TRADE UNION MOVEMENT: ONE STEP FORWARD AND TWO STEPS BACKWARD

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Trade union in India is a product of peculiarities of colonial period. The features of union movement were strengthened after Independence. The state-led industrialization model defined the role and place of unions and collective institutions. The state at once protected and regulated union movement. The social compact worked for the advantage of all the three actors. The institution of political unionism aided the working of the model. This model faced challenges and new developments took place even before the introduction of economic reforms in a big manner. The LPG model introduced new dimensions and challenges to the union movement. It struck at the roots of collective institutions. Unions had to reorganize its house, redefine its strategies and roles to sustain its position first and grow if possible. It demanded radical measures. The union movement experimented with a number of measures. But they are not sufficient. The response is painfully inadequate. The unions carry the old baggage and are rusty at times. They surely require rethinking and reform.

I. INTRODUCTION

Trade union is an important social institution and performs significant social and economic and political functions. It achieved recognition from employers, the state and the society after many a bloody battles. It has constructed a body of rights for the working class using different methods of action such as direct action, political and legal methods. It is an important component of democratic system and operates on principles of democracy such as popular participation, involvement in decision making process, leadership accountability to members, union elections, etc. It acts as a pressure group in the polity. It creates social processes of interaction and establishes collective identity and fights to preserve it. It is useful to firms as it reduces transaction costs for the employers by performing aggregation and transmission (of preferences) functions, manages discontent, and helps in implementation of contracts. Unions and other collective institutions had a significant social and political existence during the state-led industrialization regime. Unions grew under state patronage and aided the state in its developmental efforts. The implicit social contract benefited all social actors.

The liberalization, privatization and globalization (LPG) model based on neo-liberalism has changed all these. Unions and collective institutions are in danger of withering away. They face several challenges and the response of trade unions will determine its future. The basic question is: how adequate has been the response of unions? This paper seeks to answer this basic query. Firstly, we briefly look at the historical context (Section II). Next, we outline the challenges faced by unions (Section III). The response of the union movement is reviewed in section IV. The fifth section critically assesses the response of the union movement, the good and bad aspects. Finally we make concluding observations.

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II. THE HISTORICAL CONTEXT

India made a late entry to industrial phase of economic evolution largely due to its colonial history. The colonial history did not only shape the industrialization process but also the evolution and growth and nature of working class movement in India. The early period of industrialization in India witnessed primarily a labour movement which was a largely a temporary and emotive response of the working class to the tensions arising in the work life. The union movement began after the end of the First World War, several factors such as the creation of the ILO, the Russian Revolution and the rise of freedom movement aided the rise of modern unions. There arose a constructive interface between politics and the union movement, as both needed each other: the former needed a larger political base for freedom movement and the latter required strong outside leadership. State intervention was milder in initial stages but increased as strike and union movement grew (see Shyam Sundar, 2005b). It assumed stronger forms during the Second World War. Trade union movement was shaped by politics, personalities and the state. The divisive and dependent tendencies in the union movement were all too apparent. India preferred the state-led, planned, import-substituting industrialization model to usher in speedy economic progress. The central government in the Independent India used two instruments to maintain order and stability in the industrial relations system (IRS), viz. law and political control of union movement as a complement to state intervention in industrial economy. The Congress government concerned as it was about the disruptive and powerful influence of the Communist unions used its labour wing INTUC to not only counter the latter but also to aid implementation of government policies. The union movement relied on state intervention to make the rules of the IRS and for the growth of union movement. The tripartite structures of consultation like the Indian Labour Conference, wage boards, industry committees, and participation in the planning process ensured cooperation from unions and provided ‘voice’ mechanisms to them. The deeply divided political system impacted heavily on the union movement and the result was an ‘involved’ union movement (Rudolph and Rudolph, 1987). The conflicts within the union movement (intra and inter union rivalries) further contributed to weakening of the union movement. Access to the agencies of the state was central in the state interventionist system (Ramaswamy, 1984; 1988). The ‘social compact’ involved exchanges: creation of substantive and procedural rights for unions by the state in response to promises of wage restraint and industrial peace by unions; institutionalization of conflict and creation of disciplined workforce for employers in return for provision of labour welfare and grant of union rights (Shyam Sundar, 2005b). The striking feature of the system was ‘regulation of unions and institutionalization of industrial conflict’. Compulsory adjudication was preferred to collective bargaining. International labour standards providing for procedural rights were not ratified and union recognition was not provided for; where it was provided the regulation of unions was stricter (e.g. Bombay Industrial Relations Act 1946, see Shyam Sundar, 2005b and 2006a for further details on this). The compulsions of economic planning and pluralist democratic system necessitated an uneasy marriage between rights and regulations. In the democratic corporatist regime, social compact was expected to enable economic progress which would earn the state social legitimacy and the government, electoral wins. However, tensions prevailed in implementation of the social compact. The working class could not accept the concept of curtailing consumptionist tendencies and the employers complained about the burden of labour standards. The participative and consultative mechanisms started crumbling when they sought to address basic substantive and procedural issues. Labour militancy increased since the 1960s. The protest movement was often shaped by political factors. The ultimate manifestation of the politics of strikes was the occurrence of the
Railway Strike in 1974 and the state responded by imposing the Internal Emergency in 1975. Pluralistictic politics was considered to produce inefficiencies and authoritarian corporatism characteristic of the Emergency regime suppressed unions and strikes (see Shyam Sundar, 1996 for analysis of impact of emergency on IRS). Again the back lash in the system in the form of high industrial unrest was dictated by political factors. Politics guided the union movement. But political unionism could not deliver quick and tangible results. Enterprise unions arose due to the failure of political unionism (see Bhattacherjee, 1987; Ramawsamy, 1988). The charismatic leaders and independent unions distrusted the established processes of interaction (say political) and conflict resolution such as conciliation, judicial intervention. They preferred market (collective bargaining and direct action) to political action. The centralized and politically controlled labour regime was challenged by the rise of decentralized and non-political unions. The tensions between the two streams in the union movement caused the Bombay Textile Strike in 1982. The protest movement in India is yet to recover from the pangs of this gigantic strike. The offensive phase of the union movement as reflected in the secular rise in strikes since mid-1960s met its end (even demise) by this time. The CTUOs in India engaged as they were in organizing dominant sections of workers neglected certain sections like informal sector workers, women workers. The state interventionist system failed to achieve the objectives it sought to (e.g. industrial peace) and in fact promoted inefficiency. The tripartite machinery was rusty. The role of state was gradually redefined from intervention to gradual withdrawal. Labour militancy waned and employer offensive in the form of lockouts began to rise since mid-1980s. The institutional framework of the system had collapsed by then. But the actors failed to acknowledge this. The state despite several provocations and attempts did not disturb the institutional framework of the system for purely selfish purposes: for fear of negative political effects. It assumed not without reason that the conflicts both within the institutional set-up of the pressure group and between the pressure groups would aid the state to maintain status-quo and seek political rents. The employers used politics to the extent it benefited them and complained against the state intervention when it worked against them. The biggest culprit in this regard is trade unions. They continued to believe in the historical institutions and practices they are used to: state intervention, tripartism, labour militancy, centralized political unionism, formal sector unionism, competitive unionism, political and legal enactment methods (rather than bipartism), etc.

III. THE NEW SETTINGS AND CHALLENGES
The economic reform process initiated by Rajiv Gandhi gained momentum since June 1991. The LPG model meant intensification competition between firms and national boundaries did not matter for capital or products. The market logic displaced state intervention. The bargaining power of capital vis-à-vis unions increased and the state faced the compulsions of market logic. Judiciary consistent with changed times delivered judgements that questioned the established rights of workers. Employers demand labour reforms. Jobs (especially regular jobs) are vanishing from the organized sector and the traditional base of unions is shrinking. Employers continued the managerial strategies (employment and IR policies) developed in the late 1980s (see Shrouti and Nandkumar, 1995) and invented new ones, which further weaken the union base. New sectors like information technology (IT), business process outsourcing (BPO), big retail outlets, proliferation of special economic zones (SEZs) offer challenges to unions. Informal sector employs a big chunk of workforce and unions needed to pay attention to this sector also. We see these challenges in detail below.
1. Economic Reforms
The failure of state intervention in the product market was quickly recognised and the economic reform measures were gradually introduced since the early 1980s (see Kohli, 1989; Kumar, 2005). The ‘politics of economic growth’ gradually began to give prominence to markets. The government intensified the reform process in the 1990s. Liberal trade policy, abolition of licensing system in case of most products resulting in near complete liberalization of product market, allowing entry of foreign capital, reducing the number of industries reserved for public sector, are some of the important measures which increased the extent of competition. Competition reduced ‘rents’ for unions and employers. It reduced the capacity of firms to pass on the wage increases to consumers.

2. Managerial Strategies
The labour market strategy of employers was to cut labour cost and employ flexible labour. The managerial strategies in response to increased competition included reduction in core labour and expansion of peripheral categories of workers, reduction in employment via voluntary or coercive methods, shift of production to non-union areas, sub-contracting work, prolonged lockouts, closures, and so on (see Shrouti and Nandkumar, 1995). The LPG model enhanced the bargaining power of employers vis-à-vis unions. Relatively greater mobility of capital, elastic labour demand, and huge reserves of unemployed and informal workers considerably weakened the power of unions (see Bardhan, 2001). The high incidence of lockouts continued in the 1990s and thereafter (see Dutt, 2003; Shyam Sundar 2004a and 2006a) – lockouts accounted for three-fourths of workdays lost (76 per cent) during 2002-05.

3. State Retrenchment and Employment Generation
The state either on its own or under pressure from external lending institutions redefined its labour market and industrial relations policies in the public sector: it imposed a freeze on recruitment, imposed longer period of wage agreement, dishoarded surplus workers via VRS. The public sector accounted for more than 60 per cent of reduction in employment in the organized sector in the last 7–8 years. The responsibility for employment creation is shifted from the state to private and foreign capital. The informal sector assumed importance with the decline of public sector and formal private sector. The employment elasticity of agricultural sector was negative and that of the organized manufacturing sector is said to be marginal. Disinvestment has been the constant reform agenda of governments (of any hue) since 1991. In a few cases it succeeded to privatize public sector firms. Privatization is feared to cause decline in employment, dilution of collective institutions, worsening of working conditions, reduction in wages and so on.

4. Demand for Labour Reforms
The neo-liberal reform agenda (see Coates 1999 for an introduction to and critique of neo-liberalism) includes inter alia, weakening union power, outlawing strikes, individualizing labour relations, privatizing public enterprises, diluting labour laws, freedom to hire and fire workers and close undertakings, removal of prohibition of contract labour, enabling laws to introduce technological changes, repealing of legal provisions relating to bonus and so on. The foreign capitalists along with domestic capitalists demand reform of labour market and IRS. The footloose global capital often uses the ‘threat of exit and relocation’ to pressure the governments to offer concessions to them and to blunt union organizing activity (see Shyam Sundar 2003a, pp.294).
5. Capital-friendly State
At the global level there is competition between countries and within the country there is competition between the states. As labour subject is on the Concurrent List of the Constitution of India, states enjoy some degree of freedom to change rules and laws to suit their needs (see Shyam Sundar, 2006a). The government at the centre has been conservative. But some state governments have been a bit adventurous in proceeding with labour reforms. For example, permissions for closures are being more liberally given in recent times by the Labour Department of the Government of Maharashtra (see Shyam Sundar, 2006a). The Government of Andhra Pradesh has deregulated the provisions of the Contract Labour (Regulation and Prohibition) Act to provide labour flexibility to employers (see Reddy, 2006). The Government of Tamil Nadu has allowed employment of women in the night shift in the information technology industry subject to some safeguards. Many state governments have introduced relaxations in labour inspection system, some even the Self-Certification by employers (see Shyam Sundar, 2006a; Venkata Ratnam, 1996). The state violence (police brutality) on striking workers working in Honda Motorcycle in Haryana has redefined the role of state in IRS in neo-liberal environment. The left government is argued to be no different. The recent Singur controversy – the West Bengal government gave permission to Tata Motors to establish factory in Singur and the former offered handsome compensation to displaced farmers. This measure is opposed by its political parties and NGO leaders like Medha Patkar (a motley crowd of Congress (I), TMC, BJP!). The state government is adamant that it would go ahead with its plans and convey right signals to investors. Critics argue that the left government is no different from others. The ‘politics of convenience’ is the result of competition for investment. The states compete for capital and do not tolerate unionism and strikes and are willing to offer labour flexibility. The Central government has made clever use of federalism to allow labour reforms at the state level thereby reducing opposition levels. The state’s role changed from support to unions to indifference, even hostility. Indeed, state-business coalition as alleged by union leaders became stronger (see Kuruvilla and Erickson, 2000). The government on its part been has ceased to be actively intervening in industrial relations, even if they did, it has generally supportive of capital (RoyChoudhury, 2005). Unions decry the weakening of enforcement of labour laws, while the employers and even the Prime Minister complain of 'Inspector-Raj'. Socialist image, political intervention in labour movement, state intervention in strikes, constant and close scrutiny of administration of labour laws and preserving the power of state administrative agencies (labour bureaucracy) are no longer in the agenda of the state. The state adopted tough measures to deal with strikes by government employees. The regional governments were only too keen to use ESMA to quell strike activity by their employees. The U.P government used ESMA and the National Security Act (NSA) in the U.P. Electricity Board workers’ strike in January 2000. The Tamil Nadu government enacted Tamil Nadu ESMA (TESMA) on September 24, 2002 to handle the state government employees’ strike and amended it to give radical powers to deal with another strike by its employees and teachers in 2003 (see Shyam Sundar, 2003b).

6. Role of Judiciary
The judiciary was delivering worker-oriented jurisprudence in the past (Pavani, 1985). It was an instrument to promote social justice (see Saini, 1994). The judiciary consistent with changed times delivered several judgements that curtailed the established labour rights (restrictions on bandhs, right to strike, etc., see Shyam Sundar 2004b; Venkata Ratnam, 2006, pp.267). The judiciary adopted a tough stance on strikes by government employees. In the case of postal
strike (in December 2000), the Delhi High Court instructed the government to “Take whatever action you (the government) deem fit, we want that the postal services are normalized”; the stern action included imposition of ESMA.\(^4\) The Supreme Court’s pronouncement in the case of strike by Tamil Nadu government employees and teachers in July 2003 is another notable example. The Court pronounced that the government employees have “no fundamental, legal, moral or equitable right to go on strike”. The Supreme Court reversed its earlier judgement on contract labour absorption issue in the SAIL case, which was a big blow to the union movement fighting against the flexibility drive. These judgements delivered in the 1990s deeply affected the rights of workers. The unions and the civil society organizations are understandably upset at these developments and have been demanding the government to legalize the right to strike of government employees. The BJP-led NDA government evaded this issue and the present government (though supported by the Left parties) has not addressed this issue.

### 7. Weakening Nexus between Politics and Trade Unions

The alliance between the political parties and its union affiliates is under strain in the wake of conflicts between the two on the question of introduction of reforms. Political parties when they become ruling parties seek to introduce reforms that conflict with the interests of their labour wings. On the other hand, it seeks to redefine union politics. There have been tensions in the relationship between CPI (M) and its union CITU (see Bhattacherjee, 2001) and that between BJP and BMS (see Shyam Sundar 2005a).

### 8. Numerical Constraints and the Organizational Challenges

Trade unions face four organizational challenges: slow employment growth (union base ‘attrition’), loss of membership via closures, VRS, lockouts etc. (‘depreciation’), sustaining workers’ interest in unions (‘retention’), and organizing the unorganized and unorganizable (‘penetration’). Unions have recognized that they need to expand their base by organizing workers in two important sectors like informal sector and service sector, the latter being a fast growing one.\(^5\) Though unions do exist in some segments of the service sector like banking, insurance, the modern segments such as IT and IT enabled services (ITES), retail outlets (shopping malls) present formidable challenges to unions. Trade unions may have to build relationships with other social organizations like churches, NGOs to organize informal sector workers or to wage social struggles against powerful economic entities like the TNCs. Trade unions have been constructed and sustained by the factory system. The large factories offer economies of scale of organizing of workers. Their organizational system involves organizing people employed on wage contract, building employment contracts, negotiation with visible employers, institutional separation of negotiable issues and non-negotiable issues, and mobilizing and striking against a specific economic agent (employers). But these characteristics are not prevalent in most cases in the informal sector. There are tensions between unions and new forms of organizations: is the nature of interface between the two streams competitive or conflictual?

### IV. RESPONSE OF THE UNION MOVEMENT TO CHALLENGES

The response of the unions to the challenges outlined above is dependent on several factors like the flexibility in their ideology and strategies, organizational innovations, support from intellectuals (say in the form of counterarguments to neo-liberal ideas and policies) and support from social agencies. We take a quick look at the organizational strategies adopted by unions.
1. Broad-based Unity

There have been several attempts to forge unity among the CTUOs in the past. The public sector became an important center of strike activity since the early 1980s, the first being the Bangalore Public Sector Units strike in 1981–82. The Committee of Public Sector Trade Unions (CPSTU) which was formed in the 1980s continues even now. It comprises HMS, AITUC, CITU, and Joint Action Front from Bangalore. The nineties witnessed revival of unity efforts. The Sponsoring Committee of Trade Unions was formed in this decade to fight the economic policies of the government irrespective of party in power. The National Platform for Mass Organizations (NPOMO) was formed in the 1990s and it comprises organizations of workers in both organized and unorganized sector, agricultural sector and so on. Industry-wise unity attempts were also made. There were coordinating bodies at the sectoral level, e.g. the United Forum of Bank Unions (UFBU), the National Coordination Committee of Electricity Employees and Engineers (NCCOEE), the All-India Co-ordination Committee of Unions in Financial Sector (AICCUFS, comprising unions from banks, insurance, and other financial institutions. Merger of AITUC and the HMS was attempted in vain. The unorganized sector workers too formed their coalitions, e.g. National Coordination Committee for Rural Workers (NCCRW). The discontent created by the new economic policies produced favourable conditions for building unity amongst trade unions. But the unity moves were temporary in nature and did not result in organizational consolidation – the CITU has made it clear that “unity” is “for struggle only”. Indeed, building unity of workers has itself become a process of struggle.

2. Tensions between Organizational Logic and Political Affiliation

Trade unions quickly recognized that the neo-liberal economic environment poses threats to the interests of the working class and they need to fight against them. But tensions and conflicts prevailed in the movement as a result of political affiliations of unions. Three problems may be highlighted here. One, there were divisions in the union movement; two, prominent CTUOs, viz. BMS and INTUC did not take a consistent stand; three, there were differences within the organization as the regional or local units of a central organization went against the stand taken by the central body. The left based trade unions see union militancy and class struggle as the only answer to neo-liberal politics. Whereas the right leaning unions such as INTUC argue for shelving militancy and treading the path of moderation and cooperation – for example, INTUC speaks of cooperation to reforms so necessary in the globalization era. The BMS and the INTUC have opted out from several strikes and protest actions; their participation was not consistent. The BMS joined other CTUOs in protesting against some reform measures despite the fact that its political ally BJP-led National Democratic Alliance (NDA) was in power – e.g. recall D.B.Thengadi’s scorching criticisms of the Finance Minister Y. Sinha for his uncalled for labour reform proposals in the Budget presentation (of applying exit clauses only for 1000+ establishments etc); its Deputy General Secretary warned the NDA government that the anti-labour amendments (recommended by SNCL) would not be allowed (see Shyam Sundar 2003b). INTUC did not participate for example in the public sector workers’ strike held in April, 2002. It criticized the 8th January (2003) national level protest activities (mass satyagraha and courting arrests by workers). On the other hand, it was a part of the joint protest exercises of major CTUOs. It was also a part of the decisions taken at the National Assembly of Workers held on July 15 2002; it signed the declarations pursuant to this. Both INTUC and BMS did not join the general strike conducted on May 21, 2003. Now BMS joins several agitations as its political ally is in opposition. It was often the case that unions affiliated to that federation at various
places struck work, though the central body did not endorse their participation – e.g. the INTUC often dissociated itself from the general agitations sponsored by other federations, but its affiliates (especially West Bengal Unit of INTUC) participated in the strikes sponsored by others. These confuse the rank and file of their organizations on the one hand and weaken the strength of the protest movement on the other hand.

3. A Larger Agenda

The shift in union focus from local and industry-specific issues to issues connected with policies such as LPG was very much evident – the major issues of protests and agitations have been: privatization (e.g. withdrawal of the proposed Bill (Amendment to Coal Mines (Nationalization) Act, 1973) for entry of private sector in coal mining industry), pension fund, amendments to labour law, relocation of factories, withdraw the new economic policy (NEP), no anti-labour amendments to labour laws, bring down rising prices of essential goods, eradicate unemployment, stop closures and retrenchment, protect public sector (e.g. protest against closure of PSUs and revival of sick PSUs), withdrawal of repressive laws like ESMA. The trade unions irrespective of political affiliations consistently attacked two policies: privatization and employer-friendly reform of labour laws. The persistent efforts of trade unions and wide agenda of theirs have contributed in keeping at bay formal introduction of several labour reform measures.

4. Protests and Agitations

The CTUOs organized several country wide struggles beginning in 1991. The introduction of the NEP provoked a number of protest activities. The most significant protest form has been country-wide strikes. The first strike against the economic policy of the government at the national level took place on November 29, 1991. The reform attempts and policies of BJP-led NDA government intensified the agitations. The 10th countrywide strike was organized on September 29, 2005 on a 16-point charter of demands. The non-right CTUOs, their sectoral bodies and unorganized sector outfits usually are consistent participants in these strikes. These organizations have called for a countrywide strike on December 14, 2006 against what they call ‘anti-people policies’ of the government. Lots of effort go into organizing the nation-wide strikes such as gate meetings, distribution of pamphlets, conventions and coordinated protests at decentralized levels. Apart from these they used other forms of protest such as march to parliament, conventions, rallies, hunger strikes, signing of petitions, and so on. These had two impacts, viz. they sensitized the public about the problems faced by working class and intensified class consciousness. The major protest incidence zone in the 1990s has been the public sector principally because of two factors. Disinvestment has been a persistent agenda (with differing emphases, i.e. minor or strategic) of the government. The public sector workers are well organized with a significant left presence. There have been many anti-privatization strikes and struggles, the recent one being the struggle against disinvestment in NALCO, NLC. It is not often that workers’ struggle succeed. In BALCO they failed, whereas in NALCO, defence, and coal mines, banks, workers’ struggles succeeded, if temporarily. The strikes by civil servants and other governmental employees were met with stern actions by the government, especially the state governments. The ESMA was threatened to be imposed or was actually imposed in cases of several strikes by public employees. The public reaction to frequent disruptions in their normal life also found expression in public interest litigations on bandhs and strikes by municipal employees and these significantly restrained the protest strategies of unions (see Shyam Sundar 2003b for details on this).
5. Unions and Informal Sector

The biggest challenge to unions is to broaden their organizational base. Trade unions operated for long in the formal sector and conducted battles in this small arena to establish supremacy of one over the other. It is not surprising then unionization reached a saturation point. With the shrinkage of formal sector, it was necessary even inevitable that unions shifted to organizing workers in the informal sector. We identify three types of organizing informal sector workers.

First, traditional unions extend their activities to informal sector also – all the major CTUOs in India (like AITUC, BMS, HMS, INTUC) have attempted to organize workers in the informal sector. They concede that they began to show interest on the unorganized sector workers sometime in the 1980s only (see Venkata Ratnam, 2000, p.71). The main components of the strategy are: (a) create organizing units in the union federation to organize informal sector workers and also to provide guidelines to those unions already existing in it; (b) extension of legal aid to informal sector workers; (c) demand constitution of a Commission for informal sector workers and social security measures for this sector; (d) organize various forms public demonstrations to sensitize the agencies of the society and the government regarding the problems of the unorganized sector workers (e.g. 10 day relay-hunger strike by Anganwadi employees affiliated to CITU (see Hemalata, 2006); planned dharna by construction workers affiliated to AITUC."

Secondly, the Self Employed Women’s Association (SEWA) in India established in 1972 as a trade union is a combination of union and NGO. It organizes home workers, street vendors, refuse collectors, etc. and has eight lakhs members covering seven states in India. Though registered as a trade union, it offers a number of services like micro credit, vocational and training programmes, pensions.

Thirdly, informal sector associations and unions maintain links with international organizational networks like StreetNet, WIEGO. The National Alliance of Street Vendors is the Indian affiliate of the StreetNet; it was established at the initiative of SEWA in September 1998 to work for the formulation of National Policy for Street Vendors. SEWA is associated with WIEGO. These organizations and networks play an important role in the establishment global contacts and passing international labour standards.

6. Trade Unions and the New Sectors

Trade unions needed to pay attention to the new horizon industries like IT, BPO and retail sector as these industries have been the employment generating ones in recent times. These post-industrial workplaces offer challenges to unions. Though the employees in these sectors work for unusually long hours and with tough shift system, the pride of doing high tech work and the added incentive of ‘foreign visits’ for training or on project work prepares them to accept the harsh conditions. These highly individualistic employees in general shun unions; at best they welcome some welfare associations. The IT employees in Bangalore formed the IT Professionals Forum. They shun unions because (a) they are able to use the ‘exit’ option, (b) they would like to distinguish themselves from the mass of blue-collar workers, (c) there exists handsome career prospects for hardworking employees, (d) there exists easy and direct access for employees to higher-ups and communication systems are generally good and (e) the working conditions in these industries are usually good. These employees have been primarily using the ‘exit’ options to deal with job dissatisfaction as indicated by their high labour turnover – typical of high human capital endowed employees. Labour market factors such as gap between supply and demand pre-empt unionism as bargaining power of these employees rises due to excess demand. Individual bargaining is the key mode of determining rules of employment relationship. The
employers make two arguments against unionisation of this sector: one, employees in IT and ITES sector are well taken care of; and two, union entry into these sensitive sectors would only cause damage and affect business.\textsuperscript{16} The Union Network International (UNI) tried to organize employees in BPO professionals in India.\textsuperscript{17} The left unions like AITUC, CITU announced that they intended to organize employees in this sector. Other unions like INTUC are also showing interest.\textsuperscript{18} It is common knowledge that BPO employees (called ‘cyber-coolies’) are overworked and they suffer from emotional and physical disorders. But it has been hard for unions to penetrate this sector. The high employment and export potential of these industries apart from their modernising effects have earned these industries special concessions from the government. It is interesting to note that the West Bengal government ruled by the left party made it clear that it would not allow work disruption in the IT sector and to prevent conflict incidence in it, the government declared this sector as public utilities.\textsuperscript{19} Its Chief Minister agreed with the CITU’s assertion that IT sector employees should have the right to unions and collective bargaining.\textsuperscript{20} But without the right to strike! The general strategy of the government has been to exempt these modern industries such as IT, BPO and retail outlets from acts like Shops and Establishments Act (see Shyam Sundar 2006a). The SEZs are proliferating presently to increase exports. The state governments have amended labour laws to provide flexibility to firms situated in these zones. Trade unions have not been able to ‘penetrate’ this sector either. These sectors pose tremendous challenges for unions; they constitute “unorganizables”.

V. HAVE THE UNIONS LIVED UP TO THE CHALLENGES?

Trade unions are facing a different kind of crisis in modern times. The neo-liberal ideology, loss of formal sector jobs, increasing importance of informal sector, rise of modern service sector, greater bargaining power of capital, high and rising employer militancy, state retrenchment in the economic sphere, business-state coalition, some tough judicial decisions, all these have posed formidable challenges to unions and collective actions. How far have the trade unions responded to these challenges? The first and foremost issue before the unions relates to jobs. Trade unions have successfully stalled the major formal reform efforts of the government. But as has been pointed out by many, ‘reform by stealth’ (e.g. Bardhan, 2002) has resulted in vanishing of jobs. Trade unions are unable to stem the job outflows. Unions could at best get handsome separation payments for their members and collect funds for their services. The capitalistic class is adamant that privatisation and labour flexibility measures could only produce jobs. Little or no job creation and job destruction could go against the unions. What is the defense? It needs to be remembered that many more jobs would have been destroyed or pushed to informal sector had it not been for the union struggles. The unions’ primary responsibility is to serve the interests of their members, which they did by fighting to hold on to the laws that protect jobs. These were hard won workers’ rights and could not be sacrificed. Secondly, the research evidence on the ‘labour rigidity’ argument is not impressive to blame the laws or unions for poor job creation (see Shyam Sundar, 2005a and 2006b; Sharma, 2006 for the review of research on these issues). It is not sure whether the increase in jobs would ever take place given the low employment elasticity (Debroy, 1997). At worst, flexibility would encourage employers to create ‘bad’ jobs. It has been the experience in Europe that deregulation of laws governing flexible jobs like fixed-term contracts led to tremendous volatility in the labour market; in other words, flexible laws might lead to hirings but also greater firings (see Shyam Sundar, 2006b). Indeed job security provisions were introduced in response to reckless lay-offs and closures by employers in the mid-1970s (see Shyam Sundar, 1996; 2005a). It may be added here that though unions object
to labour flexibility measures at the macro level, they have been flexible in their approach to these issues at the micro level. Venkata Ratnam (2003) studied major collective agreements in the recent times and showed that unions were not averse to introducing flexibility measures (say functional) if the social process of consultation and participation is instituted. Lastly, it is argued that the aim of the EPL is to ‘protect’ jobs and employment creation is influenced by ‘structural’ factors and not by laws and unions. In case of privatization, research evidence on the efficiency arguments is not decidedly on either side and lay-offs are usually associated before, during or immediately after privatization (on ground of shedding surplus labour); to that extent unemployment is created. The argument that jobs would be created in the medium to long run owing to efficiency (see Kikeri, 1998) has not convinced unions and workers. But unions have a problem on hand: good jobs (the insiders’ jobs) are vanishing just before the eyes (notwithstanding the existence of a tough legal framework or probably because of it?) and new jobs are either flexible or in the informal sector. The state (including the left-ruled) is fast buying the idea that reforms are necessary to attract investments and to create jobs. Unions by blocking the reform process hurt job creation. The unions have to counter these accusations in the social and political domain. But they are so bad at lobbying and public relations and lack research background or initiatives. There is very little research commissioned by unions in India save few instances like the Maniben Kara Institute (of the HMS). The interface between unions and intellectuals expectedly is characterised by mutual disregard and indifference.

Trade union is basically a membership-based organization and its social, economic and political power depends on membership. Unions have certainly shifted their attention on to the informal sector realizing that their traditional base (formal sector) is shrinking. The limitations of membership data are well known and it is utterly unusable (see Shyam Sundar, 1999). Also, union data is not available by sectors. Then, it is not possible to assess the extent of union penetration into the informal sector. Leaders of the CTUOs claim that membership has increased. If it were so, then it may be due to inclusion of informal sector workers in the total membership data. But it is well known that the claimed membership figures of CTUOs far exceed the verified membership figures. The verification process is presently on as a result of litigation by some organizations.

The unions in the West especially in the U.S. or the U.K. have launched innovative organizational drives, effected mergers between central organizations, resorted to electronic communication and adopted a number of other initiatives to sustain membership and to add fresh ones. There is little that is happening on the organizational front in India. The union movement is hopelessly crowded by over score central and regional federations. The much talked about merger between AITUC and HMS did not materialize. Central federations constantly talk of the need for unity among unions to fight the biggest crisis in their movement history such as that staring at them. But the chaotic union scene is not amenable to rationalization. Political loyalties and fine ideological differences prevent meaningful mergers. It is difficult to understand why all unions believing in class conflict could not merge? The unity moves are at best functional and issue-based. The CPI (M) recently brushed aside unity moves from CPI. Some efforts that are taking place in forming sector or industry based common fronts discussed above are not solutions. The CITU’s urging that unions “Make serious efforts to revitalise the Sponsoring Committee of Trade Unions and the NPMO to organise massive mobilisations …” (emphasis added) (see Majumdar, 2006) is a significant statement on the state of organizational affairs of major unions. The break-away behaviour of INTUC or BMS or left unions like CITU (whenever developments do not suit them or their political affiliates) weakens the strength of the movement. They are still divisive but realities have forced them to form temporary alliances.
The innovations in communications technologies have been tapped by unions in the West for a variety of purposes like provision of services to members, organizing cross-border strikes and work towards global unionism (see Shyam Sundar, 2003a for details). It is the simple organizational logic that if business and capital go global, then unions should follow their suit (Breientenfellner, 1997). Indeed, e-communication could be used to exchange information regarding transnational corporations (TNCs). According to Lee (2001) internet could perform some vital functions such as internationalization of union movement, democratization and decentralization, organizational drive mechanisms and conduct of struggles. The unions in India are woefully inadequate in this respect. Some of the union sites in India represent what Lee calls as ‘vanity sites’! The excuse that educational and literacy levels in India differ from that in the West is no excuse-most unions have their communication outlets in English as well as in Hindi or other Indian language.

An important issue that crops up in the context of organizing informal sector workers is the interface between trade unions and the NGOs. Organizing workers in the informal sector would require building coalitions between several social agencies like churches, NGOs, formal trade unions, social workers etc.,—see for example the story of organizing domestic workers (Gothoskar, 2005). The capacity of unions to accept and accommodate other social agencies is doubtful. Unions are wary of NGOs as the latter draw people from middle, upper class segments in the society; they do not wish to give prominence to the latter as NGOs lack experience in dealing with labour issues. Unions argue that they are member based organization and the leaders, who are elected by a due process periodically, are accountable to the members. But NGOs, also a voluntary organization, need not be a member-based one, though some may be. Leadership is self-appointed or co-opted. Leaders are at best accountable to the funding agency and there is no ‘popular’ evaluation here as in unions. All these raise doubts regarding their legitimacy, transparency and accountability. But the very structural and processes that distinguish unions from NGOs are said to make the former rigid, bureaucratic, oligarchic (ironically), and the latter democratic and flexible. The inaugural speech made by Ela Bhat at the National Center for Labour bemoaning the ‘humiliation’ she received in a meet of a central trade union (see Venkata Ratnam, 2000, pp.187–8). The SEWA applied for the status of a central trade union in 2005. Its application was rejected by a Standing Committee which comprised twelve CTUOs as members on the ground that it was not registered in four states in India. It resorted to legal action and won the claim to be considered for the central union status. The observations of the judge of the Delhi High Court are interesting and worth quoting them here: the judge asked the government lawyer: “Where is it written that trade union is to be registered in 4 states?” and observed, “SEWA is an organization who (sic?) made our country proud. Don’t you want them to be represented in your national and international committees?” Further, it applied to ICFTU for membership in 2005 and the existing Indian affiliates were not favourable to it. A Mission from the ICFTU visited the SEWA for clarifying from the latter the objections they received from the existing Indian affiliates – SEWA is a trade union of small employers; it does not conduct collective bargaining; it is not truly national and confined to a single state and its finances were not sustainable-and admitted it to its fold. These two instances reveal the attitude of the CTUOs towards new forms of organizations in the labour movement. It is difficult to believe that unions in India have woken up to the realities and are serious about strengthening and widening their reach.

The state and the judiciary are no longer worker-oriented as they were in the planning era. State is now a contested terrain. The state seeks to manage the contradictions arising out of compulsions of reforms in a manner that suits its own interests. The state coalises with business...
at one level and dare not openly attack working class interests at another. It is a tricky balancing
act. The state has used the tripartite bodies to push on employers and unions its agenda (recall
Rudolph and Rudolph, 1987 calling it ‘corporatist’ in nature even in its heydays). The Indian
Labour Conference has at worst become a ‘talking shop’ or the government uses it to test the
waters by throwing in feelers. Unions have no other contact with the government save these
consultative bodies. Unions still look upon state to come to their rescue. The reform by stealth
argument exposes the contradictions of the state. If we review the IR history in India we would
find that the major demands of unions such as living wage, ratification of ‘core’ ILO conventions,
union recognition etc. have not been granted by the government for decades. It is indeed
surprising that unions have not pushed the state to a corner and got the ‘core’ ILO conventions
ratified. The Tamil Nadu government employees received a severe jolt when they sought relief
from the judiciary. The Supreme Court delivered the infamous judgement questioning the right
to strike of public employees. The police arm of the state has been and will be repressive. The
institution of political unionism relies much on the nexus between unions and politics, though
this connect is under palpable strain in recent times. The economic compulsions took priority
over organizational interests. The conflicts between the ruling party of the West Bengal, the
CPI (M) and its labour wing CITU tell the tale of broken relationships. On the other side, the
political parties also have learnt that they cannot count on unstinted support from their labour
wings as the BJP leadership especially Yashwant Sinha (after his infamous pronouncements on
labour reform measures in his Budget Speech) found much to his dismay. Some political unions
are talking of the negative effects of dominance of politics over union affairs (see for e.g. AITUC,
1996). But the historical baggage is hard to be disposed of.

VI. CONCLUSION

Trade unions are basically protest institutions and the best way to confront neo-liberal forces
is to protest. Hence it is not surprising that though frequency of strikes declined the participation
in them swelled (see Shyam Sundar 2003b). It is interesting to note that unions did employ
broad range of protest measures. But the protest actions became a little predictable and were
often employed. It was unwise to draw workers to streets on issues that could have been dealt
with at other levels; conflict often and inevitably had political colours. It is a weapon that left
politics used it ad nauseum. It is not irrelevant to read (r)ubbing of these protest actions as
“annual ritual of the left” or “politically motivated”. The BMS President Hasubhai Dave has
observed that “These leftist unions always resort to a ‘Bharat bandh’ and call for a strike”. But
BMS would want to look at ‘other options’ as “the capacity of the workers to struggle has gone
down.23 It is this that robbed the protests of their seriousness. Again the divisions in the union
movement became more conspicuous on these occasions. While the left unions still believe in
class conflict and political action to fight capitalism, the INTUC adumbrating Gandhian
philosophy regards strike as a last resort. Conflict is another historical baggage item that unions
cling to and is an overworked institution.

Trade unions and its associated collective institutions are essential components of a democratic
and free society. They are necessary to counter the power of the capital and authoritarian forces.
But currently the union movement is perhaps battling the “mother of all crises”! The very existence
of it is in peril. Has it responded adequately? There are too many ‘bads’ still in the union movement,
though there are some encouraging reform tendencies. Trade unions have worked hard to ‘preserve’
the hard won rights of workers that are under attack. They have successfully stalled the reforms in
the formal terrain, though they have not found ways and means to tackle the stealthy reform
measures. They have successfully fought the disinvestment proposals of the central government. The job attrition rate and weakening of labour rights would have been far higher had it not been for the powerful resistance of unions. They have begun to organize hitherto neglected sections and sectors. Worthy experiments are on. They lent their weight to the movement to secure social security and a comprehensive bill regulating their working and this has hastened the government to design social security measures for the vast unorganized sector workers. The power of capital over the state has been countered by unions. But their record is poorer at the state level. This is how they have been duped. The central government surely bowed down tho the union pressure but at the same time pushed the reform mantle on to the states. Relaxations in inspections, self-certification, contract law deregulation, flexibility in special economic zones etc. were done with little fanfare. The unions voiceferously objected to Prime Minister Manmohan Singh’s remarks on inspector raj in the ILC but allowed the state governments introduce inspection reforms. This is the paradox of union struggle. The weight of the historical baggage viz. political unionism, over-reliance on state, competitive union politics, overdependence on conflicts, traditional outlook, politics of convenience, left dominance, persistence of stale and old leadership, etc. prevents reform of the union movement. The absence of organizational innovations, reluctance to use new communication systems, limited interface with and instances of distrust of new forms of organizations, poor lobbying techniques, etc. block their progress and reduce their reach. The political unions have a wider reach and have ideological basis, but is incurably divisive and fragmented. The independent unions on the other hand are non-political and strong, but lack ideological basis and wider reach. As many researchers have pointed out there is no non-political union and unions cannot divest itself of political links. But problems abound when political logic supersedes organizational. Some CTUOs have realized this. But it might take a long time for the secessionist politics to assume strength. Though the unions have realized that politics of fragmentation and sectionalism has weakened the union movement, there is little action on this front. The present crisis requires radical measures. Unions lack them.

Notes
1. Calculated from data from http://labourbureau.nic.in/idab.htm
5. See INTUC, Indian Worker, October 16-31, 2006; AITUC, Trade Union Record, May 6–20, 2006.
7. See Trade Union Record, February 5, 2002.
11. See Trade Union Record, April 20, 2002 for details.
15. See http://www.nasvi.net/aboutus.php; see also their Bangalore Declaration which demands recognition of their role and existence and a place in the decision making bodies affecting them, http://www.nasvi.net/factors.php
16. See “Employees in IT, ITES Sector Taken Good Care of-Nasscom Sees No Need for Trade Unions”, http://www.thehindubusinessline.com/2005/10/05/stories/2005100503040400.htm

17. See http://www.unionnetwork.org


22. See http://www.sewa.org/newsletter/enews8.htm, SEWA Joins the ICFTU.


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