address at a serious level?

The economic performance of a country affects its entire people and, therefore, most of them have curiosity about it. This is especially true of developing countries, as the process of development transforms a society in fundamental ways. In the process, people who mental ways, people who for generations, have toiled in the fields, leave the lands and migrate to the cities looking for work in Industries. Inevitably, this creates social turmoil, and governments in their efforts to contain it, comes out with policy changes.

However, almost every government policy is been set by some controversy or the other and so is the case with the New Industrial Policy [NIP] announced by our government in the year 1991. The controversies stem from the different criteria used for measuring performance, which in turn, may be based on differences in ethical priorities and/or differences in perceptions. Therefore, everyone is eager to seek clarifications on these issues. <sup>1</sup>

We do observe that all the industrially advanced countries have their own national industrial policy, which indicate as well as determines a reasonable relationship between the state and private enterprises, between industry to industry and between the region to region. In the developing economy like India, state has emerged as an important agency of industrial development ultimately aiming at a socialistic pattern of the society.

The present study deals with issue of the "New industrial Policy and its impact on industrial Relations".

### **1.1 RATIONAL OF THE STUDY**

Immediately after the attainment of Independence, the industrial relations situation started deteriorating rapidly. There was a phenomenal increase in the number of

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<sup>1</sup> *Sinha A. K., New Eco Policy of India Rest Liberalizing the economy for the 21<sup>st</sup> Century, Published by Deep and Deep Publication. 2003*

industrial disputes mostly over wages, leading to a substantial loss of production. Realizing that industrial peace was sine qua non for progress on the industrial as well as economic front, the central government convened in the year 1947, a tripartite conference consisting of the laborers, and government. The spirit of the conference was incorporated by the government of India in its declaration of Industrial Policy Resolution of 1948.<sup>2</sup>

After so many years of implementation of this strategy, we have seen what actually happened, there was a mixed bag of successes and non-successes. On the positive side, we did develop a strong industrial base, self-sufficiency to a great extent, and developed one of the largest pool of technical and professional manpower. On the negative side our industry got insulated. There was reduced competition. A casualty of reduced competition is always slow innovation, poor quality and high cost. Demand for in excess of supply led to high rates of inflation. The service sector got neglected. The fear of emergence of monopolies led to fragmented capacities. Economy of scale was not a parameter to be considered. This pushed up our cost and, equally important, capital cost per unit of production.<sup>3</sup>

To meet this particular situation faster change were needed in attitude, objectives, strategies, systems, structure, style

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<sup>2</sup> Sharma S. D.- *Industrial Labour Laws*, Published by Allahabad Publication, ed. 2002

<sup>3</sup> *Ibid* 2

of operations and policies. These changes can be brought about only by development of human resources, by motivating them and empowering them to adapt to the changing scenario and face challenges. Here, human resource development includes the motivation, development, retention and maintenance of human resources.<sup>4</sup>

The question of this stage could be that, how does the New Industrial Policy have an impact on industrial relations?

Maybe the New Industrial Policy has no direct impact on the industrial relations but indirectly it does influence the several important dimensions.

## **1.2 IMPORTANCE AND SIGNIFICANCE OF THE STUDY**

The present study may be useful in making certain changes in the NIP Strategy like lessening the burden at the Courts by setting up separate Industrial Policy courts. After completing the present study, the research may be able to throw more light on the judicial trends towards its proactive attitude which has already started translating the directive principles of state policy into fundamental rights and the directive.

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<sup>4</sup> *Ibid* 2

### **1.3 OBJECTIVES OF THE STUDY**

- The prime object behind conducting the study on this relevant topic is "To study the impact of the New Industrial Policy on industrial relations."
- To achieve a sound, harmonious and mutually beneficial labor management relation.

To avoid unhealthy atmosphere in the industry especially work

#### **Stoppages, go-slow, "gheraos", strikes, lockouts.**

- To establish and maintain industrial democracy.
- To help the economic development of the country.
- To help the government in making laws.
- To examine the reaction of the New Industrial Policy as per the industrial relation and also the proposed changes in the labour laws by the government of India.

### **1.4 HYPOTHESIS OF THE STUDY**

To conduct this study following hypothesis has been formulated.

- ❖ The New Industrial Policy [NIP] on the Indian economy will definitely imbibe high technology and integration of Indian economy with world economy.

- ❖ The New Industrial Policy will lead India to path of economic development and prosperity.
- ❖ With the advent of NIP, there will be an impact on the production.
- ❖ With the advent of NIP the employment scenario is likely to change with more and more companies coming into India and with the increase in requirement of manpower the equation of employment will change. As there will be changes in the equation of employer's relationship due to NIP, this poses a great challenge in retraining the workers in the changing environment.
- ❖ With the advent of NIP, whether there is likely to be a change in the trade union, movement in India, Trade union in the new world order
- ❖ With the advent of NIP, whether there may be an increase in the number of industrial disputes.
- ❖ The New Industrial Policy will have an impact on the labour laws. With the changes in the labour law will affect the industrial relations and grievances in the Indian Industrial scenario.
- ❖ The provisions relating to NIP & other concern enactments are enough to hold on such type of impact on industrial relation.
- ❖ Role play by the judiciary towards the implementation of NIP & its impact on industrial relations.

## **1.5 METHODOLOGY OF THE STUDY**

As the study is socioeconomic and related to legal field a purely doctrinal method has been adopted because it was not possible to study present work by experimental method. This study will help us to examine the impact of multidimensional changes on industrial relations due to the fast changing scenario being thrown up due to the implementation of New Industrial Policy.<sup>5</sup>

The relevant information is collected from various statutory enactments. The relevant material is collected from primary and secondary sources. Material and information are also collected from both legal & socioeconomic sources like published work, national and international journals, paper presented at various seminars and web sites on relevant topics.

## **1.6 SCHEME OF THE STUDY**

The entire study is divided into different chapters:

Chapter 1 of the present study makes an introductory portion, the objectives, rationale and methodology of the study.

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<sup>5</sup> R K Sinha, *Industrial Labour Laws*, Published by New Law House, ed. 2002

Chapter 2 reveals the concept, need and role of Industrial Policy in India. This chapter also reveals that the industrial development has been examined. It was felt a long term historical perspective of industrialization would help us to have a better understanding of the modern industrial development of the country.

Chapter 3 expresses the concept of the Industrial Relations and also its growth and structure of Industrial relations. This study covers all the approaches of Industrial relations which is crux of this study. Now this study also reveals the evaluation and development of Industrial relations during the planning period.

Chapter 4 expresses the Evaluation at New Industrial Policy 1991

Chapter 5 reveals the legislatives aspects from the various sectors which has affected due to the implementation of New Industrial Policy on Industrial Relations.

Chapter 6 examines the nexus between the New Industrial Policy and Industrial Relations. Both New Industrial Policy, 1991 and Industrial Relations examined to measures the outlook of the total impact on the different sectors. This chapter also guides how the future trends at the Industry after the implementation of the New Industrial Policy.

Chapter 7 expresses the some important notable suggestions and also put the concluding remark of the said study as discussed earlier.

Chapter 8 relates to the Judicial Response on Industrial Policy and Industrial Relation

Chapter 9 Suggestions and Conclusions

### **1.7 UTILITY OF THE STUDY**

The main purpose for the selection of this topic because cordial relations in the industry has always been the goal of any industry. This study will help us to examine the impact of multidimensional changes from the management perspective on industrial relations due to the fast changing scenario being thrown up due to recent changes in Industrial Policy.

Through this study we can know the overall impact of New Industrial Policy on Industrial Relations.

The present study highlights the nexus of NIP & it's impact on various laws like Employers and workman (Disputes) Act, 1860, labour laws, Industrial Dispute Act, 1947 & various other legislations.

Thus the New Industrial Policy a new economic environment and rapid changes occurring in the world, throw up very exiting time for the industrial relations professionals.