

**EMERGING TRENDS IN INDIAN TRADE UNIONISM
PROBLEMS AND PROSPECTS : A SOCIOLOGICAL STUDY**

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Submitted by

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Certificate

Certified that the dissertation entitled **EMERGING TRENDS IN INDIAN TRADE UNIONISM, PROBLEMS AND PROSPECTS : A SOCIOLOGICAL STUDY**, submitted by **Mr. Santosh Kumar Singh**, is in partial fulfilment of the requirements for the award of the degree of **Master of Philosophy** of this Univeristy. This dissertation has not been submitted for any other degree of this University or any other University and is his own work.

We recommend that this dissertation may be placed before the examiners for evaluation.


Prof. K.L. Sharma
Chairperson


Prof. M.N. Panini
Supervisor

DEDICATED

TO MY 'DADI'

FOR HER LEGACY OF COURAGE

TO THINK AND ACT INDEPENDENTLY.

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Santosh kumar singh
(SANTOSH KUMAR SINGH)

PREFACE

There has been perceptible decline in union membership worldwide. Some of the industrialised countries which had pioneered unionisation and collective bargaining such as the UK and the USA are witnessing gradual decline in unionisation. In the USA it is rather critical as the union membership has declined by nearly 50% during the last two decades (Refer: John Hoerr's article 'what should unions do in the Harvard Business Review, May-June 1991). This phenomenon is being explained in terms of the result of the economic changes taking place all over the globe. The 'Market - Technology - Productivity' combination has changed the face of capitalism. It is being argued that the unions are misfits in the emerging new economic order and are ill-suited to meet the needs of either the workers or their companies.

As a student of industrial sociology, this trend in the labour movement at the global level stimulated me to study the position of the Indian trade unions which are also undergoing similar readjustments and facing formidable challenges in the wake of the New Economic Policy (NEP) announced in 1991. Indian industries responding to the needs of the free market economy are

increasingly becoming capital intensive. The process of economic liberalisation has intensified the measures taken by the employers to survive in the new competitive environment. As it is, Indian unions have been weak owing to rampant politicisation, orthodoxy of leadership with strait-jacket ideologies and inter-union and intra-union rivalries. In the wake of the government's liberal economic policies, there has been growing concern that these rapid changes may further marginalise the unions.

This dissertation attempts to study the emerging trends in the Indian trade union movement taking account of its history. Chapter I introduces the problem and discusses diverse interpretations of the concept and practice of trade unions. This is followed by a brief discussion of the origin and growth of the Indian trade unions during the British rule. Many problems that the unions in India face today originated in the pre-independence phase. Some of the chronic problems like heavy reliance on outsiders for leadership, excessive politicisation, weak organisational networking and the like have its roots in this phase.

Chapter II and III have been entitled pre-1991 and post-1991 phase respectively. The year 1991 is a crucial watershed in the history of India's economic development. The gravity of the changes ushered in by the new economic policy can be understood in its multi-fold implications for every section of the society including the workers. The experiences of the last three to four years suggest the criticality and the significance of such changes for the system of industrial relations in India. This radical shift in policy notwithstanding one can perceive critical continuities between the two phases. This is because of the gradual shift in the government's policy since the late 1980s.

The objective of the study is to provide a general view of the recent trends in Indian unionism through an analysis of its past problems and present challenges. Chapter IV has been titled 'Micro level responses' to denote the changes taking place at the enterprise level. The analysis of the preceding chapters shows the conciliatory mood of labour which is substantiated by some recent unit level developments in the fourth chapter. 'Localisation of the issues' and the 'Individualisation of the workers as a collectivity' - the twin developments at enterprise levels are significant recent changes. Marked

changes have come about in the attitude of the union leaders and their style of functioning. The study here concludes with the assertion that the role of trade unions has become more crucial and central in the changing circumstances and rejects the proposition that unions will lose its relevance in the new environment.

This study could not have been possible without the cooperation of the staff of the Teen Murti Nehru Memorial Library, JNU Library and the Ratan Tata Library. I must thank all of them for their willingness to help.



CHAPTER I

TRADE UNION: ITS MEANING AND PURPOSE

A scientific study of trade unionism requires a clear understanding of the term 'trade union' since there are wide differences in its usage. In common parlance, it is understood to be a voluntary continuous association of wage, salary and fee earners for improving the condition of its members inside and outside the place of employment. Sidney and Beatrice Webb have defined trade union as 'a continuous association of wage earners for the purpose of maintaining and improving the condition of their working lives'.¹ It regulates relations between the workers and the employers and the state in matters of mutual concern such as the terms and conditions of employment, regulation of wages, participation of workers as an organised group in the life of the nation and in many other fields. It has a broader aim of augmenting the welfare of its members and the trade it represents. The unanimity of opinion in the devices and methods of trade union in its organisation, constitution and classes of membership may be lacking but its main objective remains to safeguard the interest of its members. The word trade union has its organisational emphasis

¹ Sidney and Beatrice Webb, 'The History of Trade Unionism', New York, M;Kelley, 1965, p.1.

which in common usage relates to the working class. J.Cunnison, on the other hand, defines trade union as "a monopolistic association of wage earners, who as individual producers are complementary to one another but who stand to the employers in a relation of dependence for the sale of their labour and even for its production; and that the general purpose of the association is, in view of that dependence, to strengthen their power to bargain with their employers."² The workers as a class attribute their labour or personal service for a compensation or an economic return which has provided them a common basis for their organisation to look after their interest.

On the other hand the term has also been extended to incorporate several organisations such as employers association. For instance the Indian trade union Act 1926 defines trade union as "any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relation between workmen and employers or between workmen and workmen, or between employers and employeres or for imposing restrictive conditions on the conduct of any trade or business and includes any federation of two or more trade

² J.Cunnison, 'Social Organisation', p.13.

unions". But this usage of the word is mainly for the purpose of dealing with the legality involved in complex industrial relation systems today. Trade unions are fundamentally workers organisation to protect the interests of its members.

Trade unions today have gained recognition as legitimate social organisations which have become an integral part of contemporary business and industry, inspite of a difficult beginning when any combination of labour was viewed by employers and the government as unlawful and punishable. Trade unions have now emerged as a formidable socio-economic force. This change in attitude came with the realisation that it is difficult to deal with each and every individual worker separately. Workers as a collectivity is rather easier to deal with from the employers point of view. Industrial prosperity requires the cooperation of the process of the production and thus the significance of the trade union as representative of the workers became important despite having interests at odds with each other. One problem that early trade unions faced was the criminal culpability of the members and leaders for taking part in work stoppages, strikes etc. But its relevance was ultimately realised and by legitimising trade unions, the government protected its members from such culpability. Both the society and the employer considered union as imperative

for the smooth economic functioning of society. If trade unions are necessary then the next question obviously is, what social purpose do they serve or ought to serve? There are several theories, namely (i) Marxist theory (ii) The pluralist theory and (iii) The responsible unionism theory.³

MARXIST THEORY :

According to Marx the birth of trade union was possible due to the emergence of the working class or 'Proletariat'. The primary objective of the proletariat was to protect itself from being subjected to capitalists injustices such as unemployment, low wages or long hours of work and ultimately to abolish the system of wage slavery. The central significance of trade union, in Marx's view consisted in their potential for the revolutionary overthrow of the capitalist system. As he saw it, their ultimate purpose is to emancipate the worker from the degrading status of a wage slave. Trade Unions are schools of socialism and organising centres which impart class training to the workers and prepare them for their historic mission. Capitalist system based on inequality and exploitation by siphoning off the surplus generated by the workers, ultimately

³ See E.A. Ramaswamy (1981), 'Industry and Labour: An Introduction', Oxford University Press, Delhi, p.68-84.

creates conditions which converts class -in- itself (*Klasse an sich*) into class-for-itself (*Klasse fur sich*) and that is the real class. In other words so long as a class is not subjectively aware of the objective condition within the production system it remains a category i.e. a class-in-itself. By becoming aware of its objective position, it becomes a class-for-itself i.e, a revolutionary class.

In Marx's view:

"The essential condition for the existence, and for the sway of the bourgeois class, is the formation and augmentation of capital; the condition for capital is wage-labour. Wage-labour rests exclusively on competition between the labourers. The advance of industry, whose involuntary promoter is the bourgeoisie replaces the isolation of the labourers, due to competition, by their revolutionary combination due to association. The development of modern industry therefore cuts from under its feet the very foundation on which the bourgeois produces and appropriates products. What the bourgeoisie therefore produces above all, is its own grave diggers. Its fall and the victory of the proletariat are equally inevitable.⁴

⁴ Karl Marx and F.Engels, 'Manifesto of the Communist Party', Selected work Vol.I (Moscow: Progress Publishers, 1969), p.119.

The relationship between the economic and political purpose of unions is a controversial issue in the Marxist theory of trade unionism. Union pursuit of economic objective is not problematic- all unions everywhere do this. But how is the political purpose to be achieved? While other radicals like syndicalists believe that trade unions are the chosen instrument of socialism and the pursuit of wage demands will eventually emancipate the working class from wage slavery and that the general strike will overthrow capitalism, Marx and Lenin on the contrary hold firmly to the belief that socialist revolutions can only result from the constitution of the working class into a political party different from and opposed to, parties formed by the propertied classes. Marx did not conceive trade union from a purely economic angle. He considered them to be a weapon of larger political struggle.

To Marx:

"The political movement of the working class naturally has its final aim as the conquest of political power for it. For this a previous organisation of working class is naturally necessary which grows out of its economic force themselves".⁵

⁵ See A.Lofovsky, 'Marx and the Trade Union', New York, International Publishers, 1942, p.20.

Later on Lenin distinguished between trade union consciousness and socialist consciousness. The former is reformist and non-revolutionary as they are committed to economism in that, their major activity is to pursue the economic interests of their members and not to destroy the system itself. Socialist consciousness on the other hand is revolutionary because it aims at the overthrow of capitalism.

PLURALIST THEORY :

While Marxists theory sees union objectives in the work place as incidental to their larger social purpose, pluralists on the contrary believe that work place set the limits for its objectives and methods sees unions to have a major role to play in society, though this role is fairly narrowly confined to the work sphere. There are two lines of thought within pluralist theory - (i) The 'wage-welfare' or 'bread and butter' function unionism as represented by American Union and which believe the success of a union is to be judged by the single yard stick of the monetary gain it has won for its members. (ii) This school while not ignoring the wage-welfare function holds that the major function of trade union lies in the checks it imposes on the arbitrary exercise of power by the management in the work place. It is said that American trade

unions are the bastion of bread and butter unionism and they are job conscious unions as opposed to European unions which are class-conscious. Commons pointed out:

"As long as the wage earning class accepts the existing order and merely attempts to secure better wage bargains its goal must eventually be some form of the 'trade agreement', which recognises the equal bargaining rights of the organised employees. Its union is not 'class-conscious' in the revolutionary sense of socialism, but 'wage-conscious' in the sense of separation from, but partnership with the employing class."⁶

In contrast the formulation of union purpose by the British pluralist Flanders, attributes equal importance to the pursuit of material interests and to the pursuit of industrial democracy. Unions have larger political interests apart from securing better concessions from the management through collective bargaining which is unarguably their dominant concern. Flanders considers

⁶ Quoted in O.W.Phelps, 'Introduction to Labour Economics', New York: McGraw Hill, 1961 p.319.

union participation in rule making and enforcement as important a function as obtaining better working hours and wages for its members.⁷

RESPONSIBLE UNIONISM THEORY :

There were various models of trade unionism laid before the less developed countries. In the Indian context, for example, one suggestion which was instantly liked was the proposition of Responsible unionism theory by Asok Mehta. Mehta argued that union should defer immediate wage gains in the larger interests of the country. He advocated that in a less developed country union should concentrate more on production, that is, they should restrain their economic demands and cooperate with the government in whatever manner possible to boost production and help accelerate the process of capital formation. The proponents of this school argue that the unions practice of asking for more and more economic benefits would affect capital formation which is the key to developmental activities. Mehta thus advised - (i) To restrict consumption and (ii) to bring about an increase in the desired level of production with a view towards holding the level of income, price and cost.

⁷ See, A.Flanders, 'Management and Unions', London: Faber and faber, 1970

The restriction on consumption is most essential.⁸

Though Mehta's suggestion found immediate legitimacy among the statesmen and leaders of the third world countries, failed to get similar reaction in the academic circles. For example Kassalow pointed sharply:

"Mehta has posed a stark form of unionism which could only work in an authoritarian or totalitarian society or for a relatively brief period of emotional involvement in the early days of a popular revolution. Labour reaction to industrialisation in a democratic setting simply can not be canalised this way. Labour protest and labour demands are an inevitable reaction to industrialisation and one should start accepting the inevitability. The net result of pursuing the non-consumptionist total sacrifice pattern to the hilt could be the sacrifice of the legitimate social and economic needs of the workers."⁹

⁸ Asok Mehta, 'The Mediating Role of trade Unions in Underdeveloped Countries', Economic development and Cultural change, Vol.6, 1957, p.19.

⁹ Everett, M.Kassalow, 'Unions in the New and Developing Countries', in the authors(ed) National Labour Movement in the Post-War World, North Western University Press, 1963, p.244.

Mehta's thrust on production in Indian situation is strongly contested by E.A.

Ramaswamy:

"Setting aside the basic opposition between the fundamental nature of unionism and expectation that unions will act responsibly one might legitimately ask whether production is in fact the overriding problem in the country like India, consisting of its vast disparities in wealth and privilege. One might say that inequality, poverty and exploitation are problems of a more serious order and they exist not so much because of poor production as because of inequitous distribution."¹⁰

Besides there are other views which are important in understanding the process of industrialisation and gradual evolution of trade unions in India. For example, the model proposed by Clark Kerr et al., contrary to the classical model of Marx and the Webbs which stressed capitalism to be the driving force for the growth of unionism, offers an interpretation that unions emerged in

¹⁰ E.A.Ramaswamy, 'Industry and Labour : An Introduction" ,op.cit, p.70.

response to industrialisation and not capitalism. As he asserts- "industrialisation everywhere creates organisation of workers but they differ widely in their functions: Structure, leadership and ideology" ¹¹ The differences arise due to the characteristic of the elites who lead the march of industrialisation. Kerr identifies five ideal types of elites - (i) Dynastic (ii) Middle class (iii) Revolutionary intellectuals (iv) Colonial (v) Nationalists. So depending upon the elite, unions were guided and motivated accordingly. A brief discussion on this classification will make it clearer.

If the leadership is provided by or it operates under the dynastic elite then obviously as a matter of principle there is little encouragement ^{for workers organisation} to be formed. Even if they exist they perform a limited range of function at local or plant level and thus pose negligible or no challenge to managerial decision.

Encouragement and positive response characterise the leadership in case when it is organised by middle class elite. Here labour organisations are seen positively and union activities centre around the principle of 'job control'.

¹¹ Clark Kerr et al; 'Industrialism and Industrial man: The problems of Labour and management in economic growth', Cambridge, Harvard University Press, 1960, p.216.

Trade unions perform a wide range of function and regulate management at the local and industry level. The protest of the worker is regarded to have some positive value in reforming the weaknesses of the system.

The revolutionary intellectual functions as the 'instrument of party' or agents of the state, and are responsible 'to concur, to stimulate production and to lead the industrial workers on behalf of the ruling elites. Workers are seen as 'dependent class' and workers organisations are not permitted to act independently. Colonial elites view indigeneous workers as dependent on colonial power and the activities of the worker organisation form part of the nationalist movement for independence. Despite being motivated and influenced by the nationalist fervour to get united the possibility remains that they be divided on a wide range of ideological, regional and tactical grounds'. As a result unions suffer from structural incompatibility and often base its foundation on personal leadership.

After independence, industrialisation is guided by nationalist elites. In this phase there is full support and encouragement to the workers organisation as it is extremely condusive for industrial growth. But only those unions that

were loyal and conforming to the nationalist ideals are promoted. Others find it hard to be recognised by the system and thus pose competition and rivalry. In the early phase these organisations operate within the contradictory objectives that is, of ensuring higher wages and improved benefits to the workers and at the same time meeting the requirements of economic development. Consequently to stress their demands they organise peaceful demonstration and protests and that too is not likely by the nationalist elite as it poses hinderance to the industrial growth.

Gandhi's approach of Sarvodaya is of great contemporary relevance which emphasises the co-existence of capital and labour. Gandhi considered trade unions as an essentially reformist organisation whose main function is to raise the moral and intellectual standards of labour. They should also, according to Gandhi, undertake programmes for teaching supplementary occupations to their members so that uncertainty of employment during strikes may be reduced to the minimum. According to Gandhi, unions are not anti-capitalist organisations. They are in the least degree political. Their main aim is to increase their internal struggle, to work conscientiously and to demand from the employer no more than what is rightfully due to labourers.

When the trade union movement began in India there were several western models which provided them varied and useful experience. However it would be naive to state that Indian trade unions tend to be similar to any of these models. No two countries can be alike in terms of trade union structure and dynamics. This is because the trade union structure is directly related to particular socio-economic and political climate. The labour movement in India had its origin in the colonial period and was shaped by the ideological political trends which questioned the legitimacy of colonial rule. During the colonial period trade unionism developed a dependence on political parties to such an extent that the latter dominated the ideology and practice of trade unions in India even after it attained independence. In this the state in independent India also played a crucial role. The following discussion on the origin and the growth of trade union movement in India in the pre independence phase highlights the then socio-political environment in which India trade unionism originated. The case of India and its experience with respect to labour movement sufficiently support the thesis that every social movement and its dynamics has specific social and historical context and to understand it fully it is necessary to locate it in its particular background.

ORIGIN AND GROWTH OF THE INDIAN LABOUR MOVEMENT :

A review of the origin and the growth of the Indian trade unions in the colonial past is essential. For, this phase of labour movement in a way determined the future course of Indian trade unions. Not taking into account this rather challenging and struggling phase, any discussion on Indian trade unions is bound to be incomplete. From the methodological point of view also, phase 1890 onwards is very crucial since many chronic problems that still remains tied with Indian trade unions took its birth in that phase.

Trade unions everywhere is a by-product of the modern factory system. Modern factories brought in their wake everywhere, not only several evils of capitalism such as employment of women and children, long and excessive hours of work and appalling conditions but also snapped the age old direct link between the workers and the employers. As a result workers grievances began to remain unaddressed and their mounting discontent began to find expressions in the form of violent direct actions. Under the British rule Indian industrialisation catered to the interests of industrialists in Britain who were looking for a market for manufactured goods. Though there were substantial number of workers concentrated in extractive industries such as mines and

plantations, they were regimented within various exploitative labour laws such as Breach of Contract Act (1860). Thus this collectivity of labour lacked the basic ingredients and ethos to organise in the modern sense. It had to wait till the first cotton mill was established in Bombay in 1853. With this, and promoted by the infrastructure like laying of railways etc, in the next 50 years cotton textiles developed as major industries. Sporadic labour unrest followed such as the strike at the Empress Mills of Nagpur in 1877 and Bombay textile workers protest in 1884. Ramaswamy notes that 'there were 25 strikes between 1882 and 1890. These strikes were poorly organised and short lived and inevitably ended in failure'.¹²

In 1890 Bombay mill hands association was formed by Lokhande, the first workers organisation in the country. It was essentially a welfare organisation. This was followed by Amalgamated Society of Railway Servants of India and Burma unions of printers in Calcutta and the Postal Union in Bombay. The year 1918 saw the formation of Madras Labour Union under the leadership of B.P.Wadia, a nationalist leader and a close associate of Annie

¹² Ramaswamy, E.A, 'Industry and Labour: An Introduction', op.cit., p.87

Besant. Almost in the same phase in Ahamadabad Anusuyaben Sarabhai had begun doing social work among mill workers which became instrumental in the making of Textile labour association in 1920. In 1917, when the Ahmedabad Mill workers went on strike to demand a wage increase of 50 percent in wages in the form of dearness allowance, Gandhi intervened in the dispute and handled it in his unique way. He felt that a 35 percent increase in wages was justifiable and advised the workers to scaled down their demands. It was like coming of age for the Indian trade union movement, with the foundation of Madras Labour Union, as it was the first organisation to be formed on the lines of a modern trade union. Since the late 19th century as the nationalist struggle for freedom gained momentum the working class movement became intense. The nationalist leaders dominated and guided the labour movement. All India Trade Union Congress (AITUC) was formed in 1920 in response to the formation of the Indian labour organisation (ILO) in 1919 - an international body of labour. A national centre of labour was needed to send representatives to the ILO. Lala Lajpat Rai presided over the first session of the AITUC. Jawaharlal Nehru was also associated with it. Since then it has been a history of gradual splintering on the ideological grounds. As the freedom struggle approached its zenith, the uncomfortable coexistence of opposing ideologies led to the emergence of

Indian National Trade Union Congress (INTUC) in May 1947. Thus AITUC came to be dominated by the communists. In short the nationalist, the socialists and the communists represented the three strands which strongly influenced the labour movement in India. The workers' was not only a struggle against their employers but it also became a struggle against colonial rule due to the impact of the nationalist movement.

The history of labour movement in India reveals a chequered and troublesome fractious developments. Morris-David Morris summarises the situation in the following terms:

"The development of Trade Union is a slow process for reasons inherent in the nature of newly emerging societies. The labour force is mainly unskilled and employers can easily find substitutes for troublesome employees. The traditional environment typically offers no experience with voluntary association capable of coping with relationships of the modern sort. Moreover, workers usually lack the education that might make easier the task of developing appropriate formal organization."¹³

¹³ Morris, David Morris: Contribution in the International Encyclopaedia of Social Sciences. David L.Sills (ed), Vol.VIII, pp.513.

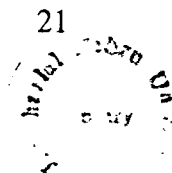
The labour movement relied heavily on social workers, middle class humanitarians and the leaders mainly concerned with the freedom struggle, for organisation and for giving leadership especially at times of struggle. It, however, did more harm than good for the growth of the labour movement. The outsiders dominated the trade unions since then. They did not allow leaders who could understand the problems of workers to emerge from the working class itself. Workers developed a dependency syndrome as a consequence. Morris argues that


‘Wage workers typically frustrated by their limited coercive power at the workplace tend to respond to the broader appeals. However the incorporation of workers’ protest into wider nationalist objectives tend to make it even more difficult to establish any direct collective bargaining relations between the employers and the employees. Nationalist issues blur the immediate workplace objectives of the employees. Moreover, the incorporation of workers’ discontent into nationalist channels tend to limit leadership efforts to establish effective plant organisation.”¹⁴

¹⁴ Ibid: p.514.

The trade union movement in India largely grew as a part of the national movement for the independence during the inter-war era. The formation of a national federation, the AITUC in 1920, preceded the organisation and formation of plant and industry level union on a wide scale. Infact it can be observed that the immediate origin of the AITUC could be found in the need to have a representative organisation of labour to nominate a proper delegation for the ILO conference! The trade union movement in India thus did not grow out of multitude of plant level organisation and occupational guilds but as a result of national level, political, ideological initiative. As a result it was highly political in character and leadership. This phenomenon continued in the post independence period during which the movement got fragmented along political party lines. Clearly, in those formative years the foundation of a labour-centric organisation could not be laid. Activities tended to establish a strong movement backed by labour for attaining macro level political objectives. Ideological differences sharpened labourers' restlessness and militancy but failed to generate

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an environment in which the workers' association could stand as an independent partner in bargaining with the employer.

Workers shared the social responsibility and responded positively to the demands of the community. As it was evident when Bombay mill workers protested against the arrest of Lala Lajpat Rai in 1908 and in many such occasions. But in the process labour movement could not concentrate on its organisational strength. It continues as a major obstacle for the healthy growth of workers unionism. Unlike the experiences of industrialised countries like UK, Indian trade unions did not have strong tradition of craft unionism which in the case of developed countries were able to provide the requisite experiences and cadres on which a sound industrial union could be built.

Trade unions could never really get rid of these problems even after independence. The state took the position of the arbitrator in the relationship between the employer and the employee and the unions almost invariably depended on outside leadership in all these years. The labour movement lacked organisational capacities to forge ahead in independent India. The situation did not improve with independence also because the state favoured pliant unionism.

Infact in 1937 itself the congress party had served notice when it came to power in several provinces when the elections were held by the British for various provincial assemblies. The congress wanted the trade unions to be less militant. 'Congress ministers were not opposed to strikes but they desired that there should not be lightning strikes, and the workers should resort to strikes only after exhausting all other methods of settlements'.¹⁵

¹⁵ Karnik, V.B, 'Indian Trade Unions', Bombay Popular Prakashan (1978), p.125.

CHAPTER 2

PRE-1991 SCENARIO

Once independent, democracy was the obvious choice for India with a welfare state committed to the over-all development of its people on socialist lines. The Nehruvian paradigm of development opted for 'state controlled economy' to ensure that all sections of the society and their interests are equally represented in the emerging socio-economic scenario. However, there has been a great deal of debate regarding the very nature of the Indian state and its economic policy. Whether state has been pro-labour or pro-capital - this remains a debatable issue in academic circles till today. The role played by the state in the institution of collective bargaining in the post-independence phase nevertheless, helps to grasp this complex matter to some extent.

State occupies a central position in the power-matrix of modern society. This is especially more formidable in case of developing countries like India. Everywhere in the realm of industrial relations, state has a significant role to play. In absolute terms there is no industrial relationship any where in the world which is entirely free from state regulation. At the minimum, the state has had to bring forth legislations that would enable workers to combine legally,

and collectively bargain for the terms and conditions of their employment. Industrially developed countries are known for their industrial relations minimally interfered by the state. This, however, does not mean that the state will allow them to freely chart the course of their relationship. The state has broader responsibilities of safeguarding the interests of the consuming public and other matters of national interests. But in any case state regulation does not replace a bargained relationship. As Otto Kahn - Freund observed of Britain: 'All statutory methods of fixing wages and other conditions of employment are by the law itself considered as a second best. All British labour legislation is in a sense, a clause or footnote to collective bargaining.'¹

Contrary to this, state in India has been predominantly active and instrumental in determining the relationship between the employer and the employee. It has been playing not just a role of mediator but also of adjudicator. As a result the organisational character of collective bargaining has been triadic.

¹ Otto Kahn-Freund, 'Legal Framework', in A.Flanders and H.A.Clegg(eds) *The changing systems of industrial relations in Great Britain* (London: Basil Blackwell, 1954), pp.65-66.

Regarding the question of state's position between capital and labour there are extreme views. Marxists categorically affirm that the state is an instrument of capitalist oppression and that 'the executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie.'² Even though away from the 'state will wither away' notion this section of radicalists are convinced that in a liberal democratic situation, the state always favours the interests of the capitalists. On the contrary, the pluralists emphasise the neutrality of the state. In a society with plurality of power distribution, the state will evidently not be an instrument of class oppression. Capitalist class is not a monolithic category as conceded by later Marxists. Thus an autonomous state becomes a prerequisite. But the next question is - if the state is autonomous why does it favour the interests of capital? Miliband in his book 'Marxism and politics' provides an explanation on the basis of three factors - (i) those who control the various wings of the state such as the judiciary, executive, legislature, police and military are from the same class as those who control the economy and culture of the society; (ii) as a pressure group the bourgeoisie wield so much clout by being in command of the economy, that

² Karl Marx and F.Engels, 'Manifesto of the Communist Party', Progress Publishers, Moscow, 1952, p.44.

they pressurise the state in its favour; (iii) the structural explanation that is state favours capital not because of any common personnel or because of the pressure exercised by capital but because of the structural constraints that bear upon it.³

Amidst this debate, one thing which is evident is that both the arguments are constrained within ideological limits. The facts abundantly refute these extreme stands. Ramaswamy rightly observes 'the pluralist and Marxist theorists are equally strait jacketed in explaining the role of the state. If radicals cannot conceive of the state conferring any real benefits on workers, pluralists see no great skew in the distribution of power in society or in an enterprise. Their Doctrinaire rightly draws from nothing less fundamental than their conception of the pressure of capitalism, their view of the historical course of social change.'⁴ Indian state for example in the post independence phase indeed showed labour-friendly approach through its various legal and constitutional measures, to alleviate the condition of workers. Otherwise employers have always opposed labour legislation restricting working hours,

³ See R.Miliband, 'Marxism and Politics', London: Oxford University Press, 1977.

⁴ E.A.Ramaswamy, 'Power and Justice: The State in Industrial Relations', Oxford University Press, 1984, p.20.

regulating the employment of women and children and legitimising the organisation of workers in trade unions. It is not being said that the state did so at the cost of employer but what is important is state nevertheless can be thought of as acting in a manner that goes to serve the interests of labour. To negate this reform aspect in the state, by the radicals is obviously out of tune. A democratic state cannot have a fixed position in the labour - capital dyad. The legitimacy of the state comes ultimately from the people, the masses. It has to make the balance between the two equally important sections of the society - labour and capital dyad. In the post independent scenario the role of the state has been clearly one of shifting positions. Further even where the state took sides in favour of labour, it was not necessarily to the entire labour force. Indian trade unions have been characterised by ubiquitous splintering of the labour movement into rival trade unions. Ramaswamy observes that : The state has as such problem reconciling between the unions as between them and the management. In this situation it is difficult to speak of specific decisions of the state either for or against labour.

Both radicalists and pluralists fail to explain typical Indian situation of industrial relations and the role played by the state in the institution of collective

bargaining. Lindbolm, however, provides a balanced view on the position of the state in its relationship with labour and capital. Lindbolm is able to explain the superior power of capital in liberal democracies even as he provides a berth for the power of labour. The government needs a strong economy just as much as the businessman. Those who wield political power are dependent on businessmen to ensure the overall prosperity which the public expects of the state. Hence, businessmen are not seen as just another pressure group, but as performing functions which the government and the entire society wants them to. Governments in free market societies have always had to stimulate businessmen to perform by offering inducements in the form of wealth, deference, prestige, influence, power and authority. 'Business simply needs inducements, hence a privileged position in government and politics, if it is to do its job.'⁵

In the immediate post independence phase the Indian state brought in plethora of labour laws and legislations aimed at providing better working conditions and other facilities for the workers. Till 1991 the state in India had regulated industrial relations through the following measures:

⁵ C.E.Lindbolm, 'Politics and Markets', New York, Basic Books, 1977, p.175.

(A) INDUSTRIAL RELATIONS ACT :

(i) The Industrial Dispute Act, 1947 was enacted to secure industrial peace and harmony by providing machinery and procedures for the investigation and settlement of industrial disputes by negotiation instead of by trial of strength through strikes and lockouts. This legislation is calculated to ensure social justice to both the employers and the employees.

(ii) The Factories Act, 1948: main objectives of the act were (a) to regulate working conditions in factories and (b) to ensure the basic minimum requirements for the safety, health and welfare of the factory workers. Besides the act envisages to regulate the working hours, leave, holidays, overtime, employment of children, women and young persons etc. The act was amended in 1987 where by, safeguards against use and handling of hazardous substances and procedures for setting up of hazardous industries were laid down.

(iii) The Trade Union Act 1926: provides for registration of trade unions with a view to render lawful organisation of labour to enable collective bargaining. The act also confers on a registered trade union certain protection and privileges. Besides there are other provisions like Workmen Compensation

Act, 1923, the Payment of Wages Act 1936 etc, which although were enacted during British rule continued to be part of labour regulation in independent India.

(B) PRO LABOUR STANCE AND POLICIES :

(i) The Employees State Insurance Act, 1948 : was enacted with the objective to provide to the workers medical relief, sickness cash benefits, maternity benefits to women workers, pension to the dependents of the deceased workers and compensation for fatal or other employment injuries including occupational diseases in an integrated form through a contributory fund.

(ii) Minimum Wages Act, 1948 : This act envisages to provide minimum statutory wages for scheduled employment with a view to obviate the chances of exploitation of labour through payment of very low and sweating wages. The act also provides for the maximum daily working hours, weekly rest day and overtime. The act extends to the whole of India and applies to all establishments employing one or more persons and engaged in any of the scheduled employments included in the act.

(iii) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 : instituted a compulsory contributory fund for the future of the employee after his retirement or for his dependents in case of his early death.

(iv) Mines Act, 1952 : aimed at providing for safe as well as proper working conditions in mines and certain amenities to the workers employed therein.

(v) The Employment Exchange (Compulsory Notifications and Vacancies) Act, 1959. The Act aims to provide for the compulsory notification of vacancies to employment exchanges.

(vi) Maternity Benefits Act, 1961: aims at regulation of employment of women employees in certain establishments for certain periods before and after childbirth and provisions of maternity and certain other benefits. Some State Acts also provide for additional benefits such as free medical aid, maternity bonus, provisions of creches, additional rest intervals etc.

(vii) Payment of Bonus Act, 1965 : aims at providing the workers the Payment of Bonus linked with profits and productivity.

(viii) The Contract Labour (Regulation and Abolition) Act, 1970:

A person is said to be employed as contract labour in or in connection with the work of an establishment, when he is hired for such works by or through a contractor with or without the knowledge of principal employer. This act aims at regulating employment of contract labour so as to place it at par with labour employed directly, with regard to working conditions and certain other benefits available under labour law. The act empowers the appropriate government to prohibit employment of contract labour in any process, operations or other work in any establishment keeping in view : (a) the condition of work and benefits provided for the contract labour in that establishment and (b) whether the process, operations or other work is incidental to or necessary for the work of that establishment. (c) whether it is of perennial nature.

(ix) The Payment of Gratuity Act, 1972: envisages to provide the retirement benefit to the workmen who have rendered long and unblemished service to the employer and have thus contributed to the prosperity of the

employer. The significance of the Act lies in the acceptance of the principle of gratuity as a compulsory, statutory retiral benefit.

(x) The Equal Remuneration Act, 1976 : provides for payment of equal remuneration to men and women workers for same work or work of a similar nature and for the prevention of discrimination on grounds of sex in the matter of employment.

(xi) Bonded Labour System(Abolition) Act, 1976 : This Act seeks to provide for the abolition of bonded labour system with a view to preventing the economic and physical exploitation of the weaker sections of the society. It came as an attempt on the part of the state to extend an umbrella of protection over poor and needy workmen.

(xii) Child Labour (Prohibition and Regulation) Act, 1986 : This act prohibits the engagement of children in certain occupations and processes which are considered unsafe and harmful to child workers.

(C) THE STATE BECOMING THE BIGGEST EMPLOYER OF ORGANISED SECTOR AND A MODEL EMPLOYER

(D) PROMOTING AN EQUITABLE SYSTEM THROUGH MINIMUM WAGES AND WELFARE OF WORKERS.

(E) RESTRICTIONS ON RETRENCHMENT AND CLOSURES (though the clause states that the company may apply for closure and retrenchment. However this was not allowed in practice by and large)

(F) SETTING UP OF THE BIPARTITE AND TRIPARTITE MACHINERY FOR THE SETTLEMENT OF INDUSTRIAL DISPUTES:

Needless to say the state assumed core position in the system of industrial relations. Unfortunately, if one sees these policies in retrospect one finds that it could neither help trade unions in becoming self reliant nor could it help the economy of the country. Industrial laws proved counter productive. State intervention in the settlement machinery created a dependency culture in the Indian trade unions. This dependency syndrome that originated during the pre-independence phase continued to be part of the unions in later years. It is, however important to note in this context the effort of V.V.Giri and his approach towards industrial relations in 1952. Giri wanted to create an atmosphere of bipartism in the process of collective bargaining. He believed

that collective bargaining cannot develop when an easier alternative is readily available in the form of adjudication. Giri had argued that the only condition which can promote collective bargaining is the knowledge of the parties that they would risk a strike or lockout if negotiations break down. Unfortunately, the effort of making a strong, independent and assertive union by Giri failed miserably. Tragically most worker unions helped in digging their own graveyard by opposing Giri's efforts. As Ramaswamy notes 'while Giri wanted unions to stand on its feet, labour itself wanted to lean on the crutch of state support.'⁶ Giri considered compulsory adjudication as 'ENEMY NO I' for the system of collective bargaining. The union missed another chance of making a headway in the direction of organisational unity and internal strength. It was argued that unions were too weak to participate independently in collective bargaining. By now used to operate in an environment of dependency culture, insecure unions opted for a softer choice of relying on the state.

The failure of Giri's approach was a crucial point in the trade union movement of India. 'The exit of Giri marked the termination of a process set

⁶ E.A.Ramaswamy (1984), 'Power and Justice: The State in Industrial Relations', op.cit. p.28.

in motion by Jagjivan Ram in 1950. The labour relation bill and the trade union bill were shelved and there was a powerful affirmation of the role of the state as the guardian of justice and fairplay in industrial relations. Successive labour ministers argued that a country committed to planned economic development could not afford the disruption in production which would result from an unregulated relationship between labour and management.’⁷

While constitutionalism and legalism continued on the part of the state in regulating industrial relations, trade unions on the other hand remained grappling with various internal and external problems.

INTERNAL PROBLEMS OF TRADE UNIONS:

The dominant characteristic of the trade union movement in all these years since independence, has been fragmentation, disunity, internecine wars, rivalries and scramble for leadership within unions and dependence on political patronage for achievement of short term goals for specific segments of employees. At the national level unions combined and split in terms of their

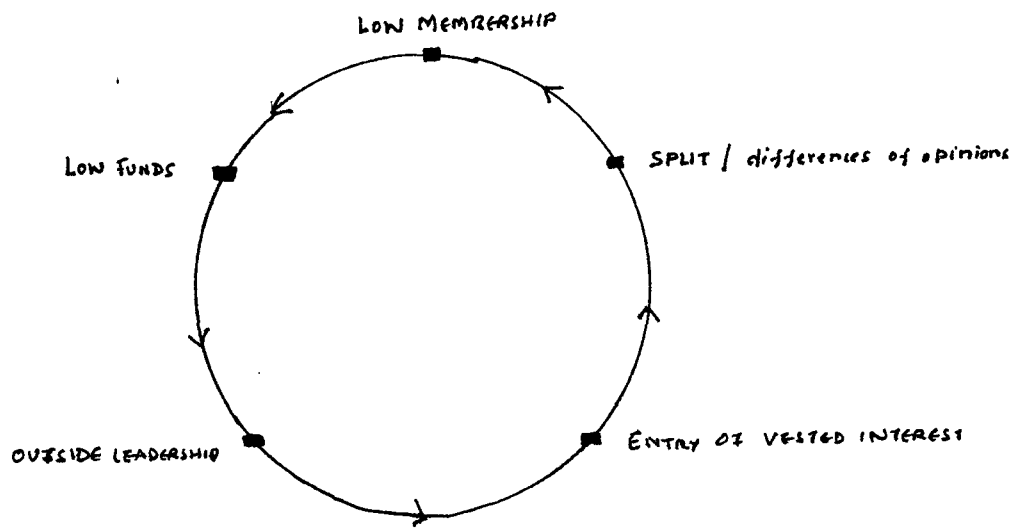
⁷ Ibid, p.31.

ideological baggage and also in relation to their socio-political attitude towards the politician in power at a given time. N.R.Sheth in one of his recent articles points out - 'Many unions were originally constituted to represent the countervailing power of employees in specific situations, but most were converted into affiliates of one or another party in the wake of independence movement. This process of fragmentation and conflict among unions is aggravated by the multi-splendoured division of the society on the lines of caste, language, region and religion. Hence the unions' perspective of workers' interests progressively becomes narrower and distorted with a bias for small segments.'⁸

Fragmentation of unions is also supported by the permissive law allowing legal status to unions with insignificant membership. The trade union act 1926, provides that a minimum of seven workers of an establishment can form a trade union. This obviously led to mushroom like growth of trade unions (refer bar chart at the end of chapter). As a result membership declined per union. The decline in membership further weakened unions both financially and

⁸ N.R.Sheth's article 'Our Trade Unions : An Overview', in Economic and Political Weekly, Feb. 6, 1993, p.233.

organisationally. The poor financial condition makes unions vulnerable to outside leadership as they because of their political clout and personal connections can raise funds easily. The situation becomes some sort of a vicious circle:



Thus fragmentation and disunity underlying the trade union system has provided endless opportunities to politicians and their parties to support or oppose unions according to political convenience and hence make chosen unions dependent on their political mentors. This dependency is reinforced by the superimposing role assigned to government by law in matters of industrial

disputes. The governments competence to intervene in industrial disputes at any stage at its discretion left the field wide open for politicians in power to support or exploit any group. Instead of determining politics, trade unions started being regulated and controlled by politics. Elsewhere in the world, trade union movements of the working class have given rise to political parties or supported those which were committed to championing the cause of labour (for instance the social democratic parties in Europe and the labour party in UK).

Besides, inter-union and intra-union rivalries have been rampant. In the absence of a viable method for identification of a representative union movement in multi-union situation, these rivalries have led to many strikes which were mainly for the show of its strength. Ramaswamy explains this phenomenon which were best reflected in the case of historic Bombay Textile Strike - 'there is no doubt that the mill workers did want more money but this was equally a battle for recognition. Datta Samant wanted to be recognised as the leader of the mill workers while the RMMS wanted to hold on to its position as the accredited union. Had it not been for these circumstances, the strike might well have ended sooner and differently. Recognition thus causes many disputes besides complicating numerous others where the demand is for

a wage hike or reinstatement.’⁹ The emerging phenomenon is best described by Bagaram Tulpule as the ‘Eclipse of Ideology’. Explaining the chronic problem of fragmentation in trade unions as a result of ‘personality -centered unionism’, Tulpule notes ‘the early splits in trade union bodies were for clearly recognised ideological reasons. Although the different factions were bitterly opposed to one another, there was no doubt that each sought to extend its own organisation and influence in order to further the cause of the working class, as viewed by each factions in its own ideological perspective. Consideration of personal power or gain, as a rule, did not enter the rivalries among the trade unions in the early years.’ Comparing the old situation with the recent scenario Tulpule further observes, ‘the fragmentation of trade union in recent years has had little to do with the ideology. It is largely centered on personalities and, in some cases, on caste and regional considerations. The leaders of such fragments do not have any conception of trade unionism as a movement but only focus on the immediate monetary gains of their members and on extending their own fields of influence and power. Raising the general class consciousness of workers, educating them about the broader socio-economic and

⁹ Article ‘Labour vs Management : A Free Fight is Fair’, by E.A. Ramaswamy in Business India, June 1-14, 1987.

political issues, building up activist cadres etc. had to take back seat.¹⁰

All these together considerably eroded the base of unions - both among its rank and file and among other sections of the society. Trade union leadership mainly dominated by the outsiders were too busy in dealing with the broader national level issues. Besides Indian trade unions have been known for their oligarchic pattern of leadership. The relationship between the worker and the union leaders have been formal in most of the cases. Herald Crouch in his study observed that Indian workers in their interaction with the union leaders are more status conscious and bring to it a mentality characterised by obedience. Obeying mentality of the workers is the reason for his disinterest or apathy to union affairs.¹¹ Kennedy also subscribes to this view observing that the status gulf between members and leaders is not only due to the social and educational distance but also due to paternalistic patronising and the authoritarian attitude

¹⁰ Bagaram Tulpule's contribution 'Trade Unionism : Problems for the Nineties' in Indian Journal of Social Work, Vol.LI, No.2 (April 1990).

¹¹ Herald Crouch (1966), 'Trade Unions and Politics in India', Bombay : Manaktalas pp.28-29.

of leaders.¹² Similarly referring to the decision making process which mainly concentrated at the top level, Pattabhi Raman noted that decision on matters of trade union policy and action have been taken at the top leadership level and the workers representatives alone, the rank and file had very little to do with the decision making process.¹³

EMERGING TRENDS :

There is no doubt that the relations shared amongst state, trade union and employer have been a overwhelmingly political relations. The policies of the state encouraged multiplicity of trade unions which in turn brought in excessive politicisation and thus proved counterproductive. As mentioned earlier, the unions in the immediate post independence period, used their political power to get protective labour legislation enacted. But a gradual change in the attitude of the ruling political elite, from the high ideological fervour of earlier years to a more pragmatic assessment of the requirement of rapid industrialisation, led

¹² V.D.Kennedy (1966), 'Unions, Employers, and Government', Bombay: Manaktalas, pp. 86-88.

¹³ Pattabhi Raman (1967), Political Involvement of Indian Trade Union, Bombay : Asia Publishing House p.161.

the government to impose certain restrictions on the right to strike and freedom of action. In 1975 under the Indira Gandhi government licensing procedures were modified and unauthorised capacities created by the corporate sector were regularised. The government exempted medium entrepreneurs from the licensing provisions of Industries Development and Regulation Act (IDRA) in a number of industries. The government announced that twenty five percent of excess unauthorised capacity was declared legal on the basis of normal expansion and another twenty five percent was sought to be covered in five years by automatic licensing. Although in large scale sectors industrial licensing was not formally withdrawn, in actual practice the authorised capacity created by large industrial houses was later ratified by the government.

The industrial policy of 1980 moved further in this direction. For instance while regulating installed capacity in excess of licensed capacities, Foreign Exchange and Regulations Act (FERA) and Monopolies and Restrictive Trade Practices (MRTP) companies were to be considered on the selective basis, the automatic expansion facility under IDRA was universalised for all industries. In 1985 when the Rajiv Gandhi government came to power, the principal measures taken were :

(i) Government decided to delicense twenty three industries from MRTP and FERA Acts provided that industrial undertakings are located in any of the centrally declared backward areas.

(ii) Government also raised the asset limit of MRTP companies from Rs.20 crores to Rs.100 crores. As a consequence 112 companies came out of the perview of MRTP Act, leaving 379 units under MRTP Act.

(iii) Non-MRTP and non-FERA companies were not required to obtain industrial licenses under IDRA for projects involving investment in fixed assests upto Rs.50 crores if they are located in centrally declared backward areas and upto Rs.15 crores if they are located in non-backward areas.

All these developments came in response to the realisation that the old policies of excessive state intervension and licensing only curbed internal and international competetion and encouraged a regulated regime. The License Raj only promoted a rentier economy characterised by inefficiency and monopolistic accumulation of capital. This resulted in a stagnant economy which was quite natural as the closed policies of the government in the immediate post-independence phase was not congenial for free entrepreneurial activities. However with the shift in the government position the employers'

influence has also been growing. The employers' dislike of protective labour legislation was expressed as early as 1952 by a leader of the Indian industry, who stated that - "many of our labour enactments and labour awards" were based on the government's notion that "an industrial worker is the most unfortunate victim of a cut-throat capitalist", and have a "bias distinctly in favour of labour, while the onus of proving innocence is placed on the unfortunate employer."¹⁴ The realisation of labour policies and legislation presumed to put obstacles in the process of rapid industrialisation had come through by the mid-1960's as responding to the requirements of rapid industrialisation as the government imposed certain restrictions on the right to strike and freedom of action; but by a large, the employers' association formally went along with the government policy.

The pattern of development in the state, employers' organisation and trade unions gave rise to a critical area namely **unorganised sector** which remained out of the protection of state policies throughout. Labour legislation and other mechanisms of government intervention apply only to relatively larger

¹⁴ Naval H. Tata, 1952: "Our present labour laws - are they based on economic realism?", in Commerce, Annual Review Number, Dec.

establishments. The basic legislation regulating condition of work is applicable to establishments defined as "factories" that is, those employing ten or more workers using power, and twenty or more workers if not using power. Other enactments relating to social security and procedures for settlement of disputes apply to factories, or in some cases to the relatively large-sized among them. Any piece of labour legislation involves a cost to the employer in terms of enhancement of wages, maintenance of certain conditions of work and amenities, contribution towards social security, retrenchment and lay-off compensation and transaction costs in following legal procedures in the settling of industrial disputes. As T.S.Papola observes, 'there has, therefore, been a tendency to avoid application of the law by managing to remain outside its purview. For example, it is observed that an increasing proportion of manufacturing establishments report employing nine workers each. In industries where manufacture of parts, processes, intermediates and semi-finished items is amenable to decentralised production contracting out work to establishments smaller than the limits for application of legislation is being practised on an increasing scale.'¹⁵

¹⁵ T.S.Papola's contribution in Papola, Gerry Rodgers (eds) Labour institutions and economic development, Research series 97/1992 International Institute for Labour Studies, ILO publication.

As a result the proportion of unprotected labour has been on the increase. During 1973-87, employment in India's manufacturing sector grew at an average rate of about 3.6% per annum, but growth was less than 1.5% in the organised sector while unorganised sector employment grew at a rate of 4.6%. The share of the unorganised sector in manufacturing employment increased from 67% to 70% during this period. While other factors like technology and product pattern of industrial development contributed to this process, the impact of legislation and of union protection cannot be ignored. Unions' efforts brought 'over protection' for the organised sector. This has been one of the reasons for the slow growth of employment in the unorganised sector, as the unit labour cost in the former is at least twice as high as in the latter.¹⁶

As industries moved from labour intensive to capital intensive units the vast army of unorganised labour, developed as a result of uneven growth of labour market institutions, became a boon for the management's strategy to counter labour laws. For trade unions and the state this lopsidedness in employment growth was bound to pose problems and this is exactly what has

¹⁶ Ibid

happened. Trade unions, employers' organisations, labour legislation and government policy had made their own contribution to the sharpening of dualism in the labour market thereby reducing the scope for larger and more efficient use of labour for accumulation and industrialisation, in so far as their focus has been primarily on the large scale organised segment of industry and the labour market. Referring to the role of public sector in this connection Papola observes, 'it is true that the public sector has played a major role in India's industrialisation during the last four decades, both building the basic infrastructure for industrial development and in sustaining a reasonably high rate of industrial growth. It has also played its role of model employer effectively by producing relatively higher paid and secure jobs to a large number of workers; infact about 70% of organised sector employment is in the public sector. At the same time their ills of over manning and inefficiency with which a certain number of public undertakings have suffered, have constrained their capacity to constitute to capital formation for developement. On the other hand the dualism in the labour market has further sharpened, as improvement in employment of a limited number due to public sector employment policies and practices has been accompanied by a general deterioration in the employment

condition of an increasing number of workers in the unorganised sector.¹⁷

Cumulative effect of the growing environment affected labour and the employer differently. The legacy of past immensely affected the individual worker's attitude towards the unions. Recent individual initiatives at plant level and growing cases of single company unions not affiliated to the umbrella labour organisations can be interpreted as individualisation of workers. Data available shows continuous decline in number of the strikes since 1961 (refer table in the end of the chapter). 1. On the other hand employers have been more asertive and have grown in their strength. Obviously, the management could not be expected to stand by and watch the developments in the labour market. Many observers have enumerated the trends in the labour market which Ramaswamy described as managements' strategy to deal with emerging changes as typical of the 1970s and the 1980s. The following trends were observed : (i) Greater use of contract labour, temporaries and casuals; (ii) Leasing in capacity of small firms; (iii) Increase in capital intensity and

¹⁷ Ibid, pp.43-44

adoption of new labour saving technology; (iv) Productivity bargaining etc.¹⁸

It can be concluded that these recent trends emerged both as a response to future developments at global levels and a by-product of various process which dominated the past in and around the realm of industrial relations in India.

¹⁸ See E.A. Ramaswamy's 'Worker consciousness and Trade Union response', Oxford University Press, pp.2-15.
Also see L.K.Deshpande's contribution 'Institutions Interventions in the Labour Market in Bombay's Manufacturing Sector' in T.S. Papola, Gerry Rodgers (eds) ILO Publication, op.cit. pp.111

GROWTH OF TRADE UNIONS IN INDIA

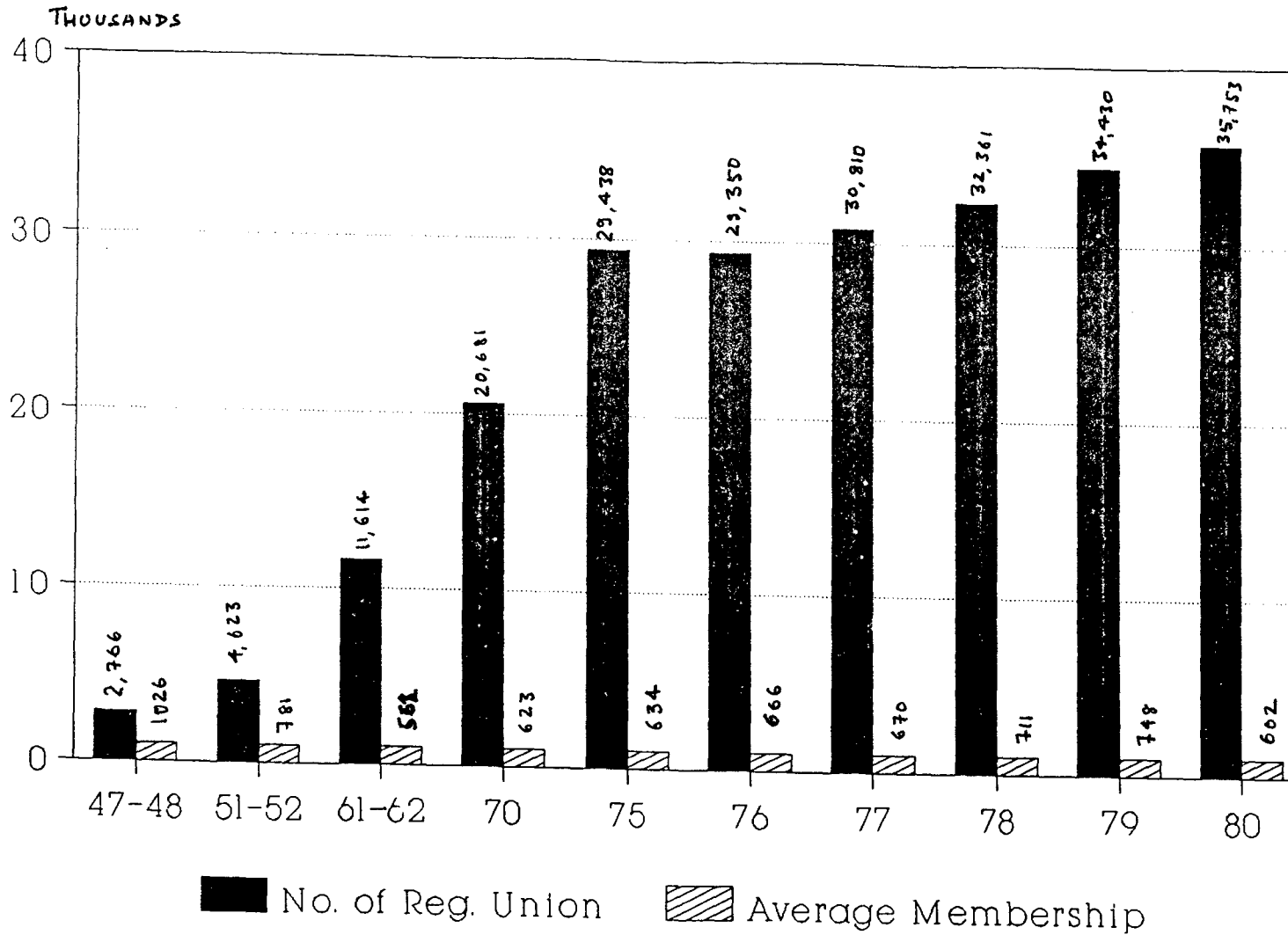


Table Industrial Disputes Classified by Strikes and Lockouts : 1961 to 1990

Year	No. of Disputes			No. of Workers involved			No of Mandays Lost(000)		
	Strikes	Lock outs	Total	Strikes	Lockouts	Total	Strikes	Lockouts	Total
1961	1,240	117	1,357	432	80	512	2,969	1,950	4,919
1962	1,396	95	1,491	575	130	705	5,059	1,062	6,121
1963	1,364	107	1,471	491	72	563	2,229	1,040	3,269
1964	1,981	170	2,151	876	127	1,003	5,724	2,001	7,725
1965	1,697	138	1,835	889	102	991	4,617	1,853	6,470
1966	2,353	203	2,556	1,262	148	1,410	10,377	3,469	13,846
1976	2,433	382	2,815	1,340	151	1,491	10,565	6,583	17,148
1968	2,451	325	2,776	1,465	204	1,669	11,078	6,166	17,244
1969	2,344	283	2,627	1,687	140	1,827	15,477	3,571	19,048
1970	2,598	291	2,889	1,552	278	1,828	14,479	5,814	20,563
1971	2,478	274	2,752	1,476	139	1,615	11,803	4,743	16,548
1972	2,587	386	3,243	1,475	262	1,737	13,748	6,796	20,541
1973	2,958	412	3,370	2,358	187	2,545	13,862	6,764	20,628
1974	2,510	428	2,938	2,710	145	2,855	33,643	6,619	40,262
1975	1,644	299	1,943	1,032	111	1,143	16,706	5,195	21,901
1976	1,241	218	1,459	550	186	738	2,799	9,947	12,748
1977	2,691	426	3,117	1,912	281	2,193	13,410	11,910	25,320
1978	2,762	425	3,187	1,690	226	1,916	15,423	12,917	28,340
1979	2,708	340	3,084	2,714	159	2,873	35,804	8,050	43,854
1980	2,501	355	2,856	1,661	239	1,900	12,018	9,907	21,925
1981	2,245	344	2,589	1,261	327	1,588	21,208	15,375	36,583
1982	2,029	454	2,483	1,191	2278	1,469	52,113	22,502	74,615
1983	1,993	495	2,488	1,167	294	1,461	24,921	21,937	46,858
1984	1,689	405	2,094	1,726	223	1,949	39,957	16,068	56,025
1985	1,355	400	1,755	878	201	1,079	11,487	17,753	29,240
1986	1,458	434	1,892	1,444	201	1,645	18,824	13,925	32,749
1987	1,348	451	1,799	1,465	275	1,770	14,026	21,332	35,358
1988	1,304	441	1,745	937	254	1,191	12,530	21,417	33,947
1989	1,397	389	1,786	N.A	N.A	1,384	10,700	21,960	32,660
1990	1,459	366	1,825	N.A	N.A	1,388	10,640	13,450	24,090
1991	684	279	963	N.A	N.A	599	3,540	6,200	9,740

* Includes 41.40 and 13.38 million mandays lost due to Bombay Textile strike during 1982 and 1983 respectively.
(P) Provisional)

Source : (i) CMIE (1991) Basic Statistics Relating to the Indian Economy, Vol 1.
(ii) Ministry of Labour, Government of India, Annual Report (1991-92) Voll.

CHAPTER 3

POST-91 SCENARIO :

NEW CHALLENGES BEFORE THE TRADE UNIONS

This phase is also referred to as the phase of intense economic liberalisation. Economic liberalisation, which simply speaking, is opening up of the market, in India has been introduced with the aim of increasing competition, technology upgradation, and thus to generate a higher level of growth rate and employment. The measures taken by the 1985 government of Rajiv Gandhi to facilitate growth got further extension by the New Economic Policy (NEP) of Narasimha Rao. For the first time since independence the state announced support for measures that would increase competition among producers of goods and services. Beginning with the devaluation of the rupee in 1991, a series of industrial, fiscal and trade related practices were announced by the government of India. The major steps taken by the 1991 government can be summarised as follows:

- (a) Opening up of the economy to the private sector in areas hitherto reserved for the public sector.

(b) Facilitating foreign investment and import of foreign technology.

(c) Abolition of the ceiling on assets for the companies covered under the provisions of Monopolies and Restrictive Trade Practices (MRTP), thus facilitating expansion of MRTP companies and dominant undertakings.

(d) Reviewing the policy with respect to Public sector undertaking thus - (i) limiting the public sector to strategic high technology and essential infrastructure. (ii) Referring sick public sector undertakings (PSUs) to Board of Industrial and Financial Reconstruction (BIFR) (iii) Disinvesting a part of the shareholding of the PSUs (iv) Granting greater autonomy for PSUs through the instrument of Memorandum of Understanding (MOU) and (v) to develop a safety net for workers who are likely to be retrenched as a result of measures to close down sick units or rationalisation of the staffing pattern of PSUs etc.

The liberalisation measures have increased both domestic and international competition. Although the relative influence of domestic and international competition is greater in consumer and capital goods respectively, market competition has intensified for consumer goods as well as capital goods.

The concept of employing and compensating individuals and groups according to consumers' dictates is reflected in profitability of products and services. This is a remarkable change in the sense that the new approach is at variance with the earlier notion of enterprises rendering 'social justice' in the form of employment and wages as an implicit quid pro quo to their being allowed by the state to operate in protected markets. The state in most of these years since independence followed restricted policies so as to regulate the economy in its own terms and conditions. It does not need to be mentioned that the protectionism of the state, proved counterproductive for the trade unions.

The new economic policy has ushered in many significant changes in the overall pattern of industrial relations in India. Changes in the production system, use of high technology, capital intensive industries, centrality of consumers' demand and above all the pre-dominance of the free market forces - all these together have changed the entire face of industry and business. The objective of profit maximisation and growth oriented emerging industrial market, has given fillip to competitiveness in the market which has transgressed all the geographical boundaries and has rightly been called 'global market'. Behind various enterprise - level changes that we have been witnessing for the

last few years, there are certain macro level developments all over the world which have transformed the whole concept of industry and business. Similar changes in the wake of the new economic policy are being witnessed by Indian industries.

MACRO LEVEL DEVELOPMENTS :

(I) Shift from labour intensive to capital intensive industries - The modern variant of the classical theory of economic development posited unlimited supply of labour from subsistence agriculture as the main source of accumulation of capitalist industrial development. Today when labour costs have been declining in the developing economies due to growing emphasis on quality production in the global market, the availability of cheap labour may not provide an advantage any more to the developing economies like India.¹ Moreover, this vast labour force could not be efficiently made to grow to meet the requirements of the future. In spite of the existence of a large pool of surplus labour, the pace of industrialisation has been relatively slow in India. And industrialisation that has taken place does not seem to have been primarily based

¹ See Dr.Kuriakose Mamkootam's article 'Breaking new Ground' in the Times of India, May 17, 1995.

on the conversion of surplus labour into capital, as theoretically postulated. Though the industrial sector now contributes about one third of the national income as against a mere ten percent about forty years ago; the workforce engaged in industry still accounts for only 16% which is only marginally higher than the 1951 figure of about 11%. Agriculture still accounts for almost two-thirds of the workplace.²

The slow growth and utilisation of labour has been explained in many ways. Firstly, it could be argued that the rural workforce had primitive and archaic characteristics which were antithetical to modern industrial work. Attributes such as 'village nexus', heavy reliance on primordial institutions like caste, community and religion, and casual and leisurely work habits of agricultural occupations are supposed to have resulted in irregularity and instability in the supply of labour to industries, difficulty in the development of a committed labour force and low levels of work discipline and efficiency.

Secondly, very little efforts were made either by industry, state or union

² T.S.Papola, Gerry Rodgers (eds) Labour institutions and economic development in India; ILO publication, Research series 97/1992.

to facilitate the transition of labour from farm to factory, in terms of hiring systems, training, upward mobility, security and welfare, so as to motivate workers towards commitment to industrial work and higher efficiency.

Thirdly, certain labour market institutions, such as unions and labour legislations, not only made the use of labour in modern organised industry, relatively costly in terms of direct wage payments but also have lent high degree of inflexibility in work force adjustments.³

While a rural origin and continued rural links of workers resulted in a slow pace of evolution of an urban labour force, and of the workers adoption of the industrial way of life, it did not adversely affect the workers commitment to industrial work as a life long source of livelihood. But the other two above mentioned explanations, that is, the role of the union and the state and also of the employers have been significantly responsible for this situation. The swelling informal sector side by side bears testimony to utter negligence on the part of both state and union towards this development. This has discouraged

³ Ibid, pp. 17-18

the use of labour in large factories and encouraged the use of capital-intensive technologies. This is also proving detrimental in the process of restructuring and technological change in industry. Here it is important to bear in mind that though the processes and mechanisms of procuring labour in the unorganised sector are only a little more informal than in the organised sector, the modes of extracting work and disciplining workers is very difficult due to the lack of legislative and union protection. Consequently a major portion of the labour force in India remained without proper exposure to modern industrial environment. There are theories which view the informal sector as a stage in the labour process; for example according to Todaro 'it provides a vestibule for the raw, mostly rural, labour to get to the organised sector'⁴ However, studies in India suggests that the graduation of workers from informal to formal sectors has been rather limited due to the slow growth of the organised sector employment. The informal sector, infact, has often provided an alternative avenue of livelihood to the oustees of the formal sector.⁵ The evolution of the labour market institution in India has thus been primarily shaped by the origin

⁴ Todaro, M.P; 1969: 'A model of labour migration and urban development in less developed countries', in American Economic Review, Vol.59, No.1.

⁵ See Papola, T.S; 1981: Urban informal sector in a developing economy, Delhi, Vikas Publishing House.

and development of a particular pattern of industrialisation, dominated by large enterprises which in totality accounted for a small part of the workforce. 'Had these enterprises evolved out of', as Papola observes, 'and been integrated with a large base of small manufacturers and workshops, the sharp dualism between the organised and unorganised sector, which constrains the large scale efficient use of labour, would not have emerged'. He further notes, 'Given the structure of industrialisation, as it has evolved over time, the development of a more rational and egalitarian labour market would now primarily depend on improvement in technology and productivity in the unorganised sector, accompanied by a reduction in the gap in earnings and protection of labour between the organised and unorganised sector.'⁶

But the situation as it exists, the pressure of competition from the market and thrust for growth and profit has made it inevitable for enterprises to go for modernisation and restructuring. As a result there is a shift towards capital intensive industries rather than labour intensive ones. The present set up demands quality and flexibility in labour. Rather than relegating labour to the

⁶ Papola, T.S, Garry Rodgers (eds) 1992 op.cit. pp.44.

periphery of the system, as the new companies are waking up to the potential of technology, they are also realising the crucial role that labour plays in productivity. As Mamkootam observes : 'An important concept to emerge from this realisation is that of labour flexibility. Labour Flexibility refers to a variety of decisions affecting geographical and occupational change of workers, recruitment, deployment and working hours, to generate a variety so that options are available to do things differently or to do something else if the need arises. Flexibility thus provides agility, versatility and resilience - qualities which a modern industry must possess. These precise qualities have been rather scarce in the Indian industry and business, including its labour force.'⁷

(II) TECHNOLOGY :

Faced with the emerging challenge of the market, manufacturers have been increasingly turning to new technology. The key features of the manufacturing environment, according to Dr.Mamkootam 'will be quality, design and flexibility.' Firms will have to innovate in order to secure the most productive use of the investments - manpower, raw materials and energy - at

⁷ Dr.Kuriakose Mamkootam, op.cit. TOI, 17th May, 1995.

the same time offering improved service and quality to the customer. The biggest challenge that the global market poses today is a simultaneous demand for high productivity and high flexibility from the firm. The new technologies help the firms to meet such a challenge. For this to be successful requires a new pattern of organisational designs which will involve wide ranging changes in the areas of skills, relationships, values and thus a totally new work culture. Modern concepts like, 'total quality management' (TQM) and 'just in time' (JIT) are made possible with the help of such common values and benefits within the organisation. It is important to bear in mind that these concepts have tremendously helped in the reconstruction of Japan as a great economic giant. While TQM emphasises the aspect of quality in the priority list of the management, JIT is more revolutionary as its philosophy acknowledges the fact that workers are experts and managers - engineers are there to serve them. While it may be argued that quality costs, 'JIT philosophy predicts that quality is free. It assimilates in itself the fact that working to improve quality actually leads to reduced costs. Doing things right the first time not only leads to good quality but also less cost.'⁸

⁸ See article by Dr. Anshuman Khare, 'In the nick of time', in the Times of India, May 24th 1995, for a detailed discussion on JIT approach.

(III) MANAGEMENT AND HUMAN RESOURCE DEVELOPMENT

(HRD) APPROACH :

The importance of technology in the new environment has established it as a new variable in the classical macro inputs of capital and labour. In other words it is no longer possible to ignore the form, content and structure of technological progress as an explanatory variable defining one of the major drives of economic growth. These factors in turn impact upon human capital in the form of existing and potential stocks, the relative efficacy of educational and training facilities and their effect upon the labour market which often exhibit serious mismatching between the traditional skill requirements of manufacturing based production system, and the increasingly sophisticated needs of a service based market economy. As a consequence, questions relating to human capital formation as a functional response to labour market needs are increasing in number and complexity. The whole concept of 'labour' has thus changed and contrary to traditional views it is being increasingly seen as a major contributor to economic growth. Human Resource Development approach precisely attends to this line of thinking.

One of the primary concepts that supports the argument for greater

labour market flexibility suggests that there is a real need for labour to be mobile in two operative dimensions. In the literal sense that in response to changing labour market conditions or simply under conditions of personal choice, workers should be able to move, both physically between firms and geographically between industries and regions. The notion of physical flexibility should also be complimented by the necessary ability to accomodate movement in the demand for labour which are based in turn, on shifts in skill requirements, caused by necessary changes in what constitutes the job and task parameters of given occupations.⁹ But then the question arises as to how such flexibility to be obtained and then maintained? The immediate answer today is, by the formation of human capital which may be defined as 'investment in education and training which is presumed to result in two related outcomes. A rise in both the quality of the skills and resultant productivity of the labour force, and an attendant rise in the general levels of incomes in the labour market'.¹⁰ Thus human resource development involves methods to discover the potential of workers and then providing them with adequate opportunities to

⁹ Alan Williams, 'Human Resouce Management and Labour Market Flexibility', Averbury, Sydney 1993, p.55.

¹⁰ M.J.Bowman (1970) 'Education and Economic Growth' in John R.L. Economic factor affecting the financing of education, London.

develope those potentials, which would ultimately strengthen the organisation. That is, it aims at improving human capital which is the productive capacity of human beings as income producing agents within an economy. Thus according to Saloman the acquisition of knowledge, skills and abilities can be developed through training programmes that can be formally designed to increase human productivity and this is what HRD does.¹¹

What is important is that such ideas had contributed to the concept of treating human beings in the organisation as resources- something precious which should be preserved and put to maximum use. K.G Desai notes, 'our older ideas were dominated by the economists who believed that employees were merely one of the factors of production along with land, capital and enterprise. Employees are the cost items at par with land and capital. They could never believe that employees could be assets. And of course the key phrase was 'reduce the cost'. Get as much work done through them and give them as little as you can get away with. They could never imagine that if treated differently those very employees could contribute enormously.'¹²

¹¹ Saloman.L.H. (1991) 'Why human capital? Why now?' in Hernbeck, D.W. and Saloman.L.H. (eds) Human capital and America's future: An economic strategy for the 1990's. John Hopkins University Press, Baltimore, p.3.

¹² K.G.Desai's contribution 'HRD approach - Theory and practice', in the Indian Journal of Social Work Vol. LI, No.1, January 1990.

This realisation has changed the whole attitude of management towards the workers. They are increasingly becoming more cooperative to the employee in their dealings. This is also reflected in the growing emphasis on 'workers participation', 'self management' and 'workers control'. The notion that workers should participate in the management of enterprise, which employed them, is not a new concept. It had apparently existed since the beginning of the industrial revolution. However its importance increased gradually over a period of time. The growth of professionalism in industry, advent of democracy and the development of the principle of social justice, change in traditional labour-management relations and outlook have added new dimensions to the concept of participative management. The philosophy underlying workers' participation stresses: (a) democratic participation in decision making (b) maximum employer - employee collaboration (c) minimum state intervention (d) realisation of a greater measure of social justice (e) greater industrial efficiency and (f) higher level of organisational health and effectiveness.¹³ This idea is seen in its best form in the JIT system as discussed above and reflects the marked attitudinal change in managements' perception of workers. Growing team spirit between

¹³ A.M.Sarma's article 'Workers participation, self management and workers' control' in the Indian Journal of Social Work, Vol.LI, No.2, April, 1990.

the management and employee for overall growth of the enterprise is increasingly becoming popular and the need of the hour. That is, the confrontationist attitude has given way to cooperation and complementarity. More informal relationships are been encouraged at the unit level to obliterate any element of alienation among the actors. The concept of 'Quality-circle' as an aid to HRD simply reflects this situation. Quality circle is defined as a small group of people engaged in similar work who meet voluntarily on a regular basis under the leadership of their supervisors to identify and discuss their work problems, analyse the causes thereof and recommend solutions to supervisors, and in areas within their purview, take actions to implement the solutions themselves. This concept was first developed by Prof. Kaoro Ishikawa of Tokyo University by amalgamating the behavioural science theories and quality science theories. Similarly, RINGI system of Japan refers to the manner in which the decision making process proceeds from the bottom to the top. Work policies and suggestions for proven improvement are proposed from the workplace and go up the hierarchy until they reach the board. The system seeks to provide a practice where managerial decisions are based on the agreement and cooperation of workers.

Today professional management is being practised by a large number of companies in India. This is in contrast to the family-run enterprises in which the management's function was being performed by handpicked men. These professionals compared to their earlier counterparts follow a different set of policies which are characterised by openness, employee involvement, career development and following of practices of delegation.

Under HRD policies management provides facilities to the workers that transcends factory level requirements and needs. Production related incentive schemes, higher salary structure, various community development programmes in the field of education, health and hygiene, scholarships to the workers' children for education etc. have an integrating effect on production and overall growth of the organisation.

Some of these trends had existed in India even before 1991. Ramaswamy's study shows changing trends in managements perceptions and workers response to the new environment emphasising technology and growth

in the late 80s.¹⁴ But the developments discussed above came to sharp focus only since the New Economic Policy of 1991. Opening up of the market for the multi-nationals have brought in the belief system and work culture that existed in the advanced industrialised countries for quite a long time. Indian industries which remained closed in a majority of the cases to such changes in the international market have come out of slumber to face the cut throat competition in the emerging global market. Consequently, there is increasing thrust on HRD and other modern paraphrenalia among Indian industrialists and business houses also.

How have these developments and changes affected industrial relations in India and trade unions in particular? This question is of paramount importance in the present context as there are mixed responses to these larger processes. For our purpose it is important to state the events as they exist - trade unions response to the new challenges, new technology, its relationship with the management and strategies to deal with the pressures of the emerging international market. Let us first of all briefly recapitulate the new problems

¹⁴ E. A. Ramaswamy, 'Worker consciousness and Trade union response', Oxford University Press, Delhi 1988.

of Indian trade unions as a fall out of the new economic order.

Firstly, the benevolent attitude of the management, contrary to its orthodox authoritarian way of dealing with the workers, has questioned the basic rationale of trade unions to exist. It is being argued that since management has become cooperative, what are unions going to protest for? Trade unions have traditionally been defined as 'an unique organisation in that its explicit, indeed sole purpose is to protest'.¹⁵ The HRD philosophy and the management's realisation of the need of conflict-free enterprise has ushered in many welfare schemes and community development programmes sponsored by the employer. Employers are increasingly trying to change its old policies and there fore more and more incentive schemes, education, promotion, health and hygiene consciousness among workers. This space of employee welfare which has traditionally been the area of trade union functioning, is being appropriated by the employers. Professional experts are devising newer methods to convince workers that employeers are their best well wishers. Such efforts in human resource development on the part of the management imply redundancy of the

¹⁵ E.A.Ramaswmay and Uma Ramaswamy, 'Industry and Labour: An Introduction', Oxford University Press, 1981, p.66.

unions at worst or at best becoming partners with management in pursuing the collective goals of employers and the employees. Sheth observes, 'In this perspective, trade union would seem to lose their primary conventional role as protest groups to promote workers interests. This sustained cooperation with management may gradually make unions irrelevant in fulfilling their main social responsibilities'.¹⁶

Secondly, the new industrial and business environment is based on the foundation of technological innovation. Thus any efforts to prosper in the market has to meet the foremost pre-requisite of technological and structural changes at all levels. Measures such as privatisation of PSUs, modernisation of plant and machinery would involve major technological changes with the accompanying structural and organisational changes which will affect the existing occupational structure, manpower skills, employment patterns and the other vital areas. The problem with the trade unions is that if they say 'Yes' to technology introduction thereby implying retrenchment of employee, it will further weaken their base among the rank and file, while a 'No' would be

¹⁶ N.R.Sheth, 'Our Trade unions : An overview', in the Economic and political weekly, Feb. 6, 1993.

considered anachronistic to the new economic developments. The compulsion of the emerging economic situation, steadily declining public support and change in the attitude of the government seem to have significantly influenced the unions' attitudes to technological change. The unions today seem to have, by and large, accepted the inevitability of technological change and the necessity of labour adjustments including some redundancies. But even now the approach of trade union leaders is one of totally ignoring the immediate problems of the workers. Many enterprises operating in highly competitive markets are faced with the choice of drastic reduction in the cost of labour or closure of business. In the interest of survival they adopt labour saving technology, modify workload standards of labour to enhance productivity and resort to ancillary producers. All these measures are detrimental to the immediate interest of workers who are pushed in to accepting higher norms of work load and partial redundancy or retrenchment. Trade union leaders, of late, have been supporting the endeavour of management to compensate such pressures on workers by offering a package of rewards to workers. Union leaders strike a collaborative bargain with the management for economic returns and benefits in the name of peace and productivity to maintain its status of strongest union, which they represent, in multi-union situation as it exist in India. Workers suffer under the load of

overworking and the burden of other similar measures. Sheth notes, 'union thus loses value for its members. We are perhaps in the midst of a significant metamorphosis in trade unionism. While conventionally trade unions are supposed to combine workers against employers, the employers have begun to see methods of participative management as a means to combine with workers against unions. On the other hand, the new economic crisis tends to combine employers unions against workers. Conflict and cooperation run in a perplexing crisis. They follow the dialectics inherent in marriages of convenience.'¹⁷

Thirdly, in the new context of the reform and restructuring at individual enterprise levels, workers find less relevance in their unions being driven by guidelines issued by national centres which have been predominantly politically motivated. The new and younger workers and their associations at unit levels prefer to concentrate on specific issues and problems reflecting their immediate work environment including restructuring. For example, the union in the Tata Engineering and Locomotive Company (TELCO), signed an agreement in April 1992 which recognised the management's right to redeploy and retain to

¹⁷ Ibid p.235.

increase productivity provided there was no retrenchment. Infact there is a new fear among the union leaders that workers may revolt against them if they did not protect their immediate interests. This is precisely what happened with Kanoria Jute Mills near Calcutta where the workers discarded the trade unions and put up a new banner meant to take care of the workers' interests.¹⁸ These events point towards a significant change in the concept of workers association. It is increasingly becoming local in its functioning and networks. As Mamkootam observes, 'the workers increasingly prefer an independent union which addresses itself to the local problems faced by them and adopts a strategy for closer negotiation with the management rather than taking on a confrontationist approach.'¹⁹ There is increasing assertion of the workers at the plant level even against the leaders who do not keep their interests in mind. There are significant indications that central trade unions are losing their ground. The changed environment requires introspection and a new approach to the industrial relations if these men have to maintain their legitimacy among workers. Similarly, larger national centres of trade unions which are closely linked if not affiliated to political parties too, are facing a dilemma whether to

¹⁸ See article by Mamkootam in the Times of India, op.cit.

¹⁹ Ibid, TOI.

abide by the dictates of the party or to respond to the workers' demands of local nature. This 'localisation of workers' interests' has considerably weakened the traditional concept of central trade unions. "Unions have historically seen more success in places with centralised wage system. As these break down and decentralisation sets in as a result of the changing economic order, unions lose influence because they have a less decisive effect on the livelihood of the workers".²⁰

As a matter of fact the local problems of workers have always been there in the Indian industries. In fact, contrary to what almost all central trade unions including Marxist trade unions thought and accordingly acted in all these years, local problems like job security and steadily rising wages as a means to family security always remained the first priority of the workers. "This is not to say that those workers", Narendra Panjwani on the basis of his findings among Bombay workers concludes, "are unconcerned about power and oppression, work discipline, occupational advancement or even on occasions social inequalities. But such concerns are secondary and viewed by them to be

²⁰ 'Unions find it hard to live with changing workers', in the Times of India, July 4th 1995.

mainly tied to the problems as individuals, while the regularity of employment and wages affect the very foundation of their familiar world".²¹ The findings of Panjwani reiterates the argument that local, individual problems always mattered most to the workers. Ironically, central trade unions with their ideological 'closedness' were concerned and committed more to their larger political objectives than to the immediate problems of workers. It is a fact that new changes have brought in further constraints on workers at the shop level which these central trade union are unable to understand, and keeping to their tradition still try to forge broad appeals to attract workers but to no avail. Constantly falling membership and apathy towards unionism reflects this amply.

Fourthly, while in response to the new requirements, management has equipped itself with experts and professionals to deal with the situation efficiently, trade unions as bargaining agents and representatives of the workers find themselves at odds with the complexities of the environment, with their traditional methods and strategies. This infact further makes unions dependent on outsiders and professionals. For example, it is becoming difficult for

²¹ Narendra Panjwani's contributions 'Living with capitalism : class, caste and paternalism among industrial workers in Bombay', in Contributions to Indian Sociology (N.S.) 18,2 (1984) Sage Publications New Delhi.

Kamani Tubes, the country's first employee-owned company to face the problems of management and marketing without professional talent at managerial level jobs. The working president of the Kamani employees' union Damodaran Thankappan is finding it hard to pursue its endeavour without the support of experts and professionals. This instance further reinforces the argument that professionals have become an indispensable part of any pressure group if it has to compete in the market.

Fifthly, the amount of uncertainty and risk involved in the new economic situation has given impetus to the phenomenon of various groups uniting together to safeguard their interests. The increasing incidence of such behaviours among the higher strata of employees has considerably affected the traditional base of the trade unions which mainly comprised of blue collar workers. Association for protection of rights and pursuits of new interests has now spread to cover professionals like teachers, medical personnel, bureaucrats, technocrats, writers and artists. Work stoppages and other forms of coercive action are increasingly becoming regular among medical and paramedical professionals, transport personnel and other elite categories of employees. Such growth of pressure groups have further fragmented unions' social base.

The State, on the other hand, has been gradually retreating from its share in public enterprises with its emphasis on privatisation. Foreign investments are being encouraged by lifting various old restrictions. More and more foreign investments are being allowed to enter in core industries including power, food processing, chemicals, electronics, telecommunications, transportation, industrial machinery and tourism.

Pre-1991 adhocism in the state's position towards liberalisation is over. To provide free and fair environment so essential for market function, the role of the state becomes crucial. State responds through monetary and fiscal instruments, trade regulations and policies, allocating and signalling investment, industrial policies and market regulation and deregulation. For a democratic state, its role becomes far more crucial and significant in the age of globalisation contrary to the belief that globalisation will reduce the state to a position of a mute observer.

CHAPTER 4

MICRO LEVEL RESPONSES : AN OVERVIEW OF TRENDS

The past legacy of trade unions and the continuation of some of its chronic problems discussed in the preceding chapter has put employees and its unions on the defense in their dealing with the management. The economic policy of the government and the new environment seemed to have encouraged the employers so much so that the phase is being described as Employer's Militancy. Some instances in the recent past deserve close scrutinising in this context to understand the actual position of workers and the employees in the new atmosphere.¹

Case # 1

In New Delhi, the Escorts' Union agreed to the transfer of 250 workers from the Rajdoot motorcycle factory to the group's tractor units. Initially reluctant to agree, the unions cleared the redeployment after cross-the-table meetings with the management.

¹ Business World 1- 14 July, 1992.

Case # 2

In 1991 with wage agreements coming up, the revision in 1992 of the Bombay based Philips employee's union put forth a charter of demands. Going by past precedents, that should have signalled the beginning of protracted bargaining; in 1984-85 the negotiations had dragged on for a year. But this time, things were different. Amazingly the demands were settled eight months in advance. The president of the union said 'one does not relish fighting. Employees and unions have realized that there is no use taking a confrontationist attitude'.

Case # 3

In West Bengal, the militant Bata Mazdoor Union (BMU) accepted a crucial agreement on 5th May 1992. As part of the package, the union agreed to accept the *Controversial* 'standard production per minute' (SPM) norm. The 500 workers rendered surplus were offered a voluntary retirement scheme.

Suddenly, compromise is no longer a dirty word. What is emerging instead is a gradually evolving pattern of a new breed of union leaders more willing to management's point of view and a growing number of executives who

accept the necessity of having a strong trade union. This altered combination has made for a lot fewer strikes. At the same time workers' involvement in strike has shrunk drastically. In contrast the number of lockouts have increased in all the years continuously.

It will be helpful to look into the developments of the 1980s in order to reach the roots of the change in employees' attitude today. Dr. Datta Samant who emerged as the epitome of employees militancy in the early 80s infact, because of its failure to spin off any benefits, considerably changed the workers' attitude towards the efficiency of strikes. Central to the reluctance to tread the militant path is a growing belief that strikes do not always deliver. During the famous textile mills strike in Bombay, desperate workers sought to return to their jobs after hammering out compromise settlements. As Dr. Thankappan explains 'The workers became very apprehensive after the prolonged textile strike'.² On the other hand the phenomenon of growing lockouts owes a lot to the increasing use of capital intensive technology. Whenever possible employers are shifting their establishments to peripheral

² As quoted in Business World, 1-14 July 1992

areas away from the main city, to minimize labour costs. For instance in the case of Hindustan Lever's lockout at Sewree, one option that management considered was shifting production away from high cost Bombay city to some of its newer units in backward areas like Chhindware in Madhya Pradesh to complete with low costs. Similarly according to convenience management is resorting to labour substitution by capital-intensive technology. One macro indicator of this trend is the rising ICOR (Incremental Capital Output Ratio), or the amount of additional output resulting from each extra unit of capital invested). From just about 3.2 in the first Five Year Plan. the ICOR has risen to around 5 now, indicating that Indian Industry is getting capital intensive.³ The last few years of the 1980s reflected the impact of these developments at a broader level on the militant mood of the employer. Some instances can be cited to corroborate the preceding statement.

Case # 1

* Bata clamped a lockout at its Batanagar unit near Calcutta on 7 July 1988, effecting 1,500 workers. It refused to reopen until the union accepted its

³ Business World, Feb 1-14, 1989.

37 preconditions. By November, the white flag was unfurled and the once powerful Bata Mazdoor Union signed on the dotted line, agreeing to conditions which it had earlier insisted were illegal. Among the things the union conceded : A moratorium on wage increases till 1991, full freedom to introduce new production method and techniques, abolition of obsolete production lines, and freedom to deploy surplus labour wherever the management thought fit.

Case # 2

* At Bajaj Auto's Waluj plant in Maharashtra the union demanded a tripling of wages. The management returned and shut out 3,500 workers. That was in November 1987. Six months later the company reopened the plant and the workers ^{returned} in small groups to surrender and settled for what could have been negotiated anyway.

Case # 3

* In August 1988, 5,500 Dunlop workers at Shahgunj (Calcutta) went on a strike. By November, the strike was called off. The workers only gain: the same monetary benefits that was offered before the industrial action.

Many others are following the same path.⁴ Management's argument behind all this is that they need to modernize and look for other means for maximization of profit. Any resistance from the workers and they do not hesitate in going for a closure or lockout since they have many options for investing their capital in various other sectors. The tertiary sector's growth is one such area that is opening up avenues for investments. Shifting its investments in a backward area where cheap labour can be employed on a contract basis is another option available for the employer. For example, if managements have been more than willing to risk a scrap with labour of late, the reason lies in the fact that new options are emerging. Hindustan Lever is finding such options in low - cost small scale subsidiary units in the backward areas where wages are lower and productivity higher. Bata is also hoping to cut costs by contracting out jobs that are costlier to do in-house. Lack of modernization immensely affects the productivity of a unit and in the changing situation, productivity is something that the employer can least afford to compromise on.

⁴ Business World, Feb. 1-14, 1989.

Workers on the other hand do not have much choice. They have to either accept automation and the resulting redundancy or face the possible decline of the enterprise in the long run. E.A. Ramaswamy observed this trend and noted: "Individual workers look forward to better technology even though the collectivists may face the risk of redundancy. Moreover the employers failure to update technology may not necessarily be in the interests of labour. Enterprises which have turned unprofitable and downed their shutters have usually been characterised by persistent failure to modernize. When faced with the daunting prospects of closure, trade unions themselves have been forced to demand the induction of new technology. "⁵ So this inevitability of hitech introduction in the industries becomes a singular choice for labour. As Ramaswamy referred there is growing individualization of labour. Collectivity is losing its ground. Plan level unions are becoming the favourite of management and the new breed of educated workers are more interested in job security and solving the problem at unit level. This explains the growing importance of a new genre of trade unions - single company unions, not affiliated to the umbrella labour organisation. For instance, at Hero Honda an

⁵ Ramaswamy E.A., 'Worker Consciousness and Trade Union Response', 1988, p.6.

independent trade union recently oversaw the introduction of a productivity - linked wage agreement sans overtime ; insisted on restructuring an attendance-linked incentive scheme and participated in discussions on the company's recruitment policy. More recently, the CITU union at the Kolaghat thermal power station has been making history by fighting for causes which no other union conventionally fights for. It is demanding computerisation at all levels of power generation and administration and will not allow the management to have more hands than absolutely necessary. The union, however, hardly consider its standing surprising." " If the industry is overburdened with surplus labour it is bound to die in the long run" explains Mr. Panchugopal Dey, working president of the union.⁶ This explains the extent to which labour is becoming aware of their immediate needs in the changing scenario and there is increasing realization and acceptance of the fact that their interests can only be served as long as the industry prospers.

Mamkootam analyses the trend and notes, ' structured and attitudinal changes of serious dimensions seem to be taking place within the trade unions

⁶ 'CITU shows the way in Kolaghat : union introduces work culture' in The Telegraph, March 27th, 1995.

philosophy and strategies in dealing with the new realities of globalization and restructuring in India. Enterprise unions, breaking away from the politicized national centers, which focus on localised bargaining are beginning to emerge'.⁷ Such localization has also to do with the fact that mainstream trade unions are becoming increasingly identified with the interest of their parties, rather than the welfare of labour. As Dr. Samant says, 'Trade unionism in India is getting weaker by the day thanks to politically backed unions'.⁸

The unions seem to have accepted the inevitability of technological restructuring. Therefore instead of simply rejecting any proposals for technological change, as they initially did when the Life Insurance Corporation (LIC) tried to introduce computers during the late 1960s, they have begun to concentrate on the condition of separation, possibly the terminal benefits and compensation to workers affected by the change.⁹ The unions however, continue to be strongly opposed to large scale redundancies resulting out of

⁷ Mamkootam, Times of India, May 17th, 1995, Ascent section.

⁸ Business World, 1 - 14 July, 1992 p. 31.

⁹ See Singh, A.K. (1990) : 'Restructuring of industry in Kanpur' Lucknow Giri Institute of Development Studies (Mimeo)

closure. There is a large number of enterprises in both the public and private sectors which are terminally sick, mainly on account of non-introduction of technical change and of modernization over long period. In most private sector enterprises in this category, the management's apathy and lack of interest has been responsible for this situation. In the public sector, bureaucratization, politicisation and overmanning are seen as factors leading to inefficiency and cash losses and their continuation requires large budgetary provisions.

The changing environment has started showing its effect on the trade unions. On broader issues like NRF (National Renewal Fund) unions have shown tremendous unity. NRF, it is claimed, provides a 'safety net' to workers who may be affected by retrenchment but in actuality the entire NRF corpus may not even cover the restructuring needs of the NTC (National Textile Corporation), one of the sick industries leave alone, other sick public enterprises. The funds for the renewal of industrial units whether sick or sound or weak through technological modernization are to come as in the past from banks and financial institutions. The statutory dues of and compensation to workers, who it is now proposed can be retrenched without need of government approval, will also have to be paid by the units themselves : NRF will only

supplement the compensation. Thus the NRF far from really renewing anything is devised to make retrenchment easier for industries.¹⁰ Such issue-based unification on the part of central trade unions is a pointer to the fact that they have realized the cost of being fragmented. Recently there has been growing emphasis on reunion of splintered groups. For example the premier trade union organisation, Majoor Mahajan Sangh (MMS) and the National Labour Organisation (NLO) have finally returned to the Indian Trade Union Congress (INTUC) after a gap of over two decades. Similarly AITUC - CITU ties are becoming better. The tendency is clearly to group together for a unified movement to protect the interests of workers in the new climate. A national plan for employment generation is being undertaken by the trade union along with the employers. The joint plan, the first of its kind would synergise the perception of employers and trade unionists in matters relating to generation of employment and would focus on identification of new areas and vistas which have employment potential. This emerged at a bipartite meeting of the trade unionists with the All India Organisation of Employers and there was a convergence of views between industry and trade union on many points. This included the need to carry out land reforms and implementing them for the

¹⁰ Bagaram Tulpule's contribution 'Exit policy in public sector' in Economic and Political Weekly, Feb, 15 1992.

creation of employment opportunities.¹¹

After continually opposing the New Economic Policy (NEP) outrightly, AITUC (All India Trade Union Congress) is getting in tune with the times. At the end of its recently concluded workshop on 'NEP, social justice and development' emerged one introspective AITUC, whose draft policy on the NEP could now read very different from what it was in 1992. "At that time, we thought the International Monetary Fund and the World Bank would ruin everything. We would be finished, we felt. Now we feel the NEP should be analysed and studied in greater depth and not meet with outright rejection". Said T.A. Francis, AITUC secretary and workshop organizer.¹²

In a democratic country the role of trade unions becomes far more crucial. This is especially so in view of the vulnerability of the sections that it represents in the face of rapid changes taking place all around. The trade unions will have to shed some of its old methods and strategies in their dealings with the employer. And as the trend shows they have started to do so while it is still not too late.

¹¹ The Times of India, New Delhi, August 17 1994.

¹² 'AITUC ready to see the good side of NEP' in the Pioneer 26 March, 1995.

CONCLUSION

CONCLUSION

There is no doubt that this is the most testing time for Indian trade unions. With the national boundaries of market merging with the international market and gradual shift in government policies in the wake of the New Economic Policy (NEP); the trade unions in India which were never strong are finding it difficult to operate in the new circumstances. The predicament of Indian trade unions is shared by the trade unions in other parts of the world as well. With the expansion of the market and liberalisation unions are ill-suited to meet the needs of the workers or of their companies. At best they are considered as a left over from a previous industrial era or are regarded as obstacles in the march towards global competition.

In India the structural and readjustment programme has had disastrous consequences for the workers, For example the voluntary retirement scheme (VRS) and the sub-contracting system has considerably weakened the workers' cause. The government had earlier planned to introduce an exit policy on labour in the year 1992 winter session of the parliament. But the government backed out of it when the workers protested against the policy. It attempted to introduce just the Industrial Relations Bill (IR Bill) which too was dropped subsequently because of workers' resistance. At the world conference of

business leaders and politicians Davos in March 1994 the theory of middle path was propagated by the Prime Minister and the Commerce Minister and they made it clear that 'a policy of free hiring and firing was not possible in India. In practice, however, the government has it seems settled for an unstated exit policy, the corner stones of which is the VRS and the contract system. For units wanting to shed surplus labour and modernise or for sick companies to close down, and cut down losses, an ideal route to side step the rigours of section 25 (N) and 25 (O) of the ID act where permission for labour - shedding and closer respectively is mandatory. The VRS and the subcontracting system has been proved by many studies including the one brought out by the Maniben Kara institute in April 1994. The study conducted in the Bombay - Thane region showed that of these workers interviewed who had accepted VRS, 57% could not find any alternative employment; and of the 43% who could, most of them were in contract or casual jobs which paid very poorly. Most of these interviewed repented having accepted VRS for they found the bulk of the money went in paying off old loans or was lost in business ventures which never materialised. If VRS is the route for company management to abolish permanent jobs in the organised sector the contract system is the escape route by which companies continue to give themselves the option of hire and fire.

So like any transformation these adjustments are also not an easy path particularly for the workers. There are many changes taking place in the society today have caused some serious problems for the workers. In this background, therefore, the role of the trade unions in the process of redeployment, technology introduction etc. have become all the more significant. Ever since the announcement of the NEP there has been a strong debate going on about its utility as the third factor of industrial relations system. In a democratic system, its citizens have the right to elect their leaders who in turn represent the citizens interests. Similarly, in an enterprise, since it is very difficult for all the workers to represent themselves directly, the job has been entrusted to their leaders. Kochan and Osterman in the American context (Refer: Thomas A.Kochan and Paul Osterman 1993, the mutual gains enterprise; human resource strategies and national policy, MIT USA) has given four reasons in favour of the unions - Firstly, the values unions and other institutions for workers bring to a democratic society. Secondly, the distributive economic role that union representation plays, especially for workers at the lower end of the income distribution. Thirdly they can increase productivity, quality and health, sustain managerial commitment and the work placed innovations. Fourthly, it relates to the premise that union decline will impose a high cost on those organisation that are currently organised.

Observation of Kuchan and Osterman is also relevant in the Indian context. However, there is no doubt that the union and its leaders will have to change their old way of functioning and strategies to deal with the employers. The core of the problem is that conventional trade unionism propagates antagonism and conflict and flinches at the thought of cooperation. For the orthodoxy of the labour movement, the employer is axiomatically malevolent and narrowly selfish. Having learnt only the adversarial language, this brand of trade unionism does not quite know how to respond when the employer changes track. Cooperation for them is synonymous for collusion. Unfortunately, this kind of trade unions ideology dominates the Indian scene which is unable to protect the workers long term interests. Finding that this ideology is not relevant to their existential conditions, the workers adopt a pragmatic approach which turns out to be a big disadvantage to them in the long run.

Recently, there are some signs that the Indian trade unions federations have begun to respond to the new challenges. The unions are showing a new willingness to join hands in opposing some of the policies of the government. The issues have been largely related to privatisation attempts of the public

sectors. The government also yielded to this approach in connection with the exit policy and the new industrial relations bill. This has given, infact, a new lease of life to the trade union movement.

Trade unions have also started a cooperative approach with the management at the enterprise level. Trade union leadership, of late, has been receptive to the introduction of technology and productivity has become an agenda for the trade union. However, their condition is that gains of wages should be shared.

The new approach of the union should be cooperation instead of conflict, problem solving instead of confrontation; especially in poor countries like India which is struggling to provide a better life for everyone and ward off new forms of international enslavement. The trade union as an institution of the industrial relation system has to survive for the healthy growth of industrial relations as well as for the success of new policies.

Thus the question that requires special attention in the coming days for the union survival as a pivotal organisation are: (i) how should the union

organisation carve out its own responsibility for strengthening the democratic structure of the society and how does the union demonstrate it. (ii) how does the trade union shift from power orientation to cooperative developmental approach (iii) how much responsibility should trade unions share for the consumer (iv) how should union and management respond to the developmental needs of the employees and not financial status alone? It is clear that workers respond to local issues and adopt a pragmatic approach by supporting plant level unions. There is a need for trade union federations to develop a perspective on the worker-management relations so that the worker is protected in the long run and does not become vulnerable. The trade unions have to confront the existence of the unorganised sector and the way it becomes a drag on workers in the organised sector. Hence, unless trade unions can organise the workers in the unorganised sector they cannot find effective solutions to the workers problem and develop an ideology that is relevant to the times. This calls for innovations at the level of theory as well as at the level of practice.

The formation of the National Centre for Labour (NCL), an apex body of unions in the informal and unorganised sector, recently on May 29 1995 is a pointer to the fact that there is some awakening and hope in this direction. As

Dr. Thankappan explained regarding this development - 'we are witnessing this important event at a time when the organised labour movement is at a turning point. We hope for an emergence of a powerful movement which will unite both the organised and the unorganised workers. We will creatively evolve a struggle (The Economic and Political Weekly June 17, 1995 article by Mukul 'To organise the unorganised').

The new developments and challenges require new forms and new relationship - partnership, coalition and forums amongst the components of industrial relation system - rather than those envisaged in the compartmentalised ideologies of the past. A new set of relationships is required among labour, government and business especially for the task of developing trained, productive and adaptable human resources to fit the requirements of the new economic order. Unions' role as representative body of the workers is of paramount importance. But if it has to maintain its legitimacy, it will have to shed its old image. This only suggest the irrelevance of a particular kind of union and not unions per se.

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