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Evolving Role of Trade Unions in India

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Abstract

Trade unions have been recognized as institutions for organizing and protecting rights of labour since the advent of industrialization. However since the beginning of liberalization, privatization and globalization policies gained dominance in the world, their role is undergoing transformation the world over. This paper examines the history of trade unionism in India, factors responsible for change in the role of trade unions and evolving role of trade unions as institutions of industrial relations.

Keywords: trade unions, Labour relations, blue-collar workers, Labour reforms

Introduction

The emergence of Trade Union movement in India started with the modern factory production system. Prior to that, though mining and plantation industries were employing large nos. of workers, but there were no organizations of workers as it was difficult to organize these workers.

Between 1850-60, cotton textiles, jute mills and railways were established by the British, which emerged as the face of industrialization in India. Cotton textiles in particular were one of the first

industries to be unionized. These three were major pillars of the trade unions in India.

During the freedom movement, trade unions were patronised by political parties and the freedom movement helped trade unions to be recognised as legal labour organisations to promote the interests of the working class in the organised sector of the economy.

Trade unions during the immediate post-independence period preferred state-led planned industrialisation model. The socialist ideology encouraged formation of tripartite structures of consultation like the Indian Labour Conference, wage boards, Central Industrial Relations Machinery, joint management councils etc. The idea was that these institutions should be used to reduce the areas of conflict by encouraging dialogue. In case of failure by dialogue, the government used the instrument of compulsory adjudications, by appointing state as well as national level courts and tribunals.

The result was that trade unions felt that the state has given them a respectable place to voice their concerns and thus they were able to enjoy with the help of the state good amount of power to protect and promote the interests of labour. This period was marked by a social cohesion between the state and the trade unions to improve the conditions of the working class. The policies of the state were in favour of the working class.

Liberalisation Model: Change in the Nature of the State and Labour Relations

The economic reform process in India formally started in 1991, adopted the Liberalisation, Privatisation and Globalisation, popularly referred to as the *LPG, model* of development. In other words, the country accepted the market-based strategy to accelerate development with least amount of state intervention. This had an impact on the trade unions and state-Labour relations as well. The state started strengthening the capitalist class as they were considered as the chief instrument to promote development.

The capitalist as a class—Indian as well as foreign—argued for and aggressively lobbied for labour reforms. A new meaning was given to the term ‘labour reform’ which implied mainly the power to hire and fire workers, freedom to determine wages according to the market demand and supply and freedom to organize work as per the need of the employer without interference from either the state or unions.

Although the state did not undertake ‘labour reforms’ by introducing a new legislation to legitimise the demand of the capitalist class, it definitely worked to reduce state intervention. Consequently, the employers used different methods to reduce the size of the labour, by decentralising production and even sub-contracting for various operations to small businesses. This led to reduction in the growth of jobs in the organised sector and increase in the share of the informal sector in industrial employment. Regular workers were replaced by contract workers to reduce wage costs, so that business firms could compete in the market. This started the process of weakening the trade unions. Lockouts were used by the employers to retrench workers. This process gathered momentum in all State irrespective of the political ideology of the ruling party. This further weakened the trade unions.

Reduction of Employment in the Public Sector

Post LPG, the state itself started the process of ‘shedding the load of surplus workers’ by adopting various methods like freeze on fresh recruitment, by offering workers voluntary retirement schemes (VRS). It is estimated that the public sector accounted for 60 per cent of reduction in employment in the organised sector in the post liberalization era. The process of privatisation of state enterprises, by the instrument of disinvestment, further led to a decline in organized employment and as a result, dilution of collective bargaining.

Contracting Base of the Trade Unions

With increasing demands for more skilled workers in the –sunrise sectors, especially in the IT sector, a new class of managers and skilled workers are being recruited by business firms.

Business firms offer high wages and perks to these knowledge workers and further promise frequent promotions on performance or merit basis. Consequently, a new class of highly paid workers is emerging—they do not like to be members of trade unions, but form their own associations to seek more benefits. These workers place individual interest at a higher level than group interest.

Interestingly, instead of getting affiliated to unions supported by political parties, the employees are organising independent industry-wise unions; for example, the United Forum of Bank Employees, the National Co-ordination Committee of Electricity Employees and Engineers (NCCOEE) are examples of these types of unions.

The rise of independent unions has also weakened the role of politically affiliated unions. Politically affiliated unions have shown a change in attitude with the change in the ruling party. For instance, the INTUC cooperated with the Congress Government during the Emergency, and reversed its attitude towards the government when Janata Party came to power. Similarly, the CITU, an affiliate of the CPI-M, does not force the West Bengal Government to check the rampant phenomenon of lockouts, but is very vocal in other States as a defender of labour rights. The Left unions play a different role in States ruled by the Congress or BJP, but connive with the governments in Left-ruled States.

Moreover, attempts of merger among major politically affiliated unions have not succeeded in India. The CITU and AITUC, while they believe in —workers of all lands unite as suggested by Marx, have failed to come together. The Left unions treat the BMS, the biggest trade union, as an untouchable and would not cooperate with it in any struggle. There are occasions when unions have come together but parted ways as soon as the struggle came to an end.

All these tendencies show absence of unity among trade unions which are politically affiliated. This is exploited by both the government and the employers.

Labour Flexibility

The business class in India has been pressurising the state to permit labour flexibility in business, which implies the right to retrench labour, to permit business firms to replace regular workers with either temporary or contract labour etc. for rationalizing wage costs to compete with goods from cheap labour manufacturing nations, particularly China, with a view to reduce costs so that firms can face competition while earning reasonably good profits. Though the state, due to strong resistance by the trade unions, did not amend section VB of the Industrial Disputes Act, 1947, in practice, it permitted downsizing the labour force as also increasing the percentage of workers employed as contract workers. Data provided by the Annual Survey of Industries indicates that the total number of workers employed by factories declined from 62.8 lakhs in 1999-00 to 60.8 lakhs in 2003-04. However, the proportion of contract workers increased from 19.7 per cent in 1999-2000 to 24.6 per cent in 2003-04. The Labour Department has been granting permission for closures more liberally in recent years, thus facilitating labour flexibility.

The changing face of state in labour relations was also evident from certain reported cases of repression of the working class which have further weakened the trade unions.

A few instances are: the Government of Haryana unleashed ruthless violence by the State Police against striking workers in Honda Motorcycles. The Government of West Bengal also used both the police and CPM cadres to repress people in Singur so that the Tata Motors can establish their small car factory. The government promised compensation to displaced farmers, but provided pretty little compensation to displaced tenants whose livelihood was destroyed. The UP Government used ESMA (Essential Services Maintenance Act) and the National Security Act (NSA) in the UP Electricity Board's strike in January 2000. The Tamil Nadu Government enacted Tamil Nadu ESMA in September 2002 to suppress the State Government employees' strike. It also armed itself with radical powers to deal with another strike by its employees and teachers in 2003.

Role of Judiciary

Whereas during the sixties and the seventies, the judiciary played a very pro labour role in protecting the rights of labour, there is a sea- change in its role after the introduction of reforms.

The Supreme Court judgment in 2003 in Tamil Nadu State Government employees' case declared that the government employees have –no fundamental, legal, moral or equitable right to go on strike. The judiciary had also reversed its own judgment on contract labour absorption in the case of SAIL. This was a big blow to the trade unions who were opposing flexibility of labour. All these judgments indicate that whereas the workers and trade unions could seek redress of workers' abrogation of labour rights from the judiciary earlier, in recent years, there appears to be a compact between the state and judiciary to promote the LPG model of development.

Trade Unions and Emerging New Sectors

New sectors, such as Information Technology (IT), Business Process Outsourcing (BPO) and Retail Sector, with large potential for increasing employment opportunities, are emerging. They engage a large number of blue-collar workers as well as knowledge workers.

The knowledge sector employees get hefty pay packets which give them a certain kind of arrogance

not to be a part of trade unions with other industrial workers. Individual bargaining is the key mode of determining rules of employment relationship. These employees of the IT and BPO sectors are called 'cyber coolies' since they have to work for long hours and always suffer from tension arising out of the attitude of the employer to 'hire and fire' at any time. They also become victims of emotional stress resulting in nervous and physical disorders. The government wants to declare the IT and BPO sectors as 'public utilities'. The trade unions are making efforts so that workers in IT and BPO sectors are permitted to become members of unions. Other additions to the list are Retail Sector and Special Economic Zones (SEZs). The strategy of the government is to exempt the Retail Sector from the purview of Shops and Establishment Act. In the name of promotion of exports, earlier Free Trade Zones were exempted from the application of labour laws. Now SEZs are being also declared 'public utilities' so as to provide them the exemption from labour laws. The unions are faced with two sets of challenges: first, they have to convince workers to shed their class arrogance and be part of the broad labour movement; second, the trade unions have to force the government not to go ahead declaring any sector as

'public utility'. Both challenges are quite formidable in the new business environment.

International Labour Organisation -ILO and trade unions

According to ILO estimates, 1.39 billion workers worldwide – almost half of the world's total workforce, and nearly 60 per cent of the workers in the developing countries - do not earn enough to lift themselves and their families above the US \$2 a day poverty line. **Millions of workers have no direct representation, no social protection and engage in survival activities.** Inequality between and within countries is increasing. Indeed, the vast majority of people are not sharing in the benefits of globalization and shaping it. (ILO-2005)

Trade unionism is a means for workers to liberate themselves from poverty and social exclusion. Workers use trade unions as their representative voice to demand their rights and improve their living and working conditions. The formation of trade unions was a reaction against the mechanisms of pauperisation, notably: low pay, long working hours, child labour and generally appalling working conditions. Trade unions can become an effective tool for workers to escape

poverty, exploitation and the violation of their basic human dignity. It also means organising collective

bargaining and other forms of negotiations and creative social dialogue and engagement. Furthermore, it means organizing effective trade union participation in the design and implementation of public policy based on the ILO Conventions. Finally, it means engaging in the struggle for democratic governance, decent employment and quality public services, with full access for the unemployed, underemployed, and working poor.

Labour standards, in particular, those dealing with freedom of association and collective bargaining are crucial in securing decent working conditions and social progress. In this respect, certain categories of workers, most of whom are women, are particularly vulnerable to denial of, or restriction to basic rights. These include workers in the export processing zones, those in the informal economy, in the rural sector, migrant workers, and domestic workers. Examples of trade union campaigns in South Africa and the Dominican Republic testified to the intensity of the struggle that has to be waged and to the challenges confronting trade unions including anti-union repression, unfair dismissals, poor working conditions, lack of social protection, absence of health and safety measures, low wages etc. Organizing workers and defending their rights remains a dangerous business.

The annual survey of the International Confederation of Free Trade Unions (ICFTU), says that a total of 145 people worldwide were killed in 2004 due to their trade union activities, 16 more than the previous year. The report documents over 700 violent attacks on trade unionists, and nearly 500 death threats. It says that —trade unionists in many countries continue to face imprisonment, dismissal and discrimination, while legal obstacles to trade union organizing and collective bargaining are being used to deny millions of workers their rights .

Conclusion

Thomas (1999) in his paper raises a number of issues which reflect on the role of the labour movement in general and argues more specifically that unions need to play an active role in the development processes and broad transformation, particularly in the underdeveloped and emerging economies.

Similarly, Hyman (1999) remarks that in many countries unions have come to be perceived as conservative institutions, which protect the interests of only the –elite among the workforce.

The liberalisation, privatisation and globalisation model has generated an anti-labour economic environment in the post-reform period as against the pro-labour environment in the pre-reform period. The manifestation of new ideology can be observed in a number of ways: Firstly, the collective bargaining power of the unions has been weakened.

As against it, employer militancy has increased in the form of lockouts, retrenchments and closures which lead to shrinkage of employment in the the organised sector. As things stand today, the share of the organised sector has declined to seven per cent and that of the unorganised/informal sector has gone up to 93 per cent. Labour flexibility measures have either replaced regular jobs with contract labour or or they are creating 'bad jobs', which are against the ILO concept of 'Decent Work'. Union penetration in the unorganised sector is only at the

stage of infancy and needs to be fostered at an accelerated pace. In this grim scenario, very little efforts have been made to organise the informal workers by the all-India trade unions. Since the bargaining power of the trade unions has weakened, it is relevant for trade unions to shed the old strategy of confrontation and conflict and shift to cooperation and collaboration. The independent unions, though non-political and strong, have not become very effective in labour penetration and do not have a large following.

One of the critical strategies that unions may want to examine would be to strengthen linkages with other sectors of society. Recognising the many NGOs and action groups, trade unions may think of taking on the role of a mature NGO to act as a bridge between employers and employees. Trade unions in Philippines use the strategy of establishing cooperation with new players (Peoples' Organisations) and NGOs to address workers' issues and concerns, and therefore remain as relevant institutions of the present times (Bighay, 2004).

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