CHAPTER-6

FUTURE OF TRADE UNIONS, LABOUR MARKETS UNDER THE UMBRELLA OF GLOBALIZATION
6.1 Background

There was a growing questioning whether unions had had their day. Too many people could be heard to say things like: 'Unions were of course very important once upon a time, but their job has been done. The age of mass production is over. The new world is all about individual relationships, and unions will wither away. It has a glorious past perhaps, but no real future.'

And there was at least some evidence to support that view. Union membership had fallen every year from its post war peak in 1980. The government had cut unions almost entirely out of the political loop, and their electoral strategists were still convinced that attacking unions was a vote winner. A series of legal restrictions on unions sought to undermine its capability to recruit and represent members effectively. Industrial action had fallen, and there had been some significant union failures to advance through strike action. There was wide restructuring across much of the economy, usually to the detriment of trade union membership and influence.

There was a big decline in the kind of large workplaces that once made up the backbone of employment - the mines, the steel works, and the car factories, the banks and the insurance companies. Male manual work - both skilled and unskilled - has been in inexorable decline. And as any historians here will know the two great waves of growth of trade unionism's early years came from male manual workers - first craft workers and then the new unionism that organised the less skilled.

The utilities were privatised and shed jobs. Parts of the public sector were contracted out, and many public services run down. Indeed job insecurity began to be seen as almost a desirable policy objective. Jobs for life, it is told, were at an end. Easy hire and fire was the new shortcut to economic prosperity - though perhaps not for the fired.

The result was a political and economic backlash. Workers still feel its repercussions today.

Unions refuse to die quietly. Is there a real union renaissance? What do unions need to do to ensure a healthy future? What should be the workers role be at the workplace and in wider civil society, including the political sphere? These are the questions which need to be addressed.

And that simple principle goes just as much for the workplace as it does wider society. Inequality has grown. While directors' pay soars, huge numbers of workers remain locked into poverty-pay-rates. There remains an unacceptable gender gap. Despite the equal pay legislation women's pay still lags almost 20 percent behind men's. The relationship between employer and employee is inherently unbalanced. Trade unions give that opportunity for employees to speak collectively, to pool their limited power in order to bring some balance to the employment relationship and to tackle these deep rooted inequalities. But a world where people at work did not have the right to call on a union,
or where industrial action was banned, would be more unequal, more unfair, less free and less democratic. With this understanding, the trade unions have halted the decline, but have yet to secure a real advance. In recent years Union density has stopped falling and is now relatively stable. And as total employment both formal and informal has increased in recent years, there is an increase in union membership.

The trade union leadership concede straightaway that the change in gender balance is not always reflected in the movement's leadership, though the situation now-a-days a little better. The same kind of trend is true if one looks at working status. Trade unions are less good at organising part time workers than full time workers.

There are significant number of skilled professional workers who are in unions. But this is largely a public sector phenomenon. Seventy-two per cent of public sector professionals are unionised. The employees of banks and insurance companies are usually one of the most unionised groups in the workforce in the country as well as in Odisha.

Another way of looking at this is to compare unorganised sector employment. Again unions do well in the unorganised sectors that are predominantly public. While in the private unorganised sectors like construction and agriculture where there are some of the worst employment conditions, union density is low and also not worth the name. These are not easy sectors to unionise of course. Unions are about self-organisation of workforces, and where the workforce is highly mobile, often casualised and rarely long term, union organisation is extremely challenging.

The other way in which we fail to represent the world of work is our age profile. Density has fallen sharply among young people at work. Some say this is a result in a change of attitudes among young people. But if we probe the figures a little more, they suggest a different explanation. As we can see union density among young people is relatively high in the public sector. Unions here have made a successful appeal to many young people. But the public sector employs relatively few young people. This rather suggests that what we are seeing has more to do with the workplaces where young people work, than attitudes based on age.

A conclusion can be drawn like that the union decline has most to do with the changing economic and industrial structure of the country, rather than workers walking away from unions. This is also main conclusion from the most comprehensive survey of the workplace undertaken periodically - the Workplace Employment Relations Survey.

The legal changes made by the governments of Rajstan and Maharastra recently were damaging to unions and to people at work, but our membership fell more because of their economic policies than their legal changes.
Of course some employers remain ideologically opposed to trade unions, but more, while hardly enthusiastic, will respect workforce wishes. Part of the impetus for this has come from the training to a wide range of union activists, and brought a new diversity and enthusiasm to spreading the union message.

A further important factor in helping spread the union message has been the growth of the partnership approach to industrial relations.

The number of days lost through industrial action has fallen sharply since the early 1980s, and while it may have risen very slightly in the last two/three years, the graph puts that rise in historical perspective. The right to withdraw one's labour is a fundamental human right. It would be a strange sort of right if it were never exercised.

Managements are not all wise, and the strike weapon - although one of last resort - can win important gains. However strikes always represent a failure to resolve issues in other ways, and few union members want to rush to strike action. It takes a lot before people give up their pay.

And oddly enough, it is precisely because strikes are uncommon, that they make news. They are still in the 'man bites dog' category, just as the 'union strikes sensible deal with employer' is about as newswy as 'dog doesn't bite man'. High trust industrial relations based on the recognition that employees and their employer have both much in common and inevitable differences. And that it is best to try and resolve those differences through consultation and negotiation as that way can, and should, deliver gains for both sides.

The gains for employers can include better workplace morale and commitment, reduced absenteeism and labour turnover, and the opportunity to tap into the ideas for change and innovation that their workers bring to the organisation. For workers there can be real gains, not only in job security but in the opportunity to genuinely participate in shaping their jobs away from command and control management styles.

A key issue in partnership organisations is the increasing role that unions play in delivering skills and training and this is perhaps the biggest and least recognised development in modern trade unionism. Slowly but surely a new political culture is emerging in the country, offering new opportunities for the unions to get the united voice of working people heard.

TU's must have a clear sense of purpose. They should stand ready to take on bad employers, fight exploitation and press for social justice. TU's must ask some hard questions about whether they need to change even further to make themselves relevant to the workers of informal sector. Campaigning against the growing inequality in our country must be a key mission, but other issues rooted in the real working lives of our members - issues like pensions, stress, work-life balance, bullying,
discrimination, the chance to learn new skills, making jobs more rewarding and interesting, and productivity these must all be the key union concerns too. So, the trade unions have a secure future with exciting opportunities ahead even though there are overwhelming challenges and difficulties. If unions do not exist, someone would have to invent them. Employers need to talk to employees, government needs views from the workplace and above all, employees need a collective voice. So, the future role of trade union movement in India lies in organizing the unorganized.

Future Role of Organised Labour

Trade Unionism is multidisciplinary in approach, geographically and chronologically diverse, it has played undeniably significant role in modern society. Organised labour works in a variety of national and regional settings- the political, economic and legal. The contexts in which trade unionism functions in promoting economic equality and social justice have to be understood clearly.

The World Bank Report hypothesizes increasing employment and labour incomes with greater integration of nations into the global market, positing a reduced role of the state in the labour market and expecting trade unions to be responsible and non-political. On the other hand, the central message of the ILO Report is that state intervention with centralized bargaining institutions can return economies to full employment policies, which it sees as the only way to create jobs and better earnings opportunities (D' Souza, 1998).

This thesis examines the role of organized and unorganized labour in India and in Odisha in a structural and historical context. It attempts to trace the economic, political and social effects of the trade union movement and its strategies over time under the impact of globalisation. These effects are felt at enterprise- and/or firm-level, industry-level, regional and national level. First, we consider the effect of changing economic conditions on the evolution of trade unions and bargaining institutions in largely labour markets in the globalisation period (1991 onwards). Some contemporary issues affecting the organized and unorganised labour movement in India today under the impact of globalisation are then discussed.

The study then gives a more detailed presentation of crucial issues which are particularly relevant to the trade union movement in India today. These are: the relationship between unionization and employment; union structure and union density; wages and working conditions; the changing nature of collective bargaining; changing patterns of industrial conflict; the nature of labour-management relations; the (extremely important) issue of inter-state and regional variations in labour regimes; the question of women workers and unionization; and the changing public perception of trade unions.

Organized labour and economic liberalization
Where does India fit in this comparative framework? The Indian economy represents a mix of all three bargaining levels and a variety of union structures. In the private corporate sector, plant level bargaining takes place with enterprise-based unions that may or may not be affiliated to parliamentary political parties. In public-sector enterprises, centralized trade union federations affiliated to political parties bargain with the state (as employer) at industry-and/or national-level. Central and state government employees in the service sector (transport, postal services, banking and insurance, police and firefighters, etc.) are usually represented by politically affiliated unions bargaining at national and/or regional level. Most of these centralized bargaining and union structures were stable during the period of planned industrialization while India pursued a policy of import substitution. However, since the mid-1980s the economy has opened up to greater domestic and international competition, and these structures have come under increasing pressure to decentralize. These pressures have become stronger since the economic liberalization programme was introduced in 1991, especially in the public sector. As in other countries, the state has gradually retreated from its earlier role of creating permanent employment and regulating union-management bargaining.

This “state-dominated” pluralism, coupled with ambiguous labour laws regarding trade union recognition and “industrial disputes”, eventually led to a multiplicity of party based trade unions. This considerably weakened the political power of the organized labour movement as a whole, although in some strategic sites in the public sector centralized unions had considerable bargaining strength. Although unions could impose severe costs on key sectors of the economy, the organized labour movement as a whole was not strong enough to impose a cooperative solution at national level. This is still true today.

With economic liberalization, competitive forces began to affect the structure of the union movement. In several private enterprises, “independent” rank-and-file led unions came into existence and engaged in informed and militant bargaining, often with multinational employers, securing substantial wage and non-wage gains in the process. As these unions “traded off” increased wages against employment growth, and as employers shifted to “outsourcing” from non-union sites, the traditional party-based unions found their potential recruitment terrain both challenged and curtailed.

More recently, since the liberalization process officially began in 1991, many of these centralized party-based unions have united under a common front to resist government attempts at privatization and decentralization in the public sector. However, the organized labour movement as a comprehensive organization continues to face a fractured and segmented constituency, divided by
skill, region, industry and ethnicity. In addition, major labour law reform continues as an unfinished (and forever postponed) agenda.

In terms of labour market and industrial relations reforms, the continuation of economic liberalization would undoubtedly lead to more employment flexibility, greater decentralization in bargaining structures (especially in public enterprises) and hence less government intervention in the bargaining process, fewer strikes, and a possible halt to the fragmentation of the union movement. On the positive side, this could mean more employment and a more effective union voice at both micro- and macro-level, with industrial pluralism being strengthened. On the negative side, the proposed reforms could increase managerial power and accelerate the growth of the non-union sector, leading to a decline in the power of organized labour. At microeconomic level, unions of all political hues are cooperating with management in the restructuring process (often because they have no choice). However, at the macro-level, the organized labour movement is generally extremely critical of globalization and reform. From a strategic viewpoint, trade union federations of different political affiliations will have to forge a united front at the macro-level to ensure their continuing growth as “all-encompassing” organizations. This means organizing non-union workers.

Differences within the centralized trade unions, political parties, and state governments have indefinitely delayed the passage of industrial relations reforms. The lack of consensus and political instability at the centre since 1992 (several coalition governments have failed to complete their full term), mean a lack of political will to carry out these reforms. A worrying consequence of the inability to reach a national consensus on labour market reform is the future effect on regional labour markets and labour relations in general of heightened inter-state competition to attract foreign and local capital. In the absence of national reforms, various states may attempt to level down their labour market institutions by offering incentives to investment. The latter will have a profound effect on regional variations in labour standards. As these divergent trends will make it increasingly difficult for the centralized trade union federations to act at national level, it is in their immediate interest to press for industrial relations reform.

Unionization and Employment

Declining employment elasticities imply that more output is attained with less employment. This could be due to the fact that employers are investing in more capital-intensive technologies, and that there has been a considerable amount of labour shedding in the private and public-sector enterprises since the mid-1980s. Unions can affect these employment elasticities by resisting technological change that increases the possibility of substituting between capital and labour and by limiting the availability of goods and services that compete with the output of unionized firms. In addition, union bargaining power varies indirectly with labour’s share in total costs: unions are more powerful in
relatively more capital-intensive firms and industries, as the demand for labour is relatively inelastic compared to labour-intensive sectors. Employers in capital-intensive firms find it much easier to meet union wage demands compared to employers in labour-intensive firms. Finally, it is in the interest of unions to raise the price of other inputs, particularly non-union labour, as this increases the cost of switching from union to non-union labour (see Borjas, 1996, pp. 126-127).

To illustrate the usefulness of the above, consider the following. In the current scenario, labour and unions in the more labour-intensive sectors in India face considerably more uncertain and insecure times than their counterparts in more capital-intensive sectors. Several firms in the textile and jute industries are near closure. On the other hand, the majority of plant-based “independent” unions are located in more capital-intensive industries, and union bargaining power in several public sector sites (such as transportation and banking) is high due to its specific market characteristics defined by state monopoly. In some states, such as in Kerala and West Bengal, progressive unions in conjunction with their state governments have improved the wages and working conditions of agricultural and unorganized workers, thereby curtailing the growth of income inequalities within the workforce as a whole.

Over time, average annual growth rates in GDP have outstripped average annual growth rates in employment and employment elasticities in major sectors have fallen. Table shows the level of employment in the private and public sectors over the “four phases of unionism”. This table clearly shows the following: in the first phase, public sector employment increased sharply and private sector employment increased marginally; during the second phase, public sector employment increased rapidly, whereas private sector employment remained sluggish; during the third phase, employment growth in both sectors sharply tapered off; and during the first few years of the fourth phase, growth in both sectors remained nearly static.

Table presents a sectoral distribution of employment in the formal economy. We note two trends: since the third phase, growth in employment in manufacturing, both in the public and private sectors, has remained virtually stagnant; however, during the third phase, employment increased in public services. We also observe the phenomenal growth in employment in services (especially in the public sector) relative to manufacturing. Finally, except in manufacturing, the public sector continued to be the dominant employer in the organized economy. Table 7 shows a sector-wise ranking of the number and membership of trade unions that register and submit returns over the four phases of unionism. We observe that: (a) manufacturing leads in the number of unions and membership size; (b) construction lags behind most other sectors. Given that the macro data on employment and unionization in India are riddled with problems and contain errors of omission, detailed case studies of specific industries and regions have revealed significantly different trends.
The Friedrich Ebert Stiftung study (Davala, 1992) is an example. It covers tea plantations and the jute industry in West Bengal, the coal sector, ports and docks, the engineering industries of Andhra Pradesh and West Bengal, the power sector in Andhra Pradesh, and the chemical and pharmaceutical industry in Maharashtra. Although the study shows a fair number of inter-industry and regional variations, there were some striking similarities. The trend everywhere was a downsizing of permanent employment and the proliferation of contract, temporary, and casual jobs. There were very low rates of unionization of contract and casual labour, with the unions being more sensitive to the plight of such workers in the newer industries. In the state of Maharashtra, permanent workers and their unions in the chemical and pharmaceutical industries have realized that their well-being is ultimately tied to their fellow workers in the “reserve army of labour”. The study found that unions organize on an industry- and/or region-wide basis in the older industrial sectors, but the enterprise becomes the unit of organization in the newer industries. This pattern corresponds with the prevalent bargaining structure (i.e., industry- and region-wide in the older industries, and plant-level in the newer industries). Ramaswamy concludes in this study (Davala, 1992, p. 231): The common thread running through most of these variations is the desire of workers to gain greater control over their unions. This might well be the case in the older industries as well, but the structure of trade unionism does not permit much scope for the expression of these aspirations. In the newer industries, on the other hand, trade union structure itself appears to have been influenced by this fundamental force.

The “market friendly” views of the relationship between unionization and employment in India, especially during the third and fourth phase, was elaborated earlier, but needs to be emphasized in this section as well. The “monopoly effects” of trade unions, together with inflexible labour laws, have enabled employers to move up their demand curves and have practically frozen employment growth in permanent unionized jobs. Due to union wage mark-ups, employers have increased the capital intensity of production, thereby raising productivity. But this route can only lead to jobless growth, clearly a sub-optimal outcome in a labour surplus economy. Those who oppose this view point out that wage increases took place not because of union power but largely because of an intensification of the labour process resulting from a decline in union power. A disaggregated analysis probably comes closest to reality: in the more prosperous sectors, with low elasticities of labour demand, “selfish” plant-specific unions managed to extract generous wage increases; in the less prosperous sectors, largely in the public sector, “altruistic” unions affiliated to political parties have had little success with centralized bargaining procedures in unstable product markets.

* In the jute industry for example, (unionized) permanent workers often employ casual workers (bhagawalas) themselves to meet production targets.
In the buoyant sectors of production, even before 1991, employers have managed to execute viable exit policies through generous Voluntary Retirement Schemes, with the cooperation of enterprise-based unions. In these largely private sector sites, “bringing the union in” has clearly paid dividends in terms of generating “strongly efficient contracts” (that is, when the labour contract leads a unionized firm to hire the competitive level of employment). In the public sector, however, exit schemes (available through the National Renewal Fund) have few individual takers or else they face union resistance at national level. The general secretary of the All India Bank Employees’ Association says, “We will resist any attempt to introduce a VRS. As far as we are concerned, job security is more important than wage revision”.

The practice of “featherbedding” (employing more people than required) in a whole range of public enterprises is no longer financially viable. The union movement as a whole, especially the large centralized and industry-wide public sector unions, may benefit more from unionizing the unorganized than from attempting to preserve unproductive jobs.

Banks Association, aims to cover over 10 lakh (1 lakh=100,000) employees in 27 nationalized banks.

Union structure and Union density

The number of registered unions increased from 3,766 in 1950/51 to 55,784 in 1993, whereas the average size of those that submitted returns decreased from 577 to 460 during the same period (see table 2). As stated earlier, not all registered trade unions submit returns on their membership. If we assume that the registered unions which submit returns are the large, established politically-affiliated unions with the organizational resources to engage in this process, whereas the registered unions that do not submit returns are the plant-based independent unions, then movements in the fifth column of table 2 (percentage of unions submitting returns to total registered unions) makes for an interesting interpretation. It appears that the centralized unions dominated during the first phase, lost ground during the second phase, and then sharply declined during the third phase, dropping to an all-time low of only 12 per cent in 1993. Although this is only one possible reading of the data, several detailed case studies have also pointed to these movements in union structure (Ramswamy, 1988; Davala, 1992).

The decentralized independent unions have in some instances attempted to generate firm-wide agreements but they have been unsuccessful because of considerable employer resistance at firm level. Some recent commentators have suggested that these unions have been on the defensive ever

since the reforms. This is partly because they lost staff through voluntary retirement schemes; it was also due to the strategies of multinationals which severely cut back on permanent unionized employment. Other factors were the setting up of non-union facilities at new sites and the practice of subcontracting work to the informal sector (Banaji and Hensman, 1995; Noronha, 1996).

The incentive structures are designed to generate cooperative behaviour at the departmental, plant and firm level. Risk-averse unions, usually more concerned with employment growth than with members' wages, have resisted management's attempts to impose such systems.

Collective bargaining

Two critical aspects of the collective bargaining system are an expansion of the coverage and scope of long-term agreements and the increasing pressure for decentralized bargaining. These tendencies originated during the third phase of unionism and became acute during the post-reform fourth phase. The restructuring agreements cover (among other things): ban on recruitment, job transfers to non-bargainable category, introduction of parallel production, automation and flexibility, transfer of production to subcontracted units, introduction of voluntary retirement schemes, transfer of permanent jobs to contract/temporary workers, merger of units, and a host of other shop floor restructuring provisions (Venkataratnam, 1996). Concession bargaining in several units has led to job and wage cuts, a freeze on...
in the early 1980s, and due to the undemocratic nature of union representation in the industry, both employers and unions in the more profitable mills wanted to break away from the industry-wide agreement in force and set up their own mill-level agreements (Bhattacherjee, 1988; 1989). Recently, employers in two jute mills defied the industry-wide agreement between the Indian Jute Mills Association and the many unions by offering a higher cost-of-living allowance to avert mill level strikes. The central trade unions are in a dilemma for the first time in the jute industry: on the face of it, they oppose any kind of bipartite settlement by insisting on an industry-wide agreement at tripartite level. But by encouraging strikes at individual mills, they are indirectly opening up routes for direct negotiation between management and mill-level unions. The trend towards decentralization is reflected in the rising number of unions which have signed the industry-wide agreement: in 1972, there were only four signatories, in 1979 there were 11, and in 1992 there were 16 (Sen, 1997, p. 104).

By decentralizing bargaining structures and expanding the scope and duration of labour contracts, employers and the government are trying to minimize the “monopoly effects” of union work rules embedded in contract provisions that lead to considerable labour market inflexibilities, especially at micro-level. The determinant of public sector negotiations has been pay parity, and as a result there are few incentive structures in this system. Centralized public sector unions will have to come to terms with the microeconomic requirements of productivity growth and increased competition. They can learn from union responses to restructuring programmes in Europe.*

**Industrial Conflict**

Even though union density is very low by international standards, India loses more days every year as a result of strikes and lockouts than almost any other country (ILO, 1997/98, pp. 253-254). However, the number of workers involved in strikes and lockouts is considerably lower in India than in Brazil, Italy or Spain (pp. 251-252). This raises the classic question of whether conflict reflects union power or union weakness. It certainly indicates that the basic premise of industrial pluralism, the regulation of conflict, has not been achieved. The answer to this question in India depends on whether workers resist strikes or whether employers are on the offensive during lockouts. Table 3 presents some time series conflict data. We note that during the third and fourth phase, the number of lockouts rose whereas the number of strikes decreased. The same applies to the number of workdays lost and the number of workers involved. Until 1989 industrial conflict occurred mainly in

* ILO, 1997-98, Ch. 5 and 6.
the private sector in terms of number of disputes, workdays and wages lost, and lost production, although the actual number of workers involved in disputes was higher in the public sector in the early 1980s. Since 1990, however, industrial disputes in both sectors have increased significantly (Venkataratnam, 1996).

Since the economic reforms of 1991, successive national governments have had to deal with considerable industrial conflict in the public sector, especially in banking, insurance, and transport. At regional level, some state governments have had to contend with continuing inter-union and interparty rivalries, leading to the disruption of public life. Of late, the government has followed a tough line on striking public sector unions, as demonstrated in the dismissals and criminal proceedings against air traffic controllers. There is an imperative need for industrial relations reform in dispute settlement as the average consumer and voter has increasingly come to be a key actor and end-user of the industrial relations system. There are significant differences between the main trade union federations on the issues of secret strike ballot, prior notice to striking and the period of notification, lay-off provisions, the role of voluntary arbitration, multiple union situations, etc. The country as a whole would gain if the union movement could arrive at a consensus and if the recommendations of the Ramanujam Committee (statutory recognition of “representative” trade unions and the creation of an independent authority to arbitrate, mediate and enforce) were implemented. The institution of arbitration, if effective, fair and credible, will significantly improve the quality of industrial pluralism.

Labour Management Relations

Since the mid-1980s the practice of human resources management (HRM) has significantly altered traditional union-management relations in the advanced sectors of production, notably in multinationals and other private firms. Since the economic reforms of 1991, some public sector firms have also incorporated modern HRM practices into their otherwise traditional labour management relationship. Some of the essential characteristics of these HRM practices are: attempts at direct communication between managers and employees; individualized and/or contingency pay systems; modular organization of production through work teams with team leaders who often form part of the management structure; carefully designed and fairly implemented performance appraisal systems; and so on. While many would argue that modern HRM practices undercut union effectiveness at enterprise level, there is no clear evidence of this in India. Unions have a strong presence in the firms where modern HRM practices are implemented successfully, and it is only with cooperative union-management behaviour that this has been possible. But this applies mainly to the manufacturing sector.
In the skill-intensive service sectors such as information technology, HRM practices continue to pose a challenge and possibly create permanent barriers to union entry and organization. To the extent that information technology redefines the nature of work in banking and insurance, unions will have little success if they resist modernization, given the entry of new, mainly foreign, players in these sites. It is no coincidence that the most publicized post-reform industrial conflict at national level has been in banking and insurance.

If labour law reforms facilitate competitive pluralism and lead to efficient collective bargaining in the private sector, and to tripartism with responsibility and accountability in the public sector, we can postulate that the effectiveness of unions would not necessarily diminish if modern HRM practices were introduced in enterprises.

Inter-state Variations

One critical reason why labour law reform has been continually debated but ultimately shelved, is the lack of a consensus within the labour movement and across different state governments. Since economic liberalization, every state government has attempted to attract national and international capital. This has involved significant media costs, and many states have even hired international consultants to draw up economic renewal agendas. A vital consideration in this post-liberalization discourse has been the question of work ethic and comparative union militancy.

One of the most important concerns of social scientists in India today is the effect that economic liberalization will have on inter-state variations in human development, social productivity and civil society at large. States with a less organized labour movement, if controlled by pro-capital state governments, may attempt to attract capital with implicit promises of a union-free environment. This has clearly happened to some extent and has often taken violent forms. Ruling governments in other states with a long history of proletarian politics are desperately attempting to change their signals. These attempts are causing confusion within the union movement, both among the leaders and the rank and file, and also leading to chasms between political parties and their affiliated unions.

In several instances, temporary or issue-based alliances have been formed between unions affiliated to opposition parties, especially with regard to privatization of public sector services and utilities. One example of a state government changing its signals after being in power for over 20 years is the case of the CPI (M) in West Bengal. For the last 20 years, the CPI (M) and its trade union wing, the CITU, has been at the forefront of proletarian resistance to capitalist production processes and management hierarchies that control the labour process. The large-scale flight of industrial and commercial capital from West Bengal, which has been occurring since at least the mid-1960s, is attributed by many commentators to heightened industrial conflict supported by a sympathetic state government. In the meantime, the state’s reputation declined, fuelled by a hostile local press. But the
fact that the industrial health of the state withered during this time was there for everyone to see and experience.

Since the mid-1990s, the CPI (M) has attempted to attract national and international capital at several well-publicized gatherings in Calcutta, through government funded ministerial visits abroad, and through promotional advertising. The state government has been sending strong signals to the trade unions in the state to accept the requirements of industrial regeneration. Unions and employees in hospitals and nursing homes have been warned. As an important CPI (M) minister put it recently: “In the name of trade unionism, we have allowed many things. But enough is enough. We will take immediate action if there’s the slightest hint of agitation at a hospital”. After nurturing (some would say pampering) the trade unions in the state for so long, it is now very difficult to change attitudes, behaviour, customs and institutionalized practices to facilitate capitalist expansion, a process that was anathema to the CPI (M) for so many years.

Recently, tensions between the party and its affiliated union (the CITU) came to the fore on two counts. At the Haldia Petrochemicals Limited Township the union is demanding that “sons of the soil” be given permanent jobs in the Rs.51.7 billion project. According to management such a recruitment policy would spell financial disaster to the state.

Calcutta exemplifies the failure of state-controlled unionism where “class consciousness” is dominant. In contrast, the market-driven industrial relations system of Mumbai exemplifies a decentralized regime where the important role played by individual trade union leaders in the city’s labour history has added to the “job conscious” nature of industrial relations. Although considerable growth has taken place in Mumbai, this regime has led to almost uncontrollable and corrupt links between politics, the real estate market and the organized labour movement. It is no wonder that post-reform capital has invested in newer industrial locations, and this logic is slowly but surely changing the industrial geography of India (Shaw, 1999). It will thus become increasingly difficult, if not impossible, to generalize about an Indian labour relations system.

Women workers and Unionization

The percentage of women members in trade unions that submit returns rose from 7.3 per cent in 1951-52 to 10.3 per cent in 1985; in 1992 it was 11.6 per cent (see table 2). Detailed information on the extent of unionization among women workers is not available; although there are rich case studies of specific sectors/industries where women workers form a substantial section of the workforce (see the chapter on tea plantations by Bhowmik in Davala, 1992).

There is considerable controversy on whether there has been an increasing “feminization” of the workforce over the last decade, especially since the liberalization process began. Deshpande and Deshpande (1992, p. 1998) assessed the short-run impact of liberalization on female employment
and participation. They found that: (a) in urban areas, both male and female participation rates increased after liberalization; (b) gender-based wage differentials widened among regular wage/salaried rural and urban workers; (c) women workers were increasingly taking to self-employment and to the informal sectors as their proportion in manufacturing declined even though women’s share in the urban workforce rose slightly.

Although in several countries globalization has led to feminization of the manufacturing workforce, Banerjee (1997) argues that in India the reverse has taken place: women’s opportunities in the secondary sectors have fallen drastically in all states. However, there has been a slight increase in work opportunities for rural women in agriculture and some gains were made in the tertiary sector. According to Banerjee (1997, p. 433), it would be unrealistic to expect a “mechanical reproduction of international trends in a country the size of India”. Women workers account for only 17 per cent of the manufacturing workforce that in turn is only 13 per cent of the total workforce. She goes on to suggest that even if the entire export sector (commodities) were staffed by women, “it is doubtful that this would result in a feminization of the Indian manufacturing workforce as a whole”.

Given that a substantial section of women workers in India today are engaged as “homeworkers” in several industries (such as bangle makers, cobblers, dye makers, flower workers, kite makers, lace makers, leather workers, etc.), it is encouraging that the Indian trade union movement, under the “The SEWA has been organizing home-based workers in India for 20 years. SEWA member’s includes small artisans like weavers and carpenters and piece-rate workers like garment and bidi workers. SEWA is a union of 143,000 members and sponsors cooperatives to produce alternative employment. So far it has 63 cooperatives including a cooperative bank and cooperatives providing social protection like healthcare, childcare and housing to its members” (Jhabvala, 1995).

In 1996, the ILO voted in favour of an international convention on “homework”, defining the latter as “work carried out by a person in his or her home or in other premises of his or her choice, other than the workplace of the employer, for remuneration, which results in a product or service as specified by the employer, irrespective of who provides the equipment, materials or other inputs used, unless this person has the degree of autonomy and economic independence necessary to be considered an independent worker under laws, regulations or court decisions” (see Mukul, 1998).

Leadership of the Self-Employed Women’s Association (SEWA) has taken a lead in drafting an ILO convention on homeworkers (Mukul, 1998). A bill was introduced in the upper house in 1988 that attempted to equalize treatment of homeworkers with other wage earners in terms of remuneration, health and safety, minimum wage and maternity protection, with tripartite boards as the enforcement mechanism. Although the bill was dropped, it did contribute to initiating a national debate, according to Ela Bhatt, general secretary of the SEWA (Mukul, 1998, p. 758).
The SEWA model, where poor working women in the informal sector are organized so as to improve their wages and working conditions, and also assisted with credit from banks and cooperatives, needs to be replicated elsewhere in India with considerable urgency. This is already happening in the *Working Women's Forum* in Chennai and *Annapurna* in Mumbai. Established trade union federation shave to take a lead in fostering these organizational models and cooperating with local NGOs where the situation warrants, especially in states where gender equality is a serious problem (Seeta Prabhu et al., 1996).

Trade unions should lobby central and state governments to improve education for women and increase state intervention in favour of women’s employment. There is also considerable scope for increasing the number of women in leadership roles within the established trade union federations.

### Changing public perception of Trade Unions

The memories of nationalism and independence struggles sustained the image of trade unions as the collective voice of the oppressed, dispossessed and the exploited during the early phases of unionism. Later, segmented and uneven economic growth fractured union voices, and the public was able to distinguish between them. The Mumbai textile strike of 1982-83 generated considerable solidarity, not just within the organized labour movement, but among the urban citizenry at large. At the same time, however, impatience with the declining work ethic and a growing lack of accountability in the public sector, especially in service and education, often reached critical levels.

Since the liberalization process in 1991-92, the print and visual media have clearly supported globalization. By and large, organized labour, especially in the public sector, has not received a sympathetic press; in fact, coverage of trade union matters has declined considerably. At the same time though, considerable media attention is given to the conditions of unorganized workers, child and women workers, and to the attempts by non-governmental organizations to improve the status of disadvantaged groups. Trade unions in India today face the challenge of convincing the public that they can act on behalf of all employees, unionized or not. This requires the formation of strategic alliances with community bodies, social movements.

Trade unions will have to come to accept that the credibility of political parties is at a very low level. There is considerable scope for the trade union movement to capitalize on potential alliances, and a concrete beginning can be made by first forging alliances among themselves. However, this could entail a weakening of links with their political parties.

### Future role of Trade Unions in India: Organizing the Un-organized

The future role of the trade union movement is linked with a broader concern for ensuring the social cohesion of working people in a large and diverse country. In this final section, we examine union strategies in the private corporate sector, in public sector enterprises, and in the informal sector. It is
imperative for the trade union movement to concentrate on organizing the unorganized, so as to
create secure incomes and safe working conditions for those with irregular and precarious jobs.

**The Private Corporate Sector**

On average, private enterprises employ around 30 per cent of all formal sector workers in India; in manufacturing and trade, this proportion is around 70 per cent, whereas in transport, electricity and construction, the figure is less than 5 per cent (Datta Chaudhuri, 1996).

In successful private companies enterprise-based trade unions (that may or may not be politically affiliated) will have to accept that their pay is partly (if not largely) determined by productivity. Rather than blind resistance to this kind of pay structure, a cooperative strategy may pay greater dividends in terms of gain sharing at enterprise level. Unions will have to use their “collective voice” effectively in collective bargaining when incentive structures are proposed and negotiated.

Firm-wide agreements will strengthen union power at the corporate-level, and to achieve this, unions may have to trade off some plant-level gains. An example of this situation is being played out at Bata India. Management recognizes the enterprise unions in its various plants across the country, but the loosely united All India Bata Employees Federation is not recognized. It appears that management is willing to talk to the federation if it agrees to restructuring plans at the plant in Faridabad. If the federation agrees to these plans in exchange for management recognition, this would clearly reduce union influence at the plant.

In the older industries in the private sector, where industry-wide bargaining is the dominant structure and where inter-firm differentiation has grown considerably since liberalization, unions and employers are finding it difficult to reach industry-level agreements. Unions will continue to face obstacles to industry-wide solidarity in this sector.

What have been the effects of economic liberalization on the connections between unions and political parties, and what has this meant for the private corporate sector? To the extent that most of the centralized trade unions continue to oppose the basic implications of economic liberalization, there has been a surprising reconciliation of unions affiliated to opposing political parties on a range of issues at both regional and national level. There has been a gap between the preoccupations of political parties and the macro-objectives of trade unions since the reforms. This has created a dilemma for most of the unions in this sector: while the loosening of ties with the parent body inevitably leads to greater autonomy in decentralized decision-making, it also means a lessening of centralized lobbying power. Market forces will increasingly dominate union strategies in this sector.

**Public Sector Enterprises**

On average, the public sector employs around 70 per cent of all formal sector workers in India; in transport, mining, construction, electricity and services this proportion is high (>80 per cent), but it
is considerably lower in agriculture (40 per cent), manufacturing (<40 per cent), and trade (<35 per cent) (Datta Chaudhuri, 1996).

In non-viable public sector enterprises that are ready for closure, most of which are in the East, the situation continues to be very grim. Workers have not been paid for several months and the endless talk of revival now sounds hollow. The closure of these firms seems to be the only solution and unions can do no more than see that lay-offs are implemented fairly and as generously as possible. In several state-owned enterprises and organizations unions have accepted that privatization is the only way of saving the unit, and that informed negotiation is required. As a result of increased competition from both domestic and international producers, the output of public enterprises and services has improved substantially. Nowhere is this more true than in the state-run airlines. But unions in the public sector, especially those in services such as medicine, education, the police and municipal workers, can substantially increase their credibility by agreeing to enforceable accountability procedures. This would mean internal monitoring, which the unions are reluctant to accept.

For the public sector to deliver long-run productivity improvements in the post-liberalization period, unions will have to partly align their objectives with those of the end-user the average voter/consumer who has become an important voice in the labour relations system.

The Informal Sector

In terms of union density, India fares rather badly compared to other large developing countries. According to the ILO World Labour Report 1997-98, union membership as a percentage of non-agricultural labour dropped from 6.6 per cent in 1985 to 5.5 per cent in 1995 (the corresponding figure in 1995 for Argentina was 23.4 per cent, Brazil 32.1 per cent and Mexico 31 per cent). Union membership as a percentage of formal sector workers in India declined from 26.5 per cent to 22.8 per cent between 1985 and 1995 (the corresponding figures in 1995 were Argentina 65.6 per cent, Brazil 66 per cent, Mexico 72.9 per cent). If the figures are derived only from registered unions that submit returns, it is possible that they may somewhat underestimate union density in India.

According to the above source, less than 2 per cent of workers in the formal and informal sectors in India are covered by collective bargaining agreements. Clearly, a large proportion of workers (certainly those in the formal sector) fall within the ambit of labour legislation, even though they are not covered by a collective agreement. Nevertheless, it is apparent that considerable organization of workers remains to be undertaken in the Indian economy.

If one were to assume that the formal sector corresponds with the unionized sector (in reality, the unionized sector is a subset of the formal sector), then the following figures give an idea of the extent to which unions in future can organize workers in the various sectors. In total, less than 10 per
cent of all workers are in the formal sector. The proportion of workers in this sector by industry
groups is: mining and quarrying (56.9 per cent), manufacturing (19 per cent), construction (17.5 per
cent), trade (2.1 per cent), transport (38.7 per cent), and services (38.7 per cent). Clearly, there is
enormous potential for organizing workers in construction, manufacturing and trade. In addition,
detailed surveys in several industries have found that the existing unions do not sufficiently represent
the interests of casual and temporary workers (see the studies in Davala, 1992). Finally, according to
National Sample Survey Organization data, there is a “high incidence of women’s involvement in
unorganized sector activities, ranging anywhere between 20 to 25 per cent of total employment in
urban areas and anywhere between 30 to 40 per cent of total employment in rural areas figures
which far outweigh women’s recorded involvement in productive activities from Census sources”

“The un-organized sector has little by way of protective legislation or union representation” (Anant
and Sundaram, 1998, p. 833) in sharp contrast to the formal sector. In this sector, the “not so
invisible” forces of demand and supply determine wages and working conditions. There are no
automatic cost-of-living adjustments and substantial improvements are required in designing need
based minimum wages for unorganized workers (Jhabvala, 1998) and providing them with assured
employment for a minimum number of days (Unni, 1998). In this regard, the government’s recent
signal about labour law reform consisting of “umbrella legislation for welfare of unorganized sector
workers” as part of the agenda should be critically examined. The government proposes to relax
contract labour laws so as to generate more jobs, arguing that this would ensure better overall
security and welfare provisions for unorganized workers. Unions, however, feel that any such move
will only undermine permanent jobs. In any case, there are strong economic reasons why the wages
and working conditions of informal sector workers should be improved through welfare legislation.
Such measures improve the capabilities of the disadvantaged and vulnerable sections of working
people. In the absence of enhanced capabilities the economy suffers a net loss. It is clear that unions
have a whole range of workers to organize in the coming years, since the majority of labour market
entrants will probably work as self-employed or casual/temporary/ contract workers. Visaria and
Minhas (1991) estimate that nearly 80 million people will join the labour force between 1990 and
2000. A whole range of non-governmental organizations have successfully organized (not necessarily
unionized) several informal sector occupations and sites in India during the last decade, but it seems
that these interventions are resented by the established trade union federations as an intrusion into
their terrain (often, it is claimed, with financial backing from abroad). These fears are probably
unwarranted, and cooperation between trade unions and other social actors is required to level up
working conditions in these relatively neglected labour markets.
One way of organizing workers could be through union mergers and a joint trade union front. However, the latter presupposes a certain number of shared objectives among the large centralized trade union federations, and this unity is not yet on the agenda. The All India Trade Union Congress, the Hind Mazdoor Sabha, and the Indian National Trade Union Congress have talked of mergers and unity, but the Centre of Indian Trade Unions has taken a different approach; they have proposed a confederation of central trade unions which will preserve the individual identities (Muralidhar, 1994). The large unions have considerable differences on the efficacy of a secret ballot system to generate the legitimate bargaining agent. However, one good sign is the increasing willingness of trade union federations to work together in spite of the differences between their political parties on reform. In many states acute differences are surfacing between political parties and their affiliated unions and these issues are now being openly debated.

It is well-known that the informal sector in India contributes significantly to employment generation and to value added in industry. It is also true that there are considerable links between the formal and informal sectors and that there is a crucial regional dimension to informal sector manufacturing (Shaw, 1990; 1994). The attempt to unionize the unorganized in India has been difficult, although some progress has been made in certain regions with sympathetic state governments. But in other states, the situation of informal sector workers remains grim, and will probably get worse unless there is a concerted effort by trade unions, hopefully with the assistance of local and state governments, to level up the labour market institutions of the informal sector.

To what extent will alliances between trade unions break the links with their respective political parties? Or, will such alliances lead to the emergence of national unions without explicit political affiliation? It is too early to answer these questions but the tensions between some political parties and their trade union affiliates have come onto the regional and national stage since economic liberalization began in the early 1990s. In the private sector, these tensions emerged during the third phase of unionism and resulted in the proliferation of independent unions. It may be premature to suggest that independent unions, if they can be organized at industry/regional level, will lead to far greater “collective voice” effects and less “monopoly” effects than the existing industrial relations system. With economic liberalization and its effects on regional variations in economic activity, it seems that battles over working conditions will increasingly be fought at local and regional levels.

Trade unions will have to forge deep links with neighbourhoods and communities, urban movements, environmental groups to enhance their effective power. Ultimately, it all depends on “public action”, participation in the process of social change. Public action refers not to what the state does for the public, but to action taken by the public (Dreze and Sen, 1989). The trade union movement could trigger this much needed “public action” through broad-based alliances.
The number of registered jobless people in Odisha has crossed 32 lakh marks

The increasing unemployment has come to haunt the state government as has been reported by Bhubaneswar edition of New Indian Express dated 16.02.2016. It is pertinent to note that the state government launched the Chief Minister’s Employment Generation Scheme (CMEGS), a massive skill development initiative, in August, 2014 with an aim to hone skills of 11 lakh youths to make them employable. Setting the target for five years, the Government promised to upgrade skills of at least 150 young men and women of each Gram Panchayat for making them employable.

While the Micro Small and Medium Enterprise (MSME) Department claimed to have created employment opportunities for 1, 17, 665 youths by end of December, 2015, there is no official data on the achievements of other government departments. “MSME’s achievement is against the target to generate employment for four lakh youths by 2019. The department has successfully facilitated for setting up 38,545 enterprises by 2015,” sorces in the department said.

The performance of commercial Banks operating in the state for providing skill training through Rural Self Employment Training Institutes (RESETI) is equally disheartening.

The Banks were given a target to provide skill training to 19,800 rural BPL youths in the current fiscal year 2015-16. The achievement of the Banks by the end of September, 2015 was 5,857 which was 30 per cent of the target.

According to Employment and Technical Education and Training Department, over 32 lakh job aspirants have registered in various employment exchange offices of the State. The State Government has provided jobs to 44,100 of the registered job seekers through employment exchanges in the last 15 years which includes 33,096 men and 11,004 women.

A recent review by the Chief Minister Mr. Naveen Pattnaik revealed that about 36,000 posts are lying vacant in different departments at the field level. While proposals were submitted by different departments to fill up 20,902 posts, steps have been taken to fill up 515 posts only.

The highest numbers of posts are lying vacant in the School and Mass Education Department. While the number of vacancy in primary schools is about 43,000 as many as 14,000 teacher posts are lying vacant in various Government and Non-government High Schools thus failing the jobless figure to fall.

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