



NEOLIBERAL REFORMS & INDUSTRIAL RELATIONS IN INDIA AN OVERVIEW

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Abstract

The significance of good industrial relations lay stress on harmonious relations between the labour and capital which leads to the numerous benefits such as higher productivity, high morale, fair benefits to workers, operation of long-term agreements through collective bargaining, establishment of industrial democracy, and facilitating changes in technology and innovative systems. A planned economy like India aiming at the realisation of social justice and welfare of the masses can function effectively only in an atmosphere of industrial peace. The present study, on the basis of official time series estimates, attempts to analyse comprehensively the effects of new liberal policies on the industrial relations scenario in the country particularly in the post reform period of the last 38 years (1981 to 2018). The study reveals that the overall magnitude of industrial conflicts in the economy has declined in the post-reform period particularly due to the steep decline in the share of strikes on all the dimensions. The post-reform industrial relations scenario has been dominated by the increased intensity of lockouts (both-individual & social).

Keywords: *Economic Reforms, Employers' Militancy, Lockouts, Strikes, Social Intensity.*

1. Introduction

The global economic environment has undergone a radical change during last three decades such that the Globalization of Neo-liberalism has become a central theme. This strategy of Neo-liberalism values the free-market competition and relies upon the free market as the most efficient means of resource allocation thereby reducing the state intervention in socio-economic affairs to the minimum level. During early nineties, Government of India switched to these neoliberal policies through the LPG process and were the continuation of the policies of mild-liberalization adopted since 1970s and 1980s. These neoliberal policy measures were initiated to replace the earlier Nehru Mahalanobis Strategy of state-sponsored industrialization approved in the IPR-1956 wherein private sector was placed under rigid control through licensing and thus empowered the public sector in all spheres. India's conscious selection of this strategy of state sponsored industrialization on lines with Feldman Model "was adopted as an anathema to the market-based paradigmrationale behind this strategy had been that machines would produce more machines.....industries using these machines would grow in downstream.....thus generating not only employment but also investible surplus in the long run." (Chatterjee 2003).

As asserted by Bimal Jalan (2002) that an important assumption in the choice of this strategy was the attainment of higher economic growth and the generation of public savings which could be used for higher levels of investments, but overtime the actual results of this strategy proved far below expectations. The public sector which was supposed to generate investible resources even for the growth of the rest of the economy, gradually proved a net drain on the society as a whole as reflected in the financial crunch during 1991-92 manifested in alarming fiscal and BoP deficit, running inflation rate, negative industrial and agricultural growth, and the lowest GDP growth since independence.

These negative imbalances necessitated the immediate stabilization and restructuring of the Indian economy. The policy reforms in India flagged under the Structural Adjustment Programme (SAP) and

the Stabilization Programme aimed at restoring fiscal and BoP stability and also at the deregulation, liberalization and the globalization of Indian economy. The SAP “aimed to advance the economic efficiency by attacking the fundamental features of the economy that are, in the ultimate analysis, seen as laying at the root of the macroeconomic imbalances, such as the relationship between the state and market and between the national economy and the world economy” (Nayar 2001a). The new policy regime made a major shift towards reliance on the market – a paradigm shift – “what critics called a U-turn - from the public sector domination to the market, openly and enthusiastically embracing globalisation and integration of the Indian economy into the world economy and initiating the dismantlement of physical controls along a broad front of the Indian economy” (Nayar 2021b).

2. Neoliberalism and Labour Market Variables

During the early nineties, Govt. of India initiated these neoliberal reforms with the expectations that these reforms would usher in a more competitive environment as also improve efficiency and the rate of economic growth. The economists differed widely on the likely impact of structural reforms. The optimists envisaged the replication of the East Asian miracle in India, while, the pessimists especially the working class and the trade unions vehemently opposed this radical policy shift largely because the LPG policies conveyed a message of Survival of Fittest in line with social Darwinism that only strong and worthy will survive in the market. The labour unions were apprehensive that these policies will give rise to unbridled employers’ militancy and may lead to the informalization, casualisation and contractualization of employment without any social security safety nets, segmentation of workers’ union with no commonality of interests and hence the weakening of the collective bargaining power of the unions.

Today, more than three decades later, these reforms have manifested in the abolition of licencing except in some sensitive areas (defence, nuclear power etc); reduced size of public sector, divesting of equity in public sector; freer access to foreign capital; virtual abolition of quantitative restrictions on imports; and a significant reduction in import duties. Also, the positive outcome of the LPG reforms in all sectors of the economy have been realised especially in terms of increased efficiency, competitive strength and improved productivity at macro level. Though there remain grey areas which appear neglected in the wake of ongoing economic reforms i.e. Indian labour market. As Khosla (1992) asserts that “any transition from a highly regulated system to market deregulated approach is not always smooth and therefore some stresses and strains are bound to crop up”. Even Dr. Manmohan Singh (1993), the architect of the modern economic reforms himself asked, “what do these reforms portend for workers...Security to the workers cannot exceed security to the country...what limited security we have been able to give, is available only to a small number of privileged workers I recognise that these are difficult issues and there has to be an informed debate which may lead to a broad national consensus being evolved in the wider interest of the country”.

3. Objective and Methodology

Sound industrial relations are the key to the productivity and efficiency of an economy as they lead to uninterrupted production, reduced industrial disputes, high morale of workers and the reduced wastage of manpower, material and machines. Unlike other factors, labour is a living factor of production and is essentially a partner in social and economic development. Therefore, against the backdrop of above-mentioned apprehensions, the present study on the basis of official time-series data attempts to analyse the effects of neo-liberal policies on IRS in India at three main dimensions i.e., the number of total disputes, workers involved and the time lost. Further, the pre and the post-reform reference period is taken as 1981 to 1991 and 1992 to 2018 respectively. Because of the uneven pre and post reform

reference period, the annualised averages have been used to measure the simple growth rate and obtain results closer to reality.

4. Economic Reforms and Industrial Relations: An Overview

Industrial relations in a country are studied by analysing the nature of emerging industrial conflicts in the economy. An industrial dispute is defined as a conflict of opinion between the management and the workers on the terms of employment, over pay and other working conditions. Industrial disputes take various forms of protests. From the point of view of workers, the forms of protests are strikes, gheraos, picketing, go-slow and demonstration etc. From employers' perspective, these disputes take the forms of closures, layoffs, retrenchments, dismissal and lockouts, and result in higher unit costs and falling profits. Two most prominent forms of protests are strikes and the lockouts. A strike is a temporary stoppage of work by a group of employees in a particular industry in order to express a grievance. "Strikes are the symptoms of industrial unrest in the same way as the boils are the symptoms of a disordered human system" (Peterson 1981). A lockout, often termed as the employer's militancy is a retaliatory action of employer, in terms of work stoppage in which an employer temporarily prevents employees from working to accept the conditions of services or withdraw their demands.

Table 4.1, Industrial Disputes Classified by Strikes and Lockouts: 1981 to 2018

Year	No. of Disputes			Noi. of Workers Involved (,000)			No. of Man days Lost (,000)		
	Strikes	Lockouts	Total	Strikes	Lockouts	Total	Strikes	Lockouts	Total
1981	2245	344	2589	1261	327	1588	21208	15375	36583
1982	2029	454	2483	1191	278	1469	52113	22502	74615
1983	1993	495	2488	1167	294	1461	24921	21937	46858
1984	1689	405	2094	1726	223	1949	39957	16068	56025
1985	1355	400	1755	878	201	1079	11487	17753	29240
1986	1458	434	1892	1444	201	1645	18824	13925	32749
1987	1348	451	1799	1495	275	1770	14026	21332	35358
1988	1304	441	1745	937	254	1191	12530	21417	33947
1989	1397	389	1786	1158	206	1364	10659	21968	32627
1990	1459	366	1825	1162	146	1308	10640	13446	24086
1991	1278	532	1810	872	470	1342	12428	14000	26428
1992	1011	703	1714	767	485	1252	15132	16127	31259
1993	914	479	1393	672	282	954	5615	14686	20301
1994	808	393	1201	626	220	846	6651	14332	20983
1995	732	334	1066	683	307	990	5720	10570	16290
1996	763	403	1166	609	330	939	7818	12467	20285
1997	793	512	1305	637	344	981	6295	10676	16971
1998	665	432	1097	801	488	1289	9349	12713	22061
1999	540	387	927	1099	212	1311	10625	16162	26787
2000	426	345	771	1044	374	1418	11959	16804	28763
2001	372	302	674	489	199	688	5563	18204	23767
2002	295	284	579	900	179	1079	9665	16921	26586
2003	255	297	552	1011	805	1816	3205	27050	30255
2004	236	241	477	1903	169	2072	4828	19037	23865
2005	227	229	456	2723	191	2914	10810	18864	29674

2006	243	187	430	1712	98	1810	5318	15006	20324
2007	210	179	389	606	118	724	15056	12111	27167
2008	240	181	421	1513	65	1578	6955	10479	17434
2009	167	178	345	1793	74	1867	8075	9547	17622
2010	199	172	371	989	85	1074	13150	9980	23130
2011	179	191	370	645	90	735	4697	9761	14458
2012	133	185	318	1221	86	1307	2843	10094	12937
2013	103	155	258	1774	64	1838	4045	8600	12645
2014	119	168	287	1062	96	1158	2998	8097	11095
2015	119	31	150	745	13	758	2787	2125	4912
2016	70	27	97	948	13	961	2258	2788	5046
2017	87	25	112	749	14	763	2580	2654	5234
2018	69	17	86	734	9	743	1685	1464	3149
Annualised Average for Pre and Post-Reform Period									
1981-1991	1596	428	2024	1208	261	1469	20799	18157	38956
1992-2000	739	443	1182	771	338	1109	8796	13837	22633
2001-2010	244	225	469	1364	198	1562	8263	15720	23982
2011-2018	110	100	210	985	48	1033	2987	5698	8685
1992-2018	369	261	630	1054	200	1254	6877	12123	19000
Growth over Pre-Ref. Period (%)	-77	-39	-69	-13	-23	-15	-67	-33	-51

Source: i) Labour Bureau (Govt. of India), Annual Reports (1998 to 2006)
ii) CSO (Govt. of India) Statistical Abstract India, 1982 to 2006-07
iii) Labour Bureau (Govt. of India), Indian Labour Statistics, 2014, 2020.

The overview of industrial relations scenario for the period 1981 to 2018 (Tables 4.1 and 4.2) reveals that during the entire period, the incidence of strikes and lockouts have varied from year to year. The magnitude of industrial conflicts in the country was relatively high in the pre-reform period particularly that of strikes. In absolute terms, the total number of disputes during the pre-reform period (1981 to 1991) was around 22266 wherein 17555 (79%) conflicts were on account of strikes and the remaining 4711 (21%) disputes occurred due to the lockouts. As estimated number of 16.16 million workers were involved in industrial conflict. Of the total, 13.3 million (82%) workers were involved in strikes. The total quantum of time loss amounted to 428.5 million man-days. Of the total time loss, the proportion of strikes was relatively high at 228.8 million man-days (about 54 % of total time loss). In contrast, during the post-reform period (1992 to 2018), there has been an overall decline in the incidence of industrial disputes in the economy especially in terms of the occurrence of number of disputes and the resultant time lost on account of these disputes. In absolute terms, the total number of disputes declined from 22266 to 15294 – a decline of about 31 percent over the pre-reform period. However, it should be noted that this overall decline in the industrial conflicts has been mainly on account of low incidence of strikes in total disputes, number of workers involved and man-days lost in the post-reform period. On the contrary, IRS in the post reform period has been mainly dominated by the increased occurrence of lockouts especially during the period 1992 to 2000, and thereafter the incidence of lockouts too has followed the downward trajectory particularly during the last phase (2011 to 2018) of reform period.

Table 4.2, Composition of Workers Involved & Man-days Lost in Strikes and Lockouts 1981 to 2018.

Years	No. of Disputes			No. of Workers Involved (,000)			No. of Man-days Lost (,000)		
	Strikes	Lockouts	Total	Strikes	Lockouts	Total	Strikes	Lockouts	Total
1981-1991	17555 (79)	4711 (21)	22266 (100.0)	13291 (82.2)	2875 (17.8)	16166 (100.0)	228793 (53.4)	199723 (46.6)	428516 (100.0)
1992-2000	6652 (62.5)	3988 (37.5)	10640 (100.0)	6938 (69.5)	3042 (30.5)	9980 (100.0)	79164 (38.9)	124537 (61.1)	203700 (100.0)
2001-2010	2444 (52.0)	2250 (48.0)	4694 (100.0)	13639 (87.3)	1983 (12.7)	15622 (100.0)	82625 (34.4)	157199 (65.6)	239824 (100.0)
2011-2018	879 (52.4)	799 (47.6)	1678 (100.0)	7878 (95.3)	385 (4.7)	8263 (100)	23893 (34.4)	45583 (65.6)	69476 (100.0)
1992-2018	9975 (58.6)	7037 (41.4)	17012 (100.0)	28455 (84.0)	5410 (16.0)	33865 (100.0)	185682 (36.2)	327319 (63.8)	513000 (100.0)

Source: Calculated from Table 4.1

For a close approximation, an analysis of the average number of disputes per year for the pre and post reform periods is presented with the help of three indicators (Table 4.1). In the pre-reform period, the average number of disputes was estimated at 2024 which declined to 630 per annum during the reform period. Similarly, the average number of workers involved in industrial conflicts declined from 1.46 million in the pre-reform period to 1.25 million workers per annum in the post-reform period. The average time lost fell from 38.9 million in the pre-reform period to 19 million man-days per annum in the post-reform period. In percentage terms, the average decline of total disputes on the three parameters have been 69 percent, 15 percent and 51 percent respectively in case of total disputes, workers involved and time loss.

It should be noted that the decline in the industrial conflicts in the post reform period has mostly been due to the declining trends of both- strikes and lockouts, but this declining trend is attributed mainly to the steep fall in the incidence of strikes. During the reform period, the average conflicts on account of strikes tumbled to 77 percent, 13 percent and 67 percent respectively on the three perspectives, while the deceleration of conflicts on account of lockouts has been mild i.e., 39, 23 and 33 percent. The declining trend of strikes and rising dominance of lockouts in industrial relations scenario in the country during the post reform period is further confirmed from Tables 5.2 and 5.3 depicting that except in case of workers involved, whereas, the number of disputes and the resultant time loss on account of strikes

Table 4.3 ,Annualised Percentage Distribution of Industrial Disputes Classified by Strikes and Lockouts: 1981 to 2018

Year	No. of Disputes			No. of Workers Involved			No. of Man days Lost		
	Strikes	Lockouts	Total	Strikes	Lockouts	Total	Strikes	Lockouts	Total
1981-1991	78.4	21.6	100.0	81.8	18.2	100.0	50.0	50.0	100.0
1992-2000	62.3	37.7	100.0	69.3	30.7	100.0	38.0	62.0	100.0
2001-2010	52.1	47.9	100.0	85.8	14.2	100.0	35.1	64.9	100.0
2011-2018	60.1	39.9	100.0	95.4	4.6	100.0	39.7	60.3	100.0
1992-2018	57.9	42.1	100.0	83.2	16.8	100.0	37.4	62.6	100.0
Growth over Pre-Ref. Period (%)	-20.5	20.5	-	1.4	-1.4	-	-12.6	12.6	-

Source: Calculated from Table 4.1

declined from 78 percent to 58 percent and from 50 percent to 37 percent – deceleration of 20 and 13 percentage points during the reform period, the behaviour of lockouts followed the reverse trend and increased from 22 percent to 42 percent, and from 50 percent to 63 percent- an acceleration of 20 and 13 percentage points respectively for both the parameters. Within the reform period, the steep downward trajectory of the frequency of strikes is attributed mainly to the period 2001 to 2010 and the period 2011 to 2018. Conversely, the rising incidence of lockouts is also manifested the most for these periods.

It can therefore be argued that although the overall industrial conflicts have declined substantially during the post-reform period, this decline is attributed mainly to the low incidence of strikes while the share of lockouts has witnessed a pervasive and continuous rise during the post reform period. “Emboldened by the New Economic Reforms, employers have pleaded for flexibility in labour policy in the name of boosting efficiency and productivity. The state whole heartedly supported the industrialists and big business in this endeavour. This had the natural effect of increasing employer’s militancy” (Dutt 2007). The rise in the share of lockouts in the man-days lost clearly points out that the state gave unbridled power to the business and industrial magnates to punish the workers, whenever they tried to raise their voice against exploitation, oppression and misery. The workers are reluctant to go on strikes

Table 4.4, Number of Workers Involved per Dispute in Strikes and Lockouts & Average Number of Days a Worker was Involved in Strikes and Lockouts: 1981 to 2018

Years	No. of Workers Involved per Dispute		Average No. of Days a Worker was Involved		No. of Man-days Lost per Dispute		Intensity Index of Lockouts
	Strikes	Lockouts	Strikes	Lockouts	Strikes	Lockouts	
	1	2	3=5/1	4=6/2	5	6	7=6/5
1981	562	951	16.8	47.0	9447	44695	4.7
1982	587	612	43.8	80.9	25684	49564	1.9
1983	586	594	21.4	74.6	12504	44317	3.5
1984	1022	551	23.2	72.1	23657	39674	1.7
1985	648	503	13.1	88.3	8477	44383	5.2
1986	990	463	13.0	69.3	12911	32085	2.5
1987	1109	610	9.4	77.6	10405	47299	4.5
1988	719	576	13.4	84.3	9609	48565	5.1
1989	829	530	9.2	106.6	7630	56473	7.4
1990	796	399	9.2	92.1	7293	36738	5.0
1991	682	883	14.3	29.8	9725	26316	2.7
1992	759	690	19.7	33.3	14967	22940	1.5
1993	735	589	8.4	52.1	6143	30660	5.0
1994	775	560	10.6	65.1	8231	36468	4.4
1995	933	919	8.4	34.4	7814	31647	4.0
1996	798	819	12.8	37.8	10246	30935	3.0
1997	803	672	9.9	31.0	7938	20852	2.6
1998	1205	1130	11.7	26.1	14059	29428	2.1
1999	2035	548	9.7	76.2	19676	41762	2.1
2000	2451	1084	11.5	44.9	28073	48707	1.7
2001	1315	659	11.4	91.5	14954	60278	4.0
2002	3051	630	10.7	94.5	32763	59581	1.8
2003	3965	2710	3.2	33.6	12569	91077	7.2
2004	8064	701	2.5	112.6	20458	78992	3.9

2005	11996	834	4.0	98.8	47621	82376	1.7
2006	7045	524	3.1	153.1	21885	80246	3.7
2007	2886	659	24.8	102.6	71695	67659	0.9
2008	6304	359	4.6	161.2	28979	57895	2.0
2009	10737	416	4.5	129.0	48353	53635	1.1
2010	4970	494	13.3	117.4	66080	58023	0.9
2011	3603	471	7.3	108.5	26240	51105	1.9
2012	9180	465	2.3	117.4	21376	54562	2.6
2013	17223	413	2.3	134.4	39272	55484	1.4
2014	8924	571	2.8	84.3	25193	48196	1.9
2015	6261	419	3.7	163.5	23420	68548	2.9
2016	13543	481	2.4	214.5	32257	103259	3.2
2017	8609	560	3.4	189.6	29655	106160	3.6
2018	10638	529	2.3	162.7	24420	86118	3.5

Source: Calculated from Table 4.1

due to various reasons such fear of job security, concern about the futility of strikes and recognition of the imperative need to consider the survival of enterprise as a pre requisite for job and income security.

Intensity of Lockouts and Strikes

This section analyses the trends in the intensity of both lockouts and strikes. The individual intensity of a lockout/strike is judged by the average number of days a worker involved in

Table 4.5, Selected Indicators of Intensity of Strikes and Lockouts: 1981 to 2018

Years	No. of Man-days Lost per Worker		Relative Individual Intensity of Lockouts over Strikes	No. of Man-days Lost per Dispute (,000)		Relative Social Intensity (Lockouts)
	Strikes	Lockouts		Strikes	Lockouts	
	1	2		4	5	
1981-1991	17.2	69.4	4.0	13.0	42.3	3.2
1992-2000	20.0	40.9	2.0	11.9	31.2	2.6
2001-2010	6.1	79.2	13.1	38.8	69.8	1.8
2011-2018	3.0	118.3	39.0	27.1	57.1	2.1
1992-2018	6.5	60.2	9.2	18.6	46.5	2.5
Growth over Pre-reform Period	-62	-13	130	43	10	-22

Source: Calculated from Table 4.1

strike/lockout. The social intensity of a lockout/strike is judged in terms of the number of man-days lost per dispute. The trends in high individual intensity of strikes/lockouts lead to personal hardships and sufferings for the workers, while high social intensity causes loss of production and national income. In both cases, the longer the duration of strike/lockout, the greater the hardships to the workers and to the society. The trends in individual and social intensity of strikes or lockouts (Table 4.4 and 4.5) reveals that in the pre-reform period (1981 to 1991), the individual intensity of lockout is estimated at 69.4 man-days while that of strikes it is only 17.2 man-days respectively. In relative terms, it indicates that in the pre-reform period, the individual intensity of lockouts was about four times that of strikes. During the post-reform period, the intensity however declined to around 60 man-days (by 13 percent) and 7 man-

days (a decline of about 62 percent) over the pre-reform period respectively. But the relative intensity of lockouts over strikes have been about 9 times high (130 percent) in the post-reform period. Therefore, though the individual intensity of lockouts over strikes had been already high (4 times) since the 1980s, suggesting the accomplishment of growing personal hardships and sufferings of working class due to marginal rise in the relative individual intensity of lockouts over strikes especially during the advent of 21st century and that too during the period 2011 to 2018 which witnessed a record high intensity of lockouts (39 times) over the strikes. Therefore, the average number of man-days lost per worker on account of lockouts as against that of strikes has further increased significantly during the post-reform period particularly during 2001 to 2010 and 2011 to 2018.

It is observed that the relative social intensity of lockouts has been 3.2 times that of strikes mainly because of the rising incidence of lockouts during the late 1980s. During the reform period, the relative social intensity of lockouts has weakened throughout the 1990s and during the first decade of the present century, but witnessed a mild rise during the second decade. The relative social intensity of lockouts for the entire post reform period has been 2.5 times that of strikes indicating a decline of about 22 percent over the pre-reform period. The relative social intensity of lockouts over strikes registered a marginal decline in the post-reform period yet remained very high at 2.5 as compared to that of strikes. The role of strikes has weakened over time in this respect. The intensification of lockouts has grown significantly with the speeding up of the reform process. The adoption of modern technology has shifted power in favour of management rather than the workers.

5. Conclusion

The complete upshot of industrial relations during the pre- and post-reform period analysed above therefore suggests that the overall magnitude of industrial conflicts in the economy has declined in the post-reform period particularly due to the steep decline in the share of strikes on all the dimensions. The post-reform industrial relations scenario has been dominated by the increased presence of lockouts especially during the later phases of reform process reflecting the employers' unbridled militancy. The rising relative individual intensity and social intensity of lockouts over strikes confirms a further increase in the personal hardships and sufferings of working class after the initiation of the reform process.

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