

# ISSUES BEFORE THE INDIAN TRADE UNION MOVEMENT

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India has, by now, gone through more than a decade of economic reforms. Beginning in June 1991, the thrust of the reform was fiscal stabilization and initiation of major structural reforms aimed at deregulation of the economy to induce accelerated investment, growth, employment and hence reduction in poverty. A good number of these original objectives have been realized. GDP growth in 1990s, after initial year of reforms, was higher than those achieved in 1980s. During the subsequent years, the GDP however slowed down. Growth in industrial value added averaged 8.5% per year during 1993-4 to 1996-7. The same fell to 4.8% per year during 1997-8 to 2000-01. Similarly, the annual average growth in value added in agriculture and allied sector fell down from 4.5% to 1.2 % during the same period. Growth in the infrastructure also came down during the period under reference.

The Prime Minister's Economic Advisory Council in February 2001 submitted its recommendations on the next phase of reforms in agriculture, industry, trade, social infrastructure, economic infrastructure, financial sector and fiscal situation in the country. The Council recommendations included: remove all controls on the movement and stocking of agricultural commodities and allow the private sector, including the foreign investors; abolish levies on commodities like sugar and rice; lower the average import tariff from the present 34% to 12% by 2005; abolish reservation for small scale industries at least in select items of huge export potentials; abolish the requirement of government permission for closing down industrial units; increase compensation level for workers from 15 days wages for each year of services to 30 days; allow contract labour through a new law, recognizing outsourcing as a normal activity of companies; downsize the government by implementing the reports of the Expenditure Reform Commission; etc.

The Economic Survey 2001-02 has repeated almost all the economic diagnosis and nostrum of the last two years' surveys implying that on the Indian economic scenario not much has changed during 1999-2000 to 2001-02. Domestic output and demand were affected by poor performance of the agriculture during the previous two years. The export growth suffered as well as industrial profitability due to low commodity and product prices globally, e.g. recent crises in the Indian Tea Plantations are caused by a steep fall in the price of tea on the world market.

It is evident that the industrial sector has been the focus of the economic reforms in India. The slowing down of the industrial production, particularly, during the last five years has been a cause of major concern. The reforms were expected to result in sustained high growth in industrial production. It was expected that, in keeping with the country's comparative advantage, the structure of investment in industry would shift from capital to

labour intensive industries. It was also expected that such a shift would provide for greater profitability and earning growth, more export oriented production and greater employment opportunities in industry. However, progress in this direction has been limited after the initial growth.

Employment growth has slowed down significantly during the 1990s relative to that of the 1980s. The sharpest decline had been in the organized sector and in particular in the public sector due to the ongoing trimming of employees through voluntary retirement schemes [VRS] and dis-investment exercises. The pace of dis-investment in PSUs by the government's increased during 2001-02, in particular after the case relating to privatization of the Bhartiya Aluminum Company.

### **Employment:**

The dominant features of employment and unemployment in India are typically those of less developed countries. There are low rates of open unemployment but much higher level of poverty. The poor can't afford to remain unemployed. Consequently, nearly 33% of the employed workforce in 1993 were poor [almost similar to the all India level], on the other hand only 18-19% of those unemployed were poor. Implicated in this feature are higher rates of under-employment and low levels of productivity and income, as also open unemployed among those above the poverty line. Predominantly, a large proportion of the workforce employed in the agriculture and a very large proportion of those employed both in rural and urban sectors report themselves as self-employed or casual workers. Of recent, however, there had been an increase in female work participation rates and an increase in the education level of the workforce. Unemployment of educated youth is gradually becoming a serious problem.

The Census on population in India is undertaken every ten years. The 1991 Census has classified workers into main workers and marginal workers. Main workers are those workers who work for 183 or more days while those who work for less than 183 days are defined as marginal workers. Accordingly, 285.9 million [91% of the total workforce] are main workers and 28.2 million [about 9%] were marginal workers. About 79% of the workforce are resident in rural areas. Among the main workers the proportion of rural workers was about 78% and that of urban workers was 22.2%. On the other hand, 95% of the marginal workforce were in rural areas. Another aspect of Indian workforce is its classification into organised / formal and unorganized / informal sectors. By 1994 only 8.0% of the total workforce constituted part of the organised sector whereas the unorganised sector accounted for 92.0%. Agriculture and allied occupations is the single largest employer of the Indian workforce, about 99.2% of which are in the unorganised sector. In the manufacturing sector also the workers in the unorganised sector account for almost 75% of the workforce. Similarly, the 98% of the workers in trade and commerce belong to the unorganised sector.

The prevailing conditions have led to development of dual labour market situations. The workers in the organized sector are fully protected through coverage by the labour laws, although they account for no more than 8% of the work. Incidentally, the majority of the

workforce is employed in the government owned establishments. The labour in the unorganized sector is deprived of the benefits accruable under the various laws, primarily due to their informal nature of employment. Consequently, they face exploitation of various kinds both at work and home. Women workers are the worst sufferers of this exploitation. Further, it is in this sector that one observes existence of child labour.

According to GOI's Planning Commission Study on Employment Generation during the 8<sup>th</sup> Five-year Plan, it has been estimated that the organized sector employment has grown at the rate of 0.36% as against planned 2.6% during the first two year of the plan period. It was also observed that the majority of the new employment created was in the category of self-employment. The annual growth rates for the remaining part of the 8<sup>th</sup> Plan period too had been far below the set target. Similar has been the experience during the 9<sup>th</sup> Plan period. A number of other studies have drawn conclusions that the post liberalization economic growth in India has not been accompanied by growth in employment. The decade (1991-2000) had, in fact experienced a "jobless growth".

### **Trade Union Movement:**

During 2001 the labour movement celebrated 100 years of its existence in India. During the centenary celebrations, various labour leaders narrated in great length contributions made by them and the India Trade Union Movement [ITUM] in the freedom struggle of India. Many of them have, furthermore, been glorifying their contribution in securing trade union rights and other benefits for workers in the organized sector, However, the ground realities show that in the years following India's independence, the ITUM membership has remained stagnant, if not declining. Its activities have been more or less confined to the organized sector, more so to the public sector enterprises – from where over 70% of its membership is drawn. The number of trade unions and their federation has expanded. Further the state ownership on the one hand and trade unions closeness to political parties made not only the unionization work but also made easier securing non-productivity related financial benefits in the public sector establishments. With the onset of the liberalization process that included disbanding of the public sector and the coalition form of government, the ITUM capacity to influence political leadership in securing undue demands weakened, causing the Labour Movement to move from one stage of marginalization to the other.

Since the focus of ITUM was the workers in the organized sector, more so those employed in the government-owned establishments, the mass of workforce engaged in the unorganized sector remained not covered by the trade union movement. Consequently, over 90% of the workforce remained unaware of their rights as workers and as such were being exploited by their employers. Most of the times the worker is not even aware of the employer's excesses. Long working hours, under payment, sexual abuse, physical confinements are day-to-day affairs. The workers take these actions of their employer as fate.

The labour laws in India do not make a distinction between the organized and unorganized sector, yet the resources of the government and trade unions are directed mainly towards this section of workforce. The real exploitation of the worker and his/her family takes place in the unorganised sector where unions are conspicuously absent.

Of recent, the international pressure and the shift of workforce from the organized to the unorganized sector, etc., have generated renewed interest in the unorganized sector. The government has repeatedly made announcements about its intention to shift the focus of its activities towards workers in the unorganized sector.

The trade unions too are now trying to penetrate the unorganized sector. All the major CTUOs have specific programmes aimed at enlisting membership of workers in the informal sector. There are some indications of workers being organized in beedi, construction, fisheries, forestry, homebased workers, etc. industries. However, enrolling a worker as a member can't be a sufficient indicator of unions' functioning / effectiveness.

The latest verified figure on the membership of Central Trade Unions in December 1989 was declared in July 1994 by the Government of India. Accordingly five of the Central Trade Union Organizations [CTUO] have been accorded recognition of being national centres of trade unions. These are, the Bhartiya Majdoor Sangh [BMS] having links with Bhartiya Janta Party [BJP] and with a verified membership of 3,117,324 tops the list followed by INTUC [2,706,451], CITU [1,798,093], HMS [1,477,472] and AITUC [923,517]. In addition there are a large number of non-affiliated / independent unions functional particularly in the unorganized sector and private / joint venture companies. Then there are other forms of workers organizations, such as *Morcha*, labour cooperatives, NGOs, etc. performing the role of promoting workers welfare.

The Indian Trade Union Movement is close to political parties, has a narrow support base, there is a multiplicity of unions, centralized decision making, ad hoc management, obsolete strategies, external and over-aged leaders, personalized and power-oriented leadership, confrontationist attitudes, non-existent second tier leadership, and negligible gender representation.

### **Status of Workers' Rights:**

The Constitution of India guarantees to all its citizens, individually and collectively, certain fundamental rights including the ones relating to equality of opportunity in employment and freedom of association. India has also the distinction of developing one of the most comprehensive labour laws in the world. Since labour is a concurrent subject, both the Central [federal] and State governments have enacted laws affecting the labour. Over 200 laws [covering practically all aspects of workers' life including industrial relations, service conditions, wage and benefits, social security, etc.] have been enacted to secure reasonable working conditions particularly for workers in the unorganized sector as also to pre-empt their exploitation.

The government has, however, been over occupied with the organized sector as all their policies and programmes have been directed towards the workers in the organized sector. The Government, playing the role of a model employer, had ensured application of labour laws in all its establishments. The workers employed in the large private sector undertakings too have been in receipt of the legal benefits, although on a lower scale as compared to those employed in the public sector. For workers in the informal / unorganized sector as also of small scale units, it has been the case of unabated exploitation since for them all the labour laws enacted in the country are good on paper only. The State administrative machinery too has been rather ineffective. The inadequate size of the administrative machinery has often been quoted as a reason for the same.

India is a founding member of the ILO and holds a non-elective post in the Governing Body of the ILO. The ILO has influenced India in the labour sphere. India has, so far, ratified 39 Conventions [Annexure IV]. The ILO Conventions / Recommendations have played a significant role in the legal framework on wages, working conditions, welfare, social security, protection of the vulnerable section of the society, human resource development, equality, non-discrimination, etc. A tripartite committee on ILO Conventions of the Government of India oversees various aspects relating to International Labour Standards, including proposals concerning new conventions/ratification of old conventions, compliance of the provisions in the ratified conventions, etc. The Committee, however, has been dormant for many years.

The 86th Session of the International Labour Conference [ILC] of the ILO on June 18th, 1998 adopted a “Declaration of Fundamental Principles & Rights at Work”, making it mandatory for member States to enforce provisions of Core Labour Conventions. Accordingly all member countries are required to submit a report on the progress made in implementing the principles enshrined in the aforesaid Conventions. India has ratified four out of eight Conventions. The government is taking steps to see that child labour conventions 138 and 182 are ratified while the one relating to Freedom of Association does need to be ratified as the same right has been guaranteed under the constitution.

### **Issues Before Trade Unions:**

Some of the important issues that is keeping the ITUM occupied include:

- A. Child Labour: Article 24 of the Constitution of India prohibits the employment of children below the age of 14 years of age in any factory or mine. Furthermore, the Government has enacted the Child Labour [Prohibition and Regulation] Act of 1986, abolishing the employment of child labour in certain industries while regulating it in others. The GOI has also announced a National Policy on Child Labour in 1987 aimed at rehabilitating children after withdrawing them from prohibited employment. The GOI, during 2001, has made elementary education a fundamental right, making it mandatory for all children between 6 and 14 years to be in school.

The employment of children, however, is widespread and touches almost all the industries in the unorganized sector. The estimated figure on child labour ranges

between 12 to 110 million. The GOI claims that there are 11.6 million child workers only. Mass illiteracy and widespread poverty have been identified as major causes behind the existence of the child labour. Most of these children are subjected to the worst forms of exploitation.

In recent years a number of programmes aimed at removal of child labour from wage employment has been initiated by the government, employers' associations, NGOs and the trade unions. Most of the activities related to awareness generation. There is negligible attention given to strengthening the enforcement machinery. The employers' sensitization programmes too are not appropriately addressed. There is a flaw in the selection of the target population also.

- B. Trade Union Rights: Article 19 of the Constitution of India guarantees freedom to form unions, as such a right to form unions is a fundamental right in India. The Trade Union Act, 1926, also provides for the formation of trade unions by workers for redressal of their grievances. As of now there are estimated to be over 60,000 registered trade unions in the country. Most of them are affiliated to one or the other CTUOs. It is difficult to accurately assess the current strength of the trade unions as no more than 15 % of the unions have been filing the mandatory annual returns to the government.

However, there are certain categories of workers such as civil servants, police, army, etc. who are debarred from forming and / or joining a trade union. The groups not covered under the provisions of Trade Union Act have, nevertheless, formed their associations and are undertaking activities for and on behalf of its members and this includes going on strike, like e.g. the case of strike by Bihar Police.

In recent years, some of the state governments have imposed restrictions on the formation of unions, and, if formed, then on its functioning. For example, the state governments of Kerala and West Bengal had passed orders restricting the functioning of trade unions. The Haryana State government has, on November 8, 2000 passed order preventing its employees from going on strike.

- C. Discrimination: Article 16 provides that no citizen, on the ground of religion, race, caste, sex, etc. be discriminated against in respect of employment. The Payment of Wages Act as also the Minimum Wage Act does not make any distinction between male or female workers. Nevertheless, in practice, the provisions of law as also of the Constitution are openly flouted. Excepting the public sector undertaking and large private enterprises, there exist differential rates of payment for male and female workers. A child worker is also paid at half or 1/3<sup>rd</sup> the normal rate which may not be as prescribed in the schedule of the Minimum Wage Act.
- D. Forced Labour: Article 23 of the Constitution forbids forced labour of any kind. The Bonded labour (Abolition and Regulation) Act also forbids forced labour of any kind and as such the bonded labour System in India is stated to be formally abolished with effect from February 1976. However, various study on bonded labour in India show

the practice continues. In recent years high incidences of bonded labour have been found in the states of Bihar, Madhya Pradesh, Orissa, and Uttar Pradesh. Other studies have also indicated that the plight of workers in the brick kilns and mines is no better than of slaves. That is also the case with those working in building and road construction, agriculture and plantation, stone quarries, and others comprising part of the unorganized sector.

### **The Influence of Globalization on ITUM:**

The increased economic activities with more players have caught trade unions off guard. The concepts of competition and individualism were alien issues as the national trade unions have been functioning in an environment of government monopoly and political party patronage. This is indicative from the fact that over 70% of the membership of trade unions, which is in any case confined to the organized sector representing less than 10% of the workforce, is drawn from government controlled corporations. The emerging scenario has thus further marginalized the already weak and fragmented Indian trade union movement.

The changed role of the government, dis-investment in PSUs, voluntary retirement schemes, and above all the new form of politicking have jointly increased ineffectiveness of traditional unions which in turn are resulting in their declining membership. The declining industries such as textile, jute, etc. have also lead to decline in the membership of unions such as the National Labour Organization [NLO]; Rashtriya Mill Majdor Sangh [RMMS] etc. The fear of further narrowing down of an already small membership base [representing less than 10% of Indian workforce] is forcing trade unions and their leaders to venture into new areas to enroll new members. Of recent there have been moves to form trade unions in the unorganized sectors, including that of agriculture labour. The extent of success achieved has, however, been negligible.

The trade unions leaders drew much of their power from their association with a political party of their affiliation. As such, INTUC, which is affiliated to Congress was better placed to get benefits for workers till the time Congress Party had formed government at the Centre. Similar is the situation in the States wherein one or the other of the political parties forms the government. Consequently, it had been observed that the union closer to the party in power has been able to extract more for its member. Changing equations amongst political parties have lead to a further marginalization of trade unions as well as their leaders. There have been declining trends in trade unions as far as the representative body of Indian workers is concerned. Intra and inter-unions' rivalry; conflicting interests of political party's of affiliation; ineffective and stale strategies; inconsistent policies and programmes; concentration of power in top leadership resulting in delayed and inconsistent reactions; politically biased motives, etc. have jointly led to declining powers of trade unions which in turn has resulted in distrust and revolt amongst rank and file. The changing trends in trade unionism, particularly in jute, textile, pharmaceutical, telecom, etc. industries are indicative of this state of affairs. The employers and government, too, are finding it easier to sidetrack unions in the current multiple trade union environments with outside and politically supported leadership.

## **New Trends in Trade Unions:**

i. Emergence of Independent Unions: The ineffectiveness of politically affiliated unions as also of CTUOs affiliated to one or other political parties have created conditions in which workers found their membership to unions of little practical use. In fact, the common feeling among member workers of being "used" by leaders for their personal or political interests is wide spread. The workers feel that the leaders and political parties are busy in scoring points over the rival groups despite the fact that their very survival, both, as worker and human being is at stake. This condition has led to the emergence of independent / unaffiliated trade unions, particularly, at plant levels, e.g. workers initiatives at Kanoria and Victoria Jute Mills (West Bengal); Kamani Tubes (Maharashtra); Madura Coats (Kerala); etc. The enterprise level independent unions are also functional at Siemens; Brooke Bond; Pfizer, and other multinational companies.

This is indicative of changing trends in the Indian trade unionism wherein, in some places, independent and affiliated plant level unions are successfully competing with the recognized and rather ineffective affiliated unions to represent the workers at a particular plant. In the process they are finding themselves more acceptable by workers as also by employers who find its demands and pattern of negotiation more reasonable and attuned to the existing situation in the organization / enterprise.

ii. Merger moves: Faced with a situation of declining membership and the fear of losing its relevance, the CTUOs are taking initiatives to fight unitedly. In the last twelve months alone there have been many cases where the CTUOs, including those having affiliation to Left Parties, have joined together to fight for the cause of workers, e.g. against closure, dis-investment, privatization and / or modernization moves of NTC; banking and insurance sectors, etc. and these have produced some positive results.

As a consequence there are moves for merger among CTUOs. AITUC and HMS have for long been taking steps towards their merger. In this connection the HMS Executive Committee conveyed its acceptance to the AITUC proposal of merger. AITUC's General Secretary during the inaugural of AITUC's annual convention made public the intention of AITUC and HMS to merge. The issue of unification was discussed in the HMS Working Committee held on March 5-6, 1997. Subsequently, on March 18 the General Secretaries of AITUC and HMS addressed a joint rally of AITUC and HMS at Calcutta. AITUC's General Secretary further stated that other CTUOs, except BMS- affiliated to BJP, have also been approached for possible merger. The merger move however failed, presumably because no agreement could be reached on its affiliation to international trade union bodies.

Again on the occasion of the 27<sup>th</sup> Annual Convention, the President of the INTUC on November 5 gave a call for the unity of the trade unions on the background of challenges posed by the globalization process. Again on December 15<sup>th</sup> at the annual convention the AITUC office bearers called for a united trade union movement.



iii. Distancing from Affiliated Political Party: Recent developments have shown signs of unions trying to distance themselves from their political party of affiliation. INTUC, for example, had opposed a number of policies of the federal government constituted by Congress (I), the party to which INTUC is affiliated. Similarly, INTUC's leader Arif Ali and CITU's leader Wazibur Rehman along with about 3000 workers at the Kanoria Jute Mill [Kokata] deserted their respective unions to form Sangrami Shramik Union [SSU].

The union leaders are now publicly claiming to be independent of political parties. A particular reference could be the one of the INTUC annual convention held at Ranchi in Jharkhand, where the office bearers repeatedly said that the INTUC is independent of Congress.

iv. Professionalizing TU Management: To fight criticisms and also to face the organized forces of the Employers, the trade unions, particularly CTUOs, through various research institutions such as the Ambekar Institute of Labour Studies, Maniben Kara Institute, National Labour Institute etc., are trying to upgrade the quality of their leadership, personnel, as well as of services rendered. In their effort they are assisted by both national and international organizations, which include the Friedrich Ebert Stiftung. The capacity building activities include training programmes on management, gender issues, labour laws, information technology, strategic planning, networking, leadership development, etc.

v. Democratization of Unions: Until recently, the union's elections used to be the affairs of a limited group of people including political party workers. Labour leaders could manipulate things in the background of uninterested and unenlightened membership to maintain their occupation of leadership position. The changing scenario of India has, however, induced workers to be more active and militant. This is resulting in increased active participation of member workers, particularly young workers, in their trade union activities. This also implies that the functions and meetings of unions, now, have the participation of a larger percentage of its member workers.

## **In Conclusion**

The trends indicate that in the years to come the Indian labour market will be of dual nature. The rapidly growing Indian population would continue to expand the size of the workforce that already stands at about 400 million. The majority of the workforce would be unskilled/semi-skilled working on a casual basis. The size of the casual workforce would be further enlarged by professionals and skilled workforce [particularly those employed in the information and technology and other emerging professional sectors] engaged on a job / time contract basis. Lifetime employment, single skill, etc. would increasingly become a distinct entity. The number of government employees would continue to fall, as the recommendation of the Government's various committees indicate. Consequently, the nature of the emerging labour market is expected to be contractual, multi-skills, flexible and knowledge-based.

No doubt that many of the employers have taken measures aimed at taking over the functions of trade unions. On the other hand the traditional manner of union functioning is proving to be futile in the emerging competitive industrial environment. Resultantly, unions have not only witnessed a decline in their membership but also are facing competition from non-affiliated / independent trade unions formed by former members of the affiliated unions. Nevertheless, it would be wrong to suggest that any group other than the unions themselves could effectively undertake the functions of trade unions, as the representative body of the working class.

The globalization is a testing period for all the social partners, even more so for trade unions since it is the worker on whose shoulder the major burden of this transitory period falls. The unions, therefore, would have to take a comprehensive approach in meeting the emerging challenges of the New India.

The ITUM has a responsibility to ensure the application of trade union rights on all workers, irrespective of whether they are in the organized or unorganized sector. The unions should do away with their habit of living on the past glory and must be forward-looking. There is no alternative to systematic and professional management of the affairs of the unions. The unionism is a serious business and services proposed to be rendered are of continuous and crucial importance and such *ad hocism* in the management of union must go. The workers willing to become a member and to pay for the services would depend on the quality of services rendered by the union.

The primary function of a trade union, from workers' point of view, is to protect and fight against the violation of their legal rights in the light of current norms of fairness, equality and social justice. Unions are also expected to strive continually for a better deal for employees in respect of monetary rewards, working conditions and control over the work situation. The involvement of trade unions in the affairs of the larger community and in social and economic policies at various levels is no doubt important, but it is secondary to their primary responsibility regarding protecting the rights and interests of employees.

## ABBREVIATIONS

AITUC	All India Trade Union Congress
BIFR	Board of Industrial Finance & Reconstruction
BMS	Bhartiya Majdoor Sangh
BOP	Balance of Payment
CITU	Centre of Indian Trade Unions
CTUO	Central Trade Union Organization
Euro	= 43 Indian Rupees
FDI	Foreign Direct Investment
FES	Friedrich Ebert Stiftung
GDP	Gross Domestic Product
GOI	Government of India
HMS	Hind Majdoor Sabha
ILC	International Labour Conference
ILO	International Labour Organization
ILS	International Labour Standards
INTUC	Indian National Trade Union Congress
ITUM	Indian Trade Union Movement
NEP /NIP	New Economic Policy
NGO	Non-governmental Organization
OS	Organized Sector
PSU	Public Sector Undertaking
SAP	Structural Adjustment Programme
UOS	Unorganized Sector
US \$	= 47 Indian Rupees
VRS	Voluntary Retirement Scheme

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