CHAPTER 7

SUMMERY, IMPLICATIONS AND RECOMMENDATIONS

“It was the best of times; it was the worst of times. It was the age of wisdom; it was the age of foolishness. It was the epoch of belief; it was the epoch of incredulity. It was the season of light; it was the season of darkness. It was the spring of hope; it was the winter of despair. We have everything before us, we had nothing before us”
(Quoted in ‘A tale of two cities’ by Charles Dickens).

7.1 Introduction
The emergence of globalisation as a paramount development discourse became inevitable fact of life after 1980. It has been considered as natural as we used think about climate. Most of the developing countries have followed the path of globalisation rooted on neo-liberalism with some variations depending on their situations. No country could remain aloof from global integration, and many have adopted it with modifications to suit their requirements. India also adopted this path but tempered it with ‘Gradualism’ to suit internal compulsions. On the one hand liberalization has benefited private industry exponentially, other hand it has weakened trade unionism and workers’ bargaining power. Based on these two strands of arguments, this study has endeavoured to compile and analyse the total developments pertaining to Indian industrial labour after 1990 in terms of policies, practices changes at macro level, restructuring at firm level, repercussions on workers and trade unionism.

Industrial development has been a major contributor to economic development and political stability particularly after pre and post 1990. It is a different matter that both were guided by two opposite principles; while one was clamouring for more and more state interventions the other was opposed to restrictions and state interventions, and instead advocated a liberalised market economy. Trade unions as crucial institutions of industrial development have helped to maintenance of industrial peace in the post-independence era. The keynote of government’s policies in the early decades after independence was on one hand a paternalistic attitude towards industrial working class and on the other, intent to protect infant industries from industrial disputes and
consequent work disruption, litigation, etc. This government’s emphasis on adjudication and conciliation processes not collective bargaining.

After liberalisation, the government began to give a free hand to the private sectors for expansions, modernisation and labour restructuring; these were areas strictly under government control prior to liberalization. Government’s indifference to workers’ grievances has in practice, resulted in weakening the strength of trade unionism. Increased outsourcing and subcontracting of production has been resulting in increased employment on low wages, low job security and precarious working conditions. This development resembles a return of the 19th century type shop floors, with flexitime and flexi work with no or minimum social security. New developments have been occurring in the form of the diversified work arrangement and fragmentation of the workforce. This has further reduced the scope of trade unionism in Indian industrial landscape. The increasing frustration among workers has the potential to erupt into violence if it is not institutionalised and channelized through constitutional methods. Trade unionism can be helpful in this context, but industrialists are looking for other options and ignoring the palliative role of trade unionism.

In the modern industrial setting such as in steel industry, the behaviour of trade unionism cannot be explored without taking into account changes unleashed by globalisation. Hence, looking into the response of trade unionism to the changed environment seems to be a better method of understanding the dynamics of industrial life in globalised era. Considering these points, this study combines three major analytical components: first, to understand the consequences of globalization for Indian Industry; second, study the corresponding changes in India’s industrial landscape in term of restructuring; and third, make a close observation of the responses of trade union in the changed work environment including the profile of workers. This study also critically examines the behaviour of trade unionism both in terms of personal interests of individual members and the collective or wider interest of the working class, which may signify its relevance in a globalised era.

7.2 Summary
The thesis is divided into seven chapters. The first chapter, after providing an overview of the total development in the globalised era takes up an examination of the
effects of globalization on trade unionism. It also sketches the issues related to globalisation, industry, changes occurring at the workplaces, bargaining power of workers, etc., which points the fate of industrial working class and trade unionism. The analytical framework and theoretical underpinning of this study is also discussed along with methodology used and the backdrop of the events. Industrial landscape has been undergoing a radical transformation and most of the things are yet to stabilise. Institutionalising the mechanism to address workers’ grievances has now emerged as major concern, and the central theme of this study in the evolution of such mechanisms in trade unionism.

Since, the issues related to globalisation, industry, industrial working class, trade unionism in general and Tata Steel in particular comprise a wider area, the second chapter lists and reviews available literature on issues of globalisation, its several dimensions and its effects in India. The literature review touches upon several facets of the emerging scenario as that is considered helpful to understand the consequences of globalisation for industrial life and the behaviour of trade unionism. The literature related to Tata Steel and trade unionism in Tata Steel provides an overview of the journey of trade unionism in Tata Steel from its inception to the present status.

The third chapter summarises the prevailing situation in Indian economy and industries. To begin with, this chapter specifies the relevance of the economic underpinnings of globalisation and its characteristics such as Washington Consensus for this study. It also describes the reasons for adopting globalisation in India in a historical perspective. Globalization has led to increased competition and made restructuring an eventuality. After providing conceptual clarity about competitiveness and restructuring, this chapter revisits India’s economic development since 1950s, through identifying the policy changes in different periods. Also, this chapter further illustrates the outcomes of globalisation in Indian economy and industry in general, and steel industry in particular.

Presented in the fourth chapter are the details of restructuring processes in Tata Steel Ltd, Jamshedpur. To begin with, this chapter outlines the pre-1990 development in Tata Steel, and puts two conflicting views about its corporate social responsibility and social philanthropy. First view highlights the benevolent policies of Tata Steel and the role of personalities like J. R. D. Tata and RussyMody in build this image of
benevolence. Second view contradicts it and argues that Tata Steel has always been a quintessential business firm, and the compulsions of doing business in control-licence regime and the unique social and political environment in Jharkhand (earlier Bihar) have together shaped its approach to Corporate Social responsibility and social philanthropy. This chapter also dwells upon the restructuring process including modernisation, expansions, labour restructuring, and technology upgradation in raw material consumption, quality and customer orientations under the three Managing Directors, Dr. Irani, Mr. Muthuraman and Mr. H. M. Nerurkar. The study highlights the outcomes of restructuring in several dimensions such as increased production, reduction in the no. of workers and labour cost, increased labour productivity, increased social expenditure, economic value addition, profits etc. The negative consequences are also highlighted which include employment opportunity loss, untimely separation, casualisation and diversification of workforce etc.

The fifth chapter tries to account the responses of the Tata Workers’ Union to the restructuring process. This chapter provides a brief history of unionism in Tata Steel as backdrop in order to contextualise the changing roles and behaviour of trade unionism in a globalised era. For the purpose, the comparative strength, union-management relations and responses of Tata Workers’ Union to management’s have been analysed on different parameters such as unionisation, internal organisation, election, leadership, collective bargaining, joint consultancy, relationship with other trade unions and informal groups, industrial and political action. The major events that occurred in Tata Steel in the globalised era such as downsizing, outsourcing, decentralised bargaining, concerns for contract workers, etc. and the responses of the union to such events are examined for assessing the relevancy of trade unionism after 1990.

The sixth chapter conceptualises the labour politics in India. ; It describes the current status of labour politics in Jamshedpur and tries to conceptualise the problems in order to see whether there was scope for revival of trade unionism in the globalised era, especially after 2000.

7.3 Major findings

1. Globalisation effects augers well for Indian Industries and it should be internalised for taking competitive advantages. Criticisms against adopting policies during the 1960s-70s look convincing. Poverty could be removed by increasing the wealth produced by
the nation, and this can be achieved quickly through harnessing all available productive resources and energies, whether in the Public or Private sectors. Preventing private sectors entry in steel industries proved wrong after independence, it becomes evident from the significantly better performance of steel industry in the globalised era.

2. Globalisation has intensified growth and investments through the country’s integration with the world economy. Indian Industries have succeeded in maximum utilisation of resources either raw material, human resources or market.

3. The embarrassing factor of globalisation has been “Jobless growth”. The number of regular workers in organised industries has been minimised and that of contract workers increased. The unacceptable quality aspects of contract employment do not seem sustainable in the long run.

4. Globalisation has been highly beneficial for Tata Steel. It allowed to grow Tata Steel in several directions and to emerge as a multinational company. Tata Steel expanded its Jamshedpur unit production fivefold to ten million tons, in just 20 years and also halved the number of workers.

5. Downsizing and other labour restructuring processes eroded the trust and loyalty of the workers towards Tata Steel, who were renowned for this trait. The campaign “values stronger than steel” launched in 2011 looks more rhetoric than genuine given the total developments in globalised era.

6. The responses of Tata Workers’ Union during labour restructuring looked pragmatic as the survival of the firm was crucial at that time. The Tata Workers’ Union’s consent to this principle can be said justifiable, knowing well that it would reduce its strength and bargaining power.

7. Trade unionism in Tata Steel took the shape of an economic institution. The monopoly face is reflected in the fact that it confined activities to its shrinking workforce without bothering about the grim conditions of contract workers.

8. The movement and mobilisation of workers’ offspring has been development unique to Trade Unionism in Tata Steel. Even Tata Workers’ Union attempted to divert this movement several times, but electoral dividends linked with it compelled TWU for negotiating on behalf of Workers’ offspring. It brought fruitful outcome in term of employment to workers’ offspring even though in low grades.
9. Rank and file or skilled workers selected the route of ‘voicing’ rather than ‘exiting’ through active participation in union activities. Trade unionism in globalised era seemed more democratic with reduced corrupt practices and free and fair elections.

10. The labour management relations have been cordial and cooperative. No confrontation has been reported.

11. Tata Workers’ Union has continued to behave as so called responsible union and never supported or cooperated with the general strikes called by other unions or its parental labour federation, the INTUC.

7.4 The Implication of study to Labour reforms
Though adoption of the New Economic Policy in 1991, India initiated economic reforms, but did not disturb the protective labour legislations for the organised sector. Policymakers left it for the track two reforms of the later period. Despite the vehement opposition of Trade unions and other bodies to any amendments, the successive governments after 1991 have been compelled to implement labour reforms through back door by permitting voluntary retirements and casualisation of workforce. The debate on labour reforms has continued ever since. The pitch of debates on labour reforms has fluctuated over time; it accelerated under the NDA regime and decelerated under the UPA regime. This debate has gained momentum again after new government under leadership of Mr. Narendra Modi came to power in 2014.

The debate is concentrated chiefly on The Industrial Disputes Act, 1947, which prohibits retrenching workers in the enterprises having 100 or more workers, and The Trade Union Act, 1926 which allows workers to form trade unions in enterprises with seven or more workers. Industrialists consider it as the main obstacle to industrial growth and want casualisation of workforce. They argue that Industrial Disputes Act, 1947 has been creating hurdles to retrenching incumbent non-performing workers, and Trade Union Act, 1926 has been causing proliferation of trade unions. Trade unionists contradict this and argue that liberalisation policy and changing government’s role have already provided an upper hand to employers. They apprehend that amendments to these acts would provide more teeth and nails to managements to curtail workers’ legitimate rights and entitlements.
Against this backdrop, this study throws light of this debate and provides the ground realities about firm performance and trade unionism. As mentioned above, industrialists argue that IDA creates unnecessary obstacle in balancing the workforce in a firm, and consequently hinders employment creation in the manufacturing sector. They justify hiring contract workers on the plea that it enable them retrenching as and when they need to so. Also, this impacts the ability and the willingness of the firms to create jobs, they argue. On the other hand, the unions argue that this particular legislation gives some bargaining power to the trade unions vis-à-vis employer, and ensures security of livelihood.

However, there is neither proper theoretical backing nor empirical evidence to suggest that the slow employment growth in Indian manufacturing is primarily due to these labour laws. In contrast, this study proves that there was exponential growth in Tata Steel and drastic reduction of workers despite this legislation in line of the study by Berman (2004) shows how ineffective these legislations are by citing the case of thousands of workers who lost their jobs in the collapse of Ahmedabad’s textiles factories in 1980s and 1990s. The restriction on retrenchment could not stand in the way of trimming the workforce in these enterprises. Similarly, Sharma and Sasikumar (1996) in their study covering 233 manufacturing firms in the Ghaziabad and Noida industrial belt point out that neither employment growth nor fixed capital investments of firms were constrained by these laws. At the all India level, Nagaraj (2004) states, “between 1995-96 and 2001-02, 1.3 million employees (13 percent of workforce) lost their Jobs. Could it be possible to retrench so many workers in such short period of time, if this law was really effective?” On the other hand, there is evidence on systematic downsizing of the workforce through innovative means like the voluntary retirement schemes. (Roychowdhury, 2015). This study substantiates this fact through the separation of more than 20 thousand workers from Tata Steel between 1995 and 2003.

The Trade Union Act, 1926 is also quoted by government for preventing mushrooming growth of trade unions in the manufacturing sector. The Act merely provides for voluntary registration of the trade unions and not recognition for collective bargaining. The lack of provision in the Act on recognition has hampered strengthening of trade unionism. This study also highlights the role of this faulty
recognition process in preventing the emergence of a rival unionism in Tata Steel, Jamshedpur in the 1950s. The Tata Workers’ Union was however forced to behave as a responsible or simple or pure unionism to save the tag of recognition. Trade unions have been pleading with the government since a long time for incorporating the recognition clause in the proposed amendment, but government has not at all been responsive.

The newly introduced Labour Code in the Industrial Relation Bill, 2015 seeks to replace the Trade Union Act, 1926, The Industrial Employment (Standing Orders) Act, 1946 and the Industrial Disputes Act, 1947. The code enhances the threshold number employees to 300 from 100 as provided in the ID Act, 1947. As discussed above, this provision did not prevent retrenching of workers except providing some bargaining power to Trade unions. This revision would reduce the accountability of employers and enable arbitrary closure of firms with much larger work-force than before and also allow en masse termination of larger number of workers than before. Balancing this, the code raises the retrenchment/closure compensation from 15 days’ wages for every completed year of service to 45 days’ wages without any statutorily mandated provision. Extra flexibility has been also added in this code which empowers the government to exempt any establishment or class of establishment from any or all the provisions of this code, if government is satisfied with existing provisions for the investigation and settlement of the industrial disputes (Gopalakrishnan & Shyamsundar, 2015).

The ID act prohibits workers in public utility services to go on strike without giving notice at least 14 days earlier. This provision is extended to all industrial workers in the new Act. The penalties for participating or instigating an illegal strike have been increased from INR 20,000 to INR 50,000 with possible imprisonment. Absenteeism of more than 50 percent workers on a given day through casual leave may also be treated as an illegal strike (ibid).

The Trade Union Act, 1926 has provision for outsiders to be office bearer. This code mandates that all the office bearers must be insiders. In case of Tata Workers’ Union, till 2002 the President and the General Secretary posts were held by outsiders, and they had comparatively more bargaining power than insiders, as this study reflects. The one hand, the code neither mandates employer’s recognition of representative
trade unions nor prescribes any procedure for that, which has been the continued demand of trade unions. On the other hand, the grounds for cancelling the registration of a trade union has been widened to include failure of a trade union hold bi-annual elections and submit annual returns. The code does not contain any provision for promoting collective bargaining. The proposed new labour code on Industrial Relations Bill looks blatantly one sided. It fulfils employer demands for greater labour market flexibility and labour discipline while ignoring the longstanding demand for recognition of trade unions (Gopalakrishnan & Shyamsundar, 2015).

The area which needs urgently reforms is the law of minimum wages and its implementation. The penalties prescribed in this law for violations are absurdly low. It is not clear whether minimum wage boards are not being reconstituted in time and minimum wages are revised only after a considerable time lag. Delaying minimum wages and discouraging trade unionism has led to severe frustration among labours and also sporadic labour unrests. A radical departure from the present government’s partial and one-sided approach is inevitable to address these problems. Managerial freedom must be allowed without jeopardising workers’ interest. Flexibilisation and security should go hand in hand with the emerging concept of “Flexicurity” for seamless industrial production and harmonious labour relations.

7.5 Recommendations
This study takes into account three major stakeholders for examining globalisation effects on Trade unionism, Government, Industries and Trade Unions. Recommendations for all stakeholders are as follows.

7.5.1 Government
This study recommends to the government to make labour reform debate more comprehensive and inclusive. Labour reform is a highly contested issue and concerns of all the stake-holders must be addressed. Contract workers are highly exploited in several dimensions such as minimum wages, social security, working conditions and freedom of associations. The labour reform cannot fulfil its objective of maintaining industrial peace uninterrupted production without accommodating the views of all stake holders and alleviating their grievances. Mere concentration on ID Act, 1947 and TU act, 1926 is not good enough. State intervention is still required for improving the status of workers. All things could not be left at the mercy of the industrialist.
Industrialists are not the ‘holy cow’ as imagined by present government. The whole matter should be looked to pragmatically to accelerate industrial growth and employment creation.

7.5.2 Industry
It is little doubt that industry has become inefficient in protective regime and globalisation has provided them opportunities to decide which products to be produced and to what extent. Retaining the of ID Act, which restricts firing of workers in enterprises having more than 100 workers without government permission, does not look justifiable in the changed circumstances, and it seems to be a violation the rights of the industry. But, clapping is not possible with one hand. Industries are demanding rights without any corresponding responsibility for protecting the rights of workers. They are justifying hiring contact workers with or without minimum wages and no or less job security on the alibi of globalization and global competitiveness. This argument does not factor in the need for long term sustainability of industries. The private industries have now usurped the right to discourage or punish workers for trade union activities. This study cautions the industry that the right to Industry could not be secured and sustained without providing right to workers.

7.5.3 Trade unions
It is good sign that trade unions have realised the gravity of the emerging crisis in their movements, and started to cooperate with industry for survival. But several trade unions are still behaving as economic institutions and becoming the monopoly face of unionism as in the case of the Tata Workers’ Union. This is not good for the long term interests of the industrial working class. Trade unions should shift their priorities from shrinking organised workforce to informal workers and slum dwellers, the self-employed, etc. for reviving labour politics. This is by no means an impossible task, and the ways should be explored to bring them on to one platform.

The finding of the study in a nut-shell is that globalisation is both a challenge and a solution; for industries is a solution and for labour, it is a challenge.