CHAPTER 2
REVIEW OF RELEVANT LITERATURE

2.1 Introduction
This study incorporates several issues related to globalisation, Industries, industrial workers, and trade unionism emerged after the 1990s. These broader issues require further explanations and interpretations. The first chapter touches superficially the issues not detailed in the existing literature. Several terminologies and concepts are still unclear. This chapter clarifies the existing works related to globalisation effects on Indian industries, outcomes and consequences and response of the trade unions to the above developments in the globalised era. This chapter reviews literature (issue-wise) pertaining to the research objectives and concerns expressed in the first chapter.

2.2 Theoretical review
2.2.1 Globalisation
The term ‘Globalisation’ has become a highly contested word especially after 1990s, and it could be easily associated with any incident or phenomena occurring in the world. There has been lack of clarity in regard to both the concept and its definitions. Scholte (2000) has attempted to clarify this term, i.e. how it is different from Internationalisation, Liberalisation, Universalization, Westernisation and Modernisation which are interchangeably used for globalization. He has coined the word “De-territorialisation” to signify the unique characteristics of globalisation along with the above four. It negates territories for free flow of services, goods, information and ideas.

Neoliberalism, to which globalisation is hinged seems one variant among several such variants inherent to ‘Liberalism’ concept. Thurbon (2010) does not consider globalisation as a competing idea to ‘Developmentalism’ based on another variant of ‘Liberalism’. Developmentalism shaped the world economy after the 2nd World War which continued till the 1970s. She considers developmentalism as a narrower concept than Neoliberalism. Neoliberalism weightages all sectors and industries equally, while developmentalism considers some sectors and industries as more crucial for national economic security than others. Neoliberalism advocates strong
role of the market, while Developmentalism prefers strong state intervention. She conceptualizes Neoliberalism as follows:

- The free market is the most efficient allocator of resources to their most productive end. Government interventions in allocative decisions inevitably distort the market mechanism, leading to sub-optimal economic outcomes;

- Government should limit its intervention to national security, private property rights, and laws designed to promote and enforce market-based competition. The unfettered market, left to its own devices, will take care of the rest;

- Market based solutions can usefully be applied to most areas of economic and social life from the industrial economy to welfare, health, and education and beyond.

In “Neoliberalism: A very short introduction” Steger & Roy (2010) consider three aspects of modern neoclassical theory as particularly important in explaining the policies associated with the Washington Consensus which is based on neo-liberalism. At the microeconomic level, neoclassical theory presumes that the market is efficient and the state is inefficient. Therefore, the market rather than the state should address such economic problems of development as industrial growth, and employment creation.

Ganti (2014) defines neo-liberalism through a set of economic policies that some political scientists characterize as the “D-L-P” formula.

- D- Deregulation of the economy;
- L- Liberalisation of the trade and industry;
- P- Privatisation of state owned enterprises.

The policy measures related with D-L-P formula include massive tax cuts especially for businesses and high-income earners, reduction of social services and welfare programmes, and replacing welfare with ‘workfare’. The independent central banks regulate interest rates to keep inflation under control even at the risk of increasing unemployment. The government facilitates tax havens for domestic and foreign firms willing to invest in designated economic zones; allows new commercial urban spaces to be shaped by market imperatives; and encourages anti-unionization drives in the name of enhancing productivity and ‘labour flexibility’. These policies enable
downsizing of government as also the creation of new political institutions, think tanks, and practices.

Even like state failure in developmentalism, globalisation has also experienced market failures in case of the Washington Consensus. Stiglitz (2008) argues that globalisation was oversold after 1990. The much cited case of the Asian Tiger as beneficiary of globalisation has not been fully market dependent or based on Washington Consensus. The State played a strong role to accelerate the economy. In India, globalisation is not fully in compliance with neoliberalism concept and government has not left economy totally to the market. In fact, it was injected slowly into Indian economy. It looks like another version of globalisation and (Ahulawalia, 2002) names it as “Gradualism”.

Jenkins (1999) describes the compulsion to adopt the path of gradualism in India. India is not an authoritarian regime like China and South Korea, and strong opposition from several sections compelled the government to proceed gradually. For the same, Rajiv Gandhi’s efforts in 1980s at reforms did not meet with success. Again, the attempt of successive governments to introduce reforms in agriculture and industrial relations after 1991 did not meet with success. Therefore, economic reforms had to make a back-door entry into India.

Globalization has generally affected the industries. The following are the features of globalization that benefitted the industries after 1990 (Desai, 2004).

- Deregulated capital markets with the possibility of speedy transfer of capital;
- Communication and information technology which makes possible action from a distance in real time;
- Greater geographical spread and increased mobility of fixed, direct investment;
- Speeding up technological change leading to increased concentration of capital via mergers and takeovers, but at the same time promoting increased competition among industries.

Nayyar (2008) highlights the inherent contradictions in globalisation. Propagated as mantra for development in third world countries after 1980, globalization has failed to ensure prosperity for everyone and has mostly excluded the masses or poor. Globalization does not look good for strengthening democracy. East Asian countries,
where it was successful, mostly have authoritarian regimes. Society was more egalitarian in erstwhile socialist countries than globalized world of today.

### 2.2.2 Trade unionism

Trade unionism is seen as the social response to the advent of industrialization and capitalism. Conceptually, unions are interest organizations with predominantly labour market functions and agents for raising workers’ status in society. According to Sidney Webb and Beatrice Webb “a trade union is a continuous association of wage earners for the purpose of maintaining or improving the conditions of their employment”. The core function of unionism is as counter-acting the vulnerability of the individual worker in negotiating a labour contract with an employer who is, in turn, obliged by product market competition to cut wage cost while intensifying the pressure of work.” Though, the principle of the common rule unionism is to establish minimum standard in employment and hence to insulate the labour market from cut-throat competition. Trade unionism stresses on the superiority of the ‘device of common rule’ which defines standard rates of pay, normal working hours and basic health and safety requirements without interfering with the individual contract between workers and employees (Hyman, 2001)

The trade unions crossed several hurdles such as outright suppression initially, limited acceptance after mid-19th century and general recognition after 2nd world war to till 1970s. They developed several methods such as mutual insurance/welfare programs, collective bargaining, political action/legal action and industrial action to protect the workers’ interests. The growth of trade unionism across different countries and time span has not been uniform. The rate of growth of unions depends mainly on (i) industrial commitment of labour force, (ii) changes in the composition of labour force, (iii) variations in business activities, (iv) change in technology, (v) trade union leadership, (vi) structure of union organization, (vii) union security provisions in collective agreements and laws, (viii) attitude of employers towards unionism, (ix) political climate and legal framework, (x) role of political parties, and (xi) value system and public opinion etc.

Numerous studies in public domain reflect several facets and dimensions of trade unionism worldwide. Hyman (2001) groups trade unionism in three categories as an economic actor for regulating labour markets; vehicle of class struggle contesting the
capital system; and an agent of social integration through social dialogue. The three important factors as market, class and society have shaped and guided the trade unionism. No one factor seems to have fully dominated the trade unionism in any part of the world or any time span. Trade unionism has travelled between markets, class and society. Market factor seems to dominate in the globalised era, but class and society could not be ignored.

Behaviour of the trade unions carries baggage of negative and positive images in existing literature. Trade unions are considered detrimental to economic growth as they restrict the supply of labour and increase the wages in a competitive market. This reduces profits and further investment. This characteristic is often found reducing employment, as employers opt not to recruit workers in order to reduce cost. Propagated as an organ of democracy and agent for bringing industrial democracy, trade unions emerged over time as non-democratic, corrupt and backers of sectional interests. Leaders in trade unions create “iron law of oligarchy” and rank and file members have no voice in the decision making process (Crouch, 1966). In contrast, Freeman and Medoff (1984) present positive images of trade unions as vehicle for collective voice; catalysts of productivity not detrimental to growth; promoters of economic equality by reducing wage inequality; and democratic, non-corrupt organizations.

2.3 Empirical review
2.3.1 Globalisation in India
There are several studies that debate on the effects of globalisation on Indian economy. The empirical study by Nayar (2006) concludes that India has been a significant beneficiary of the globalization process. In his impressive study, the author has utilized five parameters viz. Economic stagnation or accelerated economic growth, deindustrialization or industrial advance, denationalization or regeneration, and economic destabilization or stability, to reach the above conclusion. He stresses India achieved acceleration in growth rate and avoided economic stagnation after it integrated with the world economy. This acceleration has also provided additional resources for investment in human capital and expenditures on the social sectors. Foreign imports have not swamped Indian industries as feared by many critics after
tariffs were lowered as part of global integration. Rather, Indian industry has grown at a higher rate than it had before the 1990s.

He points out that Indian industry has indeed faced serious challenges from the entry of multinationals. But the fact remains that Indian industry did accept challenges positively and emerged unscathed, reorganized itself and reached beyond the domestic market to the wider world. Indian industries have lately increased exports, established subsidiaries and acquired foreign firms. The Globalization/ economic reform process in India has paid all-round dividends, particularly in the external front. After the balance of payment crisis of 1985-91, the country has not yet faced any serious economic crisis or balance of payment constraints and also do not anticipate any in the near future, thanks to the accumulated reserves of post-reform period. India has also seen welfare enhancement through a long term decline in poverty.

Panagaria (2008) has substantiated the above arguments. By looking at the contours of Indian economic development since 1950s, he analyses and interprets success/failure of Indian economy. He underlines the major characteristics of the Indian economy such as that the country never experienced complete stagnation or decline, and that policy changes in India have been gradual. He has divided Indian economic development into four phases, viz. 1951-65 (Take off under liberal regime); 1965-81 (Socialism strikes with a vengeance); 1981-88 (liberalization by stealth); and 1988-2006 (triumph of liberalization). He interprets the 2nd phase (1965-81) as the main culprit for a slowing down Indian economy, in contrast with the impressive growth witnessed in the other developing countries during the same period. The author’s search for the reasons for Indian manufacturing not getting a prominent position in the economy in globalised era takes him to the conclusion that the country’s rigid labour regulation is the prime cause for the poor share of the manufacturing sector in GDP as also insufficient creation of employment. Service sector, where labour regulations are less applicable, has shown impressive growth. He argues that economic reforms in the 1990s have fundamentally altered the initial conditions of the economy. India now looks far better integrated into the world economy, which will enable it to take advantage of continued innovations around the world.

Economists agree that India has achieved quite impressive growth on several economic indicators, though this achievement does not find reflection in social
indicators like employment. Papola (2005) considers workers in the globalized world as losers. Race to the bottom\textsuperscript{3}, social dumping\textsuperscript{4}, threatened jobs in existing enterprises, overall reduction in employment and social protection and deterioration in the quality of employment constitute the current labour scenario all over the world. This disconcerting trend is visible in India too, and he suggests that it could be managed through keeping a proper balance between quantitative dimension and quality aspect of employment.

Srivastava (2012) in his empirical study using data for the years 1999-2005 highlights the increasing informalisation and deterioration in the quality of work among the workforce in globalized era. He concludes that though the services sector has grown rapidly, employment relations in services sectors have now become more informal and flexible.

Sen & Dasgupta (2008) have substantiated the view that workers are getting an unfair deal in the globalised era. Their empirical study done through a primary survey conducted during 2004-06 in industrial pockets (including Special Economic Zone) of Delhi, Gujarat, Haryana, Maharashtra and West Bengal, found no evidence of any improvement in labour status in term of employment, wages and other benefits.

Sincavage & others (2010) have validated this through empirical studies on 17 industries in manufacturing that increased utilization of contract workers has been lowering the average earnings of industrial workers. However, they could not segregate the earnings of contract workers’ because of unavailability of the data. Data available on wages gives figures of total payments to workers in general and not separately for permanent and casual workers. The practice of ignoring regulation regarding hours worked, overtime and the using contract workers is quite evident in most industries. Most of employment contracts are oral and based on cash transaction. Records maintained by the employer do not reflect reality. Even workers wish to work additional hours on regular rates for additional earnings.

2.3.2 Restructuring\textsuperscript{5}

Globalization and the consequent competition made it inevitable for industries to restructure operations. An inevitable fall out of restructuring is loss of employment to workers. The changing scenario of job loss can be understood by looking at the
response of labour to such loss. Korns (2009) accounts the experiences of Electric Utility Industry workers in USA through a case study approach. The industry under review was a very stable and regulated one, but it underwent a significant organizational change and consequent disruptions. The change in organizational culture and employment relationship that came with downsizing resulted worker layoffs, but workers retained a strong attachment with the company.

Haller (2005) traces the steel industry’s restructuring during the 1980s in England and its consequences for industrial life in an urban setting. He details how and to what extent structural changes resulted in persistent joblessness and poverty of the urban underclass.

Costa (1999) presents case studies of restructuring of steel industries in the US, Japan, South Korea, Brazil and India. He examines the relationship between industrial change and institutional responses to technological diffusion in steel industry. He details how and to what extent the role of state and technology driven capital accumulation shaped and reorganized the steel industries. He also highlights the reasons behind the poor performance of Indian steel industries, especially prior to 1990.

Costa (2005) investigates the contemporary industrial capitalism in India. He shows how state led economic and social change and business responses contributed to market development in India and its subsequent integration with the world economy. He further states that India’s gradual economic integration with the world economy has added another layer of complexity to the trajectory of Indian capitalism.

2.3.3 Steel Industries
Burange & Yamini (2010) have compared empirically the performance of steel industries in pre and post 1990s in term of production, capacity utilization. Steel industries performed better and grew manifold in all directions except in employment creation in the globalised era. A comparison of competitiveness among 14 major steel industries (private and public) on ten financial and non-financial indicators has revealed that the industry’s competitiveness index score is 39.07. The high (over 90%) capacity utilization in Steel industries is indicative of the future prospects of this industry in India. Further, the market share of public sectors steel makers has declined
over time, allowing the private steel makers like Tata Steel to dominate the market. For example, Tata Steel now occupies the top position, relegating SAIL to the second position. Nath (2006) also assesses the overall structure and performance of steel industries since 1990 and predicts better future growth for the steel industry, particularly for those in the private sector.

2.3.4 Employment patterns

Several non-standard work arrangements or employment patterns can be seen on the shop floor in the globalised era. Kalleberg (2000) has identified several work arrangements such as part time work, temporary help agency, short term employment, contingent work and independence contracting. Basically, these work arrangements are allowed on the shop floor to bring flexibility, but employers utilizing these to reduce labor cost. These non-standard work arrangements create “detached workers” and triangular employment relations, where a worker establishes connection with several employers. Employers easily escape from the welfare responsibilities attached to these workers. The structural problem inherent to this sort of employment restricts trade unions from organizing such workers.

Informalisation of workers employed in the industry has been another major development in this era. Theron (2010) has identified two kinds of informalisation in employment, i.e. “Informalisation from above” and “informalisation from below”. The first kind of informalisation can be commonly seen in the formal economy, where employment is increasingly externalized resulting in the induction of another layer of workers for whom labour standards are not applicable. The second kind of informalisation is manifested in the expansion of self- employment and survivalist activities in the informal economy. The shop floor in formal economy has ceased to include several groups of workers with different skills working on the same shop floor and for a single employer, and through different kind of employment relationship. Under this system, workers employed by temporary help agency or contractors in formal workplace are not protected by labour regulation as applicable for regular workers employed through principal employer. In the informal economy where workers dispersed in different locations and practical problems are emerged in linking up isolated economic interests for mutual benefit.
2.3.5 Labour reforms

There are several ongoing debates about regulation versus flexibility in labor market. Jha & Golder (2008) examine the labour reform debate critically, theoretically and empirically. They posit two distinct perspectives viz. ‘distortionist’ and ‘Institutionalist’ views about labour reforms.

Distortionists consider labour regulations as major obstacles to growth and employment. The regulations in the labour market prevent wages to be equal to their marginal product in equilibrium and results in misallocation of resources. Regulations may also create major obstacles to the adjustment process that aligns labour markets with different types of changes in economy in a dynamic setting. Labour regulations that redistribute economic ‘rents’ from capital to labour through collective bargaining schemes, and also expansionary fiscal programs to fund public employment may reduce the profitability of the investors. Consequently, this may discourage investment, and hence dampen the prospects of economic growth.

On the other hand, institutionalists argue that labour regulations may fulfill important redistributive roles in a market economy, particularly from the point of view of vulnerable sections, and this may provide necessary insurance against adverse market outcomes. They argue that Indian labour reforms has been revolving around the ‘rigidity’ of the labour regulations that favours only the organized sectors, and cite as couple of laws such as the Industrial Disputes Act, the Contract Labour (Regulation and Abolition) Act, and the Trade Union Act as evidence. Currently, the enforcement of the Minimum Wage Act, the Equal Remuneration Act, etc. is very poor and corrective mechanism should be developed for desired outcomes.

ShyamSundar (2010) observes that the government has shied away from introducing "hard" labour reforms. Political interests often ruled over labour organizational interests and generated splits in the union movement and thereby weakened union power. The mainstream unions did revive their organizational efforts in the informal economy in the last decade. The ensuing conflicts were bloody probably owing to the over drive of managerial and state aggression. The conducive environment provided by the government has encouraged employers to devise both 'hard' (lockouts, closures, antiunion measures, etc.) and 'soft' (idleness pay, VRS) ways to achieve flexibility and weaken union power.
Jha (2004) highlights the increasing hostile attitude of government towards workers in the globalised era. In the name of labour reforms, states have ignored the escalated violations of labour rights at the shop floor and elsewhere. The provision of ‘self-certification’ by industry, introduced by several state governments in order to reduce inspector raj and attract investments is further making worker more insecure. The Judiciary also seems to have acquiesced to this provision, as is evident from some of its verdicts.

2.3.6 Industrial Relations
India opted for a paternalistic approach towards workers after independence to maintain industrial peace and also nurture infant industries. Hence, the government controlled and regulated labour movement. Frenkel & Kuruvela (2002) theorize Indian industrial relations as the logic of action framework which is a combination of the logic of industrial peace, logic of competition and logic of employment-income protection. From the 1950s to 1980, the logic of industrial peace and logic of employment income protection seemed quite strong in India. Even in this globalised era, dominated by the logic of competition, the logic of employment income protection still persists at least in the formal sector. Protective labour laws are continued which prevent layoff and dismissals. Logic of industrial peace also dominates; industrial disputes are resolved through government machinery and strikes are not allowed after conciliation proceedings begin.

The changes in Indian labor laws introduced after the onset of economic reforms in the 1980s and 1990s reflect the state attitude of no intervention or only pro-industrialist intervention. Even state could not modify the existing labour laws after strong opposition of trade unions, but it has silently encouraged or supported the employers’ initiatives such as reducing the workforce by outsourcing and subcontracting. By deliberately ignoring protocols of negotiation like 14 days strike notice and prior consultation, and by delaying or deliberately rejecting application for complaint-registration, etc. Government has systematically removed the legal protection to trade union leaders and their members, thereby frustrating their legitimate right for collective action, as provided in the Trade Union Act, 1926 (Jhon, 2012)
2.3.7 Trade unionism in world

Thomas (1995) reviewed the conditions of trade unionism in developing countries through case studies relating to six Asian, Latin American, and African countries. The study highlights that challenges imposed by globalisation have necessitated adoption of new strategies by trade unions. The book suggests that trade unions should innovate ways to cooperate with other social organization in order to counter the negative consequences on workers.

Silver (2003) acknowledges the existence of severe crisis in the labor movement and trade unionism in the last two decades of 20th century worldwide and cites declining Strike activity, expression of labor militancy, falling union densities, shrinking real wages, growing job insecurity etc. as reasons for this crisis. Race to bottom approach of the state and leap frogging behavior of capitalists in search of cheap labour are also cited as reasons for this crisis. She connects globalization with various fixes such as Spatial Fix (relocation to new spaces for cheap labour), Process Fix (Technological Innovation) and Product Fix (shift towards a new product or industry where profits are initially high), etc. These fixes enable industries to maximize profits through increasing productivity and reducing cost.

Lee & Eyraud (2010) have monitored changes in employment conditions in the wake of globalization through macro studies in the Asia-pacific countries. The authors caution about the increasing employment diversification, informal employment, minimum wages, rising inequalities among high skilled and low skilled work and long hours and under employment evident in almost all the regions. Globalization has forced workers to meekly agree to new forms of employment contract with lower or nil security of income and tenure.

2.3.8 Trade unionism in India

Trade unionism in India began in the late 19th century and has now completed 100 years of eventful existence. After initial turbulence, it gained stability and acceptance after independence. Bhattacherjee (1999) examines the growth of trade unionism in India in structural and historical context since 1950. By grouping Indian unionism into four distinct phases, (1950 - 1965, 1966-1979, 1980-1991, and 1991-2000), he analyses and interprets the changing relationship in each phase among workers, trade unions, employers, the economy and the state. He has utilized the framework of two
phases of unionism i.e. Monopoly verses Collective Voice for his study. Along with
details of important incidents of each phase, he raises related issues such as
employment, union structure and density, wages and working conditions, collective
bargaining, industrial conflict, women workers, interstate variation and public
perception about trade unions.

Globalisation has brought radical changes in industrial life and role of trade unions.
Dutta (2008) enumerates the changes that have affected trade unionism in India as
under:

1. Reduction of Employment in the Public Sector
2. Labour Flexibility permitted by the State in practice but not in law.
3. Repression of the Working Class by the State has increased.
4. Role the Judiciary is no longer pro-labour.
5. Rise of Independent Industry Unions
6. Absence of cooperation and consolidation among Major Unions come to the fore.
7. Trade unions have no or low penetration in emerging new Sectors
8. The responses of the Trade Unions to new challenges are not adequate.
9. Penetration of unionization in the unorganised sector is in its infancy, and needs to be
   fostered at an accelerated pace.
10. The independent unions, though non-political and strong, have not become very
effective.

The empirical studies in the Indian context provide different aspects of trade unionism
both in pre and post globalized era which include political and state interventions in
unions, internal democracy, inter and intra rivalries, factionalism, declining power of
trade unions. These studies also highlight the Factionalism, gang wars, corruption,
opportunism and undemocratic practices that have become common in Indian trade
unions. Sheth (1993) highlights the apparent absence of commitment to work,
irresponsible behavior of the unions and also unreasonable demands that they make
on employers.

Bhomik (1996) has highlighted the outcomes of state intervention in labor disputes.
He blames state intervention for trade unionism not gaining maturity independently
and the mushrooming of multiple unions and consequent inter-union- rivalry. He further highlights that the prolonged and complicated legal process has often compelled workers to go for militancy for solving their problem and that the Labour department mostly favours employers in a time of major disputes. Pandey (1976) also provides insights about union rivalry in Kanpur and concludes that quantitatively multi-unionism is good for workers but qualitatively it weakens the trade unions’ bargaining power.

Ghosh (1985) has pointed the oligarchy, remnants of feudalism and authoritarianism among the trade union leadership. He argues that outside leadership in trade unions is as much a boon as a curse, in that if provides better bargaining power and also means for careers for political leaders.

The study of private industries by Saini (2007) presents the case of Honda industries in Haryana. Honda workers had to struggle hard and even face lathi charge for the formation of trade in their plant, which ultimately resulted in the union getting recognition in 2005. Bhattacharjee & Azcarate (2006) describe the essentiality of non-political unions free of political affiliation in order to tackle the new challenges that have arisen due to the restructuring process in the globalised era.

In contrast, Teitelbaum (2012) underlies the inherent problems of non-political unions in India. These unions are unable to institutionalize and broaden the workers’ interest and generally confine to sectional issues revolving around individual enterprises. His arguments look opposite in contemporary time, which posits political affiliated union as culprit for declining trade unionism.

2.3.9 NGOs versus Trade union
Several developments in Indian trade unionism could be linked to the demands of the globalised era. Independent or Non-Governmental Organizations (NGOs) are replacing political party-affiliated unions. Sinha (2004) raises the issue of representation of workers in India. Currently, such trade unions are confined to organized sector while NGOs and non-political unions dominate the informal sectors. The problem of this development is that both are working independently, ignoring the existence of one- another. They often distrust to each other and do not want to lose
control of their respective fiefdoms. This development is weakening organizational strength of workers, which can only be mitigated through collective efforts.

The trade unions look handicapped in their effort to organize Information Technology Enabled Services (ITES) and Business Process Outsourcings (BPOs) which have flourished in a globalised era. An in-depth study by Sandhu (2006) finds that even BPOs employee are overworked and stressed, yet they have no interest to form unions. Workers do not want to harm their career prospect by involving in union activities which had earned a bad name for slowing economic growth in the pre-1990 era. White collar workers describe themselves as professionals and seldom associate with blue collar workers. Exclusive and Inclusive strategies as outsourcing of transporting, cleaning and canteen services constrict their integration with informal workers. The individualism injected into them through human resource policies of Managements also prevents collectivism. Though the above reasons come in the way of their active participate in union activities, mitigation of their work stress and lack of social security calls for unionization and collective bargaining. Unfortunately, they are yet to realize the logic of unionization and collective bargaining.

Roman (2004) has highlights the contradictions in NGOs’ involvement in the issues of informal sector workers. NGOs work on humanitarian ground, are not experts on labour rights. They are unable to understand the complexity of labour-capital relations. NGOs by definition are not cadre-based entities like trade unions; therefore they generally ignore the primacy of class in today’s global capitalist economy, whereas trade unions are agencies dedicated to dissolving class inequalities, especially among workers. NGOs should restate their position on class-antagonisms for any meaningful involvement with working class.

2.3.10 Struggle of Informal worker
Globalisation has changed the nature of workers’ struggles. ShyamSundar (2012) identifies three trends of workers’ struggles in shop floors. Firstly, tensions and conflicts between regular and contract workers; secondly lack of solidarity between regular and contract workers; and thirdly spontaneous and independent action by non-regular workers. The struggles of contract workers have preceded in two directions; firstly it looked towards the state and not the employers for increasing minimum
wages and other welfares measures (Agrawal, 2008), and secondly it often morphed into industrial violence, hampering both production and industrial peace.

2.3.11 Responses of Trade Unions

Structural adjustments that came after economic reforms have been posing several challenges to the trade unions, and trade unions have also been changing their strategies for addressing emerging challenges. Ghosh (2008) accounts the emerging situations in Indian trade unionism. Trade unions now look trapped in a dilemma; they are compelled to support modernization at enterprise level and oppose liberalization policies at national level. He identifies the followings responses of the trade unions.

1. Unions are defensive in general;
2. Militancy against closure/mass retrenchment;
3. Acceptance of labour flexibility measures;
4. Concern for efficiency and productivity at plant level;
5. The Rise of decentralizing bargaining and company unionism;
6. Cooperation with other unions and NGOs;
7. Raising people oriented issues; and
8. Concern to organize the informal workers

The pattern of mobilization of workers seems to have changed after 1991. It seems to have shifted from labour movements to anti-privatization protests. Uba (2008) chronicles the trade unions’ mobilization against liberalisation policies in the period 1991-2003 and concludes that anti-privatization protests have intensified after the reforms and brought all central trade union federations into one platform. Even left wing trade unions seem to be taking a leading role. Hensman (2010) differently juxtaposes the reasons cited by left and right unions to oppose globalization. While the right wing unions oppose globalization on the standpoint of economic and cultural nationalism, left unions oppose it citing it as responsible for escalating inequalities in society.

2.3.12 Trade union and politics

Political action has been an important method used by trade unions to increase organizational strength. This method is found to be reason for the unions not
emerging as independent organization. Crouch (1966) argues that trade unions in all countries are more or less political. Trade unions in India look different from those in the west, in that the latter has been less dependence on political parties than the former. Incapacity and weakening trade of unions in India have made them more dependents on the political parties, and it a fact that what they achieved after independence wouldn’t have been possible without political support.

Ahn (2010) delineates the growth and decline of political unionism in India after 1950s. He concludes that union influences on labour policies at any given time was, and remains largely dependent upon workers’ relationship with the government in power.

Though trade union never dominated Indian politics, they nevertheless had played a crucial share in pre-1990s. The politics of the industrial city hinged on their support then. That has changed now with the onset of economic reforms that changed experiences and meaning of work. The declining solidarity among the working class is also responsible for this change. Gooptu (2007) in his study on urban politics in Kolkata links it to the declining strength of the working class. The emerging politics revolve around community based activities, religious resurgence and sectarian conflicts. Declining class politics in cities is now providing space for communal identity politics.

Industrial conflicts seem to have lost any political significance. Roychowdhury (2008) cites political not economic reason for this decline through case studies of some Bangalore based industries. Globalisation based on private sector development has excluded industrial conflicts from priorities of political parties. Involvements of independents and NGOs in informal sectors and concentration affiliated unions solely on firm level issues and not border issues of working class are found to be significant reasons for the decline of labour politics in the globalised era.

The increasing proportion of informal workers and structural problems involved in organizing them are considered as reasons for the decline of labour politics in India, particularly in the context of globalization. Sanyal (2007) looks at current development differently. He argues that the expansion of informal economy through self-employment and informalisation of workforce has now blurred the class angle on
which labour politics hinges. Trade Unions seldom recognize the capitalist in the informal economy and their actions often boomerang due to this. New strategies need to address this problem, the author argues.

Agarawala (2013) in her research work elaborates this issue and observes that the unionization that emerged from informal economy has now shifted from class politics to welfare politics. Populism that hinges on welfare measures rather than class politics based on labour rights attract more workers both formal and informal.

2.4 Firm level review

2.4.1 Tata Steel

Tata Steel has been contributing a lot to Industrial design and development in India since pre-independence days; the firm is also well known for corporate social responsibility and social philanthropy. It has always been an example for good business ethics and workers’ welfare. Several researchers have studied Tata Steel’s achievements in CRS and worker’s welfare. Here, four such studies are reviewed with a view to assess the performance of the firm in its CSR and welfare activities after globalization.

Pandey& Others (2005) outline Tata Steel traversed to emerge as a world class steel plant and became a low cost steel producer by 2001-02. They analyze the shifting strategies, process and practices of the firm after 1990. Switch over to performance/profit centered policy from its earlier people centered approach has not been an easy task. But for the familial culture and cooperation of trade union it would have been possible for the firm to reduce its workforce from 80 thousand to 35 thousand. They also provide sufficient narratives and statistics to reach this conclusion, but workers and trade unions’ views look superficially included.

Mukherjee (2008) presents the growth of Tata Steel in historical perspective. In 100 years of its existence, Tata Steel has traversed a long and uneven road encompassing exceptional success and emerged as steel giant in the globalised era. The author touches upon the problems faced by private firm under control regime and technological development in liberal regime.

Kling (1998) highlights the culture of paternalism followed in Tata Steel since its inception and the changes occurred to it in the globalised era. Tata Steel does not
manage the production unit only; it also administers township. This has been a unique feature of industrial development in Jamshedpur. The residents of Jamshedpur are benefited more by Tata Steel’s community facilities than government facilities. The author throws several questions about the culture of paternalism in context of declining workforce in Tata Steel. It no more makes appointment on compassionate grounds, and children of workmen are now forced to search alternative sources for livelihood. In spite of this development, citizens of Jamshedpur still want that company provide civic amenities and retain control over the township. The author finds answer to this dichotomy in the existing murky social and political environment in Jharkhand (then Bihar). People of Jamshedpur think better to accept the dominance of Tata Steel rather than non-functioning government machinery.

Gupta (2011) looks at the diverging trends in Tata Steel initiatives towards corporate social responsibility and social philanthropy that its founding fathers had nurtured. The social expenditure incurred by the firm looks drastically lowered in a globalised era. New slogan “Values greater than steel” looks more rhetoric than genuine launched in 2011. The author suspects the sustainability of Tata Steel for another 100 years if the present trend of declining social expenditure is continued.

2.4.2 Trade unionism in Tata Steel
To gain insights into unionism scenario in Tata Steel, this chapter reviews four studies on this topic. While the first two studies cover the pre-independence era, third pertains to 1960s-70s, and fourth the period commencing 1990. However, the fourth study is not about Tata Workers’ Union, at Jamshedpur but about Tata Steel corporate office located in Kolkata.

The study by Bahl (1995) covers the trade union movement in Tata Steel during 1920s. This was the early period in Indian trade union movement - a period that witnessed severe labour unrests. The author follows the line of British Marxist E. P. Thompson in assessing the Indian trade union movement. She counters the challenges of subaltern studies of trade unionism which ignores class angles and stresses on a cultural perspective. She argues that the workers at the Tata Iron and Steel Company (TISCO) did not acquire working-class consciousness simply by recognizing themselves as a group; rather they acquired that awareness through a
complex process in which social, cultural, political, and economic forces of the region interacted with the nationalist movement and global capitalistic trend.

Simeon (1995) has narrated labour politics that emerged during the 1930s in Jamshedpur. Through the help of narratives and available records, the author contradicts the purported roles of national leaders in labour movement which sounded more tilted towards management rather than workers. Workers had more trust of the local trade union leader than national leaders.

Mamkootam (1982) has observed closely the behaviour of the Tata Workers Union during the 1960s-70. This is rare study, which concentrates only one particular union. The author contradicts the established belief that Tata Steel witnessed industrial peace during this era because of the presence of Tata Workers’ Union. Workers had felt alienated and developed apathy towards TWU, and were more influenced by company policies. Workers had therefore stayed aloof from trade union activities. TWU degenerated into a non-democratic, oligarchic leadership and company-controlled or Dalal union. It was only a small group of workers that derived direct personal benefits from union work and not mass workers. TWU top leadership and management looked co-operating each other on the principle of live and let live, ignoring the problem that emerged at plant level.

Apart from main production unit located in Jamshedpur, Tata Steel operates from several locations dispersed all over India. Its corporate office is situated in Kolkata. The workers are mainly involved here in marketing and sales and are called white collar employees. The recognized union representing them is Tata Employee Union. The study by Sarkar & Varkky (2008) sums up workers’ attitude towards unionism and Management. The study shows that workers have dual loyalty, to both union and management. On one hand they consider management a more attractive for work related issues as job assignment, training, career, etc. and on the on the other, they remain loyal to unions to ensure job security which has become more insecure in the globalised era.

After the Introduction (first Chapter) and Review of relevant literature, one may wonder what kind of restructuring Tata Steel and its workers have witnessed after 1991. Are the behaviour and responses of trade unionism in Tata Steel identical to
those in other part of India, similar or different? What has been role of skilled workers? Are they exiting or voicing trade unionism? This study answers these questions in the following chapters. Next chapter deals with macro level changes which compelled industrial restructuring and its effects.

Notes:

1. Washington Consensus- This is described in detail in chapter three.

2. Iron Law of oligarchy- The term coined by Robert Michels for leaders of member based voluntary organisation being apathetic to rank and file members’ concerns.

3. Race to bottom- curtailing worker’s welfare policies as much as possible for attracting private investment

4. Social Dumping- Curtail the subsidies and social securities available for workers and labouring poor.

5. Restructuring- The concept of restructuring is defined in chapter three.

6. Urban underclass- it indicates the resident population of inner-city areas where the highest rates of school dropouts, poverty, welfare dependency and family disorganisation intersect. These areas are highly isolated, spatially, socially and economically from mainstream society.

7. Self-certification- self declaration by the employers about labour right and safety violation

8. Leap-frogging- it indicates the behaviour of employers, who shift to the location where cheap labour is available.