

# Trade Unions in India: Changing Role & Perspective

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*The paper presents trade unions' economic contribution in the context of the strong historical legacy. The thrust of trade union activities has been to engage in the traditional functions of welfare and economic improvement of workers; they do not take an active role in improving productivity and economic performance. Unions, working in tandem with the government in the first thirty years after independence, ensured that workers were well protected and given all the benefits. In view of the globalization challenges, there is a gradual change and the managements and unions are entering into collective bargaining agreements with clauses of improvements in productivity of the enterprise.*

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## Introduction

Unions in India have been preoccupied with protecting the interests of the workers. The government worked in tandem with the unions in setting up labor standards. In the process unions became strong and began asserting themselves not by contributing to the economic performance but by organizing a large number of strikes at the national and the enterprise levels. The globalization process, since 1991, has adversely affected labor. There has been jobless growth for many years. Most of the additional employment has been of an informal nature, even in the formal sector. At the enterprise level, management's quest for a lean and mean organization has led to a reduction in workforce, replacement of permanent workers with casual or contract workers. The employer is also merrily into union bashing or resisting the formation of unions and taking a tough posture in collective bargaining. Unions are, therefore, up in arms against the inaction of the government and unfair practices of the management. However, they are operating from a weaker platform and the management in tandem (de-facto) with the government is asserting itself.

For a long time after 1947, neither the government nor the management thought of the unions as a group who may contribute to the economic performance of the economy or the enterprise. Unions too did not think of themselves in this role. This is now changing gradually. The unions and the management are entering into agreements with bearing on productivity and growth of the enterprise.

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### Trade Unions in India

Trade union membership data available are somewhat outdated and ambiguous. Membership has remained very low although it increased marginally from 2.0 per cent in 1980 to 6.3 per cent in 2002. Most of the membership is in the formal sector although it is the informal sector employees who need to be unionized. While the membership is low, the number of Trade Unions is very high since the Trade Union Act, 1926, allows any seven persons to form a union. The claims by unions of their membership are also flawed. This is evident from the fact that the verified membership of the unions was 24.48 million in 2002 although the central trade union organizations claimed a membership of 41.18 million (Pong Sul Ahn, 2008). The ambiguity in membership is further compounded by the fact that registration of unions is not compulsory. As a result, there have been three types of unions in India; those that do not register and are statistically invis-

ible; those that register but do not submit returns to the Registrar of Trade Unions; and, those that register and submit returns on membership figures (Venkataratnam, 1996). Recognition of trade unions is voluntary except in states like Gujarat, Maharashtra, Rajasthan and Madhya Pradesh. In other states, it is governed by voluntary Code of Discipline and Inter Union Code of Conduct. In practice, however, this voluntary recognition process leaves about half of the workmen without representation.

Less than 2% of the workforce is covered under collective bargaining although refusal to bargain by the employer as well as the trade unions in good faith is considered to be an unfair labor practice in the Industrial Disputes Act, 1947 as amended in 1982.

In the first thirty years after independence, there was greater emphasis on centralized bargaining in view of the large role of the State in labor market institutions. Centralized collective bargaining had positive outcomes on wages (D'Souza, 1998). It is also argued that centralized bargaining took political overtones as wages and working conditions were being determined solely on such considerations (Myers, 1958; Fonseca, 1964; Jackson, 1972). Collective bargaining in the private sector now usually takes place with the enterprise level unions. In the public sector, it is with centralized trade union federations and politically affiliated trade unions at the national/or regional level (Jose, 2000). Most of the collective bargaining takes place in the formal sector as over 94 per cent of the

workforce is in the unorganized sector in which the employer-employee relations are quite opaque in view of the near absence of the principal employer. Venkataratnam's (1999) study shows that the institution and practices of collective bargaining have been on the decline over the years in view of: the shrinking size of the organized sector; capital intensiveness of industry; government granting permission to close enterprises and reduce employment through retrenchment and voluntary retirement schemes; promotion of export processing zones where labor rights exist only on paper; acute need of the employers to meet fast paced developments of the competitive scenario; and, government's passive role in cases of labor law violations and other anti labor practices.

Employees' voice in industrial companies is further hushed up by the absence of workers' participation in management despite the provision of Works Committees in the Industrial Disputes Act, 1947 in enterprises employing 100 or more workers. These committees exist largely on paper only (Sodhi et al, 1996).

Trade Unions today are besieged with problems due to the globalized environment as well as their internal functioning. The former has resulted in substitution of labor with capital by the management; changing forms of employment including the employment of contract labor (almost 30% of the workforce in industrial enterprises is contract labor with insignificant protection); management's hostile attitude and their quest for

downsizing; strong resistance to union formation by the management at the enterprise level; and, an indifferent attitude of the government towards the workers. The government has created Export Promotion Zones where labor laws are applicable but seldom enforced, largely due to the resistance from the employers. The government, though well aware of this fact, has not taken any action. Internally, the unions are confronted with an indifferent attitude of workers; lack of internal democracy; multiplicity of trade unions; weak organization structure and financial position; emergence of independent unions; shift of power from the federations to the enterprise level unions and their inability to organize informal sector worker (NCL, 1969; Industrial Relations Bill 1978 and 82; Standing Labor Conference in 1986; Trade Union and Industrial Disputes Amendment Bill, 1988; Ramanujam Committee, 1992: NCL, 2002).

Collective bargaining has been on the decline. Pong Sul Ahn (2010) highlights some of the factors contributing to this are: absence of legal provisions for recognizing trade unions as a bargaining agent; multiplicity of trade unions in a single establishment and the resultant lack of consensus of all the recognized trade unions; developments in the field of management of human resources in a large number of enterprises which has taken over some of the functions of the trade unions; and, employment of flexible labor like the contract, casual, part time and contingent work labor.

## Historical Perspective

The deplorable conditions of workers in the 19<sup>th</sup> century drew the attention of a large number of social activists to the plight of workers in the then industries like cotton, textile and jute. The first strike occurred in 1877 followed by agitations and demonstrations in Bombay (now Mumbai). The Bombay Mill Hands Association was formed in 1890 and the Printer's Union of Calcutta and the Postal Union of Bombay were formed in 1905 and 1907 respectively. The first trade union was established in 1918. Trade Union Act was enacted in 1926. The conditions of workers, however, remained very poor. Whitley Commission (1929-31) highlighted that the only effective safeguard against exploitation was their power to combine. The first Indian Labor Conference, a tripartite body, was held in 1940 to discuss issues related to wages, working conditions, etc. A tripartite body called the Indian Labor Conference (ILC) was formed in 1940.

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After Independence the trade unions split on political lines and today there are 11 Central Trade Union Federations, besides a multitude of others, at the State and the Industry levels. The government of India adopted the socialistic economic framework and accordingly, the Consti-

tution of India (Article 19) guarantees freedom to form unions and this is a fundamental right. The government enacted the Industrial Disputes Act 1947, 1948 Minimum Wages Act, Factories Act 1948, Industrial Employment (Standing Orders) Act, 1948 and the Employees State Insurance Act 1948 during the early years after Independence. The First Five Year Plan (1951-56) highlighted that the worker is the principal instrument in the fulfillment of the targets of the plan and in the achievement of economic progress generally. The Second Five Year Plan (1956-61) reiterated that a strong trade union movement is necessary both for safeguarding the interests of the workers and realizing the targets of production. Public sector was given pre-eminence in the economic policy framework.

The government policy framework helped the workers in getting better working conditions and participation in management. The government encouraged formation of unions in the public sector. It also set standards for minimum and fair working conditions and other benefits. The ILC remained an important tripartite body dealing and debating issues related to labor. It met regularly on an annual basis initially. Central and industry wise wage boards were set up which had the involvement of the trade unions. The industrial policy of developing clusters allowed large concentration of enterprises at one place thus helping the unions to form a base and increase its membership. Also, as these clusters developed, large trade unions were established because workers could easily associate themselves in these industrial zones

(Pong Sul Ahn, 2010; Davala 1992). The government consulted unions and gave due consideration to their views on important legislations and matters pertaining to labour.

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The unions, however, remained mostly occupied with their agenda of providing better wages and amenities caring the least for the balance sheet or the productivity of the enterprise. The government also took little initiative to make the unions productive partners in the enterprise. They assumed that a well looked after worker would itself contribute to the economic well being of the enterprise. The unions too did not directly take initiatives to educate their members to become productive partners or improve the work culture (Rama Joshi, 1994). Researchers have also pointed out that the unions have not and will not be able to influence social macro policy (Ramaswamy, 1989). The social agenda has been and even today being dictated by the Government of India and/or the employers. The former has introduced national schemes like the Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGA) guaranteeing 100 days of employment in a year to the unemployed; a health insurance scheme called Rashtriya Swasthya Bima Yojana (RSBY) wherein a health coverage of Rs 30000 per annum is provided to the weaker sections of the society; the Unorganized Sector Workers Social Security Act, 2008 to provide employment,

health insurance and social security to weaker sections of the society. However, the coverage of these schemes is small and not all workers are included in these schemes.

Political affiliations and the government's support to unions made the unions a weapon for confronting the employers and developing supremacy over them. Indian National Trade Union Congress, affiliated to Congress party prospered under their prolonged rule. Similarly, the membership of Bhartiya Mazdoor Sangh (affiliated to Bhartiya Janta Party, a major political party) increased at a much faster rate during the time this political party and its allies were in power. At the state level, unions with left ideology which ruled the state of West Bengal enjoyed tremendous power but literally ransacked the industry for over three decades in the name of protecting workers' interests. Successive governments in the state of Kerala, in collaboration with the unions, empowered workers and gave them all rights with high wages and social security. While the government provided labor rights and high wages, the economic outcome was negative. Higher wages led to high levels of unemployment in Kerala.

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The high pedestal of the unions since the 50s and their political affiliations were also brewing a feeling of discontentment amongst the management, both in the public and the private sec-

tors. This policy of labor protection by the government, which helped in establishing the supremacy of the trade unions, was being seen as an irritant by the managements. Industrial unrest took place across industries like the banks, municipal workers, the central government employees, amongst others, during 1965-1975 (Vaid, 1974; Table 1). Industrial unrest continued to increase thereafter except for a brief period during emergency rule. The managements had to resort to lockouts and their intensity increased tremendously during 1982-88 (Sodhi & Ahluwalia, 1991; Table 1).

**Table 1 Number of Strikes, Lockouts, Workers Involved & Mandays Lost During 1947 - 2012**

Year	Number of Disputes			Workers Involved (000)			Mandays Lost (00000)		
	Strikes	Lockouts	Total	Strikes	Lockouts	Total	Strikes	Lockouts	Total
1	2	3	4	5	6	7	8	9	10
1947	..	..	1811	..	..	1841	..	..	165.63
1950	..	..	814	..	..	720	..	..	128.07
1955	..	..	1166	..	..	528	..	..	56.98
1960	1464	119	1583	887	99	986	47.19	18.17	65.37
1965	1772	138	1910	927	102	1029	50.50	18.53	69.04
1970	2598	291	2889	1552	276	1828	147.49	58.14	205.63
1975	1644	299	1943	1033	111	1143	167.06	51.95	219.01
1980	2501	355	2856	1661	239	1900	120.79	99.07	219.25
1985	1355	400	1755	878	201	1079	114.87	177.53	292.40
1990	1459	366	1825	1162	146	1308	106.40	134.47	240.86
1995	732	334	1066	683	307	990	57.20	105.70	162.90
2000	426	345	771	1044	374	1418	119.59	168.04	287.63
2001	372	302	674	489	199	688	55.63	182.04	237.67
2002	295	284	579	900	179	1079	96.65	169.21	265.86
2003	255	297	552	1011	805	1816	32.10	270.50	302.56
2004	236	241	477	1903	169	2072	48.29	190.38	238.66
2005	227	229	456	2722	191	2914	108.01	188.64	296.65
2006	243	187	430	1712	98	1810	53.18	150.06	203.24
2007	210	179	389	606	118	725	150.56	121.11	271.67
2008	240	181	421	1514	66	1579	69.55	104.79	174.34
2009	167	178	345	1793	74	1867	80.75	95.47	176.22
2010(P)	267	182	449	989	86	1075	131.30	96.31	227.62
2011(P)	200	190	390	680	72	752	62.70	80.36	143.06
2012(P)	177	21	198	696	7	703	16.33	4.22	20.54

Jan. to Nov.

Source: Office of Labor Bureau (Ministry of Labor & Employment), Shimla

..= Not available

(P) = Provisional and based on the returns/clarifications received in the Bureau till 31st December 2012

The Indian government imposed a state of emergency in the nation for a brief period of about 19 months during 1975-76. During this period, the State assumed a totalitarian role and all rights of the citizens including the right to strike were prohibited. There were elections thereafter and the democratic govern-

ment which came to power restored “fundamental rights and bonus, removal of all inhibiting orders and amendments to the laws, review and revision of wages in most sectors of the economy like steel, cement, ports and docks, coal and so on” (NCL, 2002).

Despite these positive efforts, high level of union-labour militancy continued during the last three years of the 70s. The number of strikes during 1977-80 rose to over 2500 per annum compared to 1241 in 1976. This crippled some industries and regions as well as bred an adversarial relationship between the management and the unions. The managements were equally responsible for trying to make the unions ineffective and contributing to the unrest as they intensified labour unfriendly policies which involved even violation of the labour laws. The impact of union’s involvement on policy was marginalized in this decade in view of their preoccupation with industrial unrest.

The decade of 80s began with an industrial unrest of a different magnitude. Strikes took place in both the public (Electronics Corporation of India, Hindustan Machine Tools, Indian Telephone industries and others) and the private sectors. This was followed by the Bombay Textile Strike (Patnagar, 1981; Pandse, 1981; Bhattacharjee, 1988; Jose, 2000), which lasted for over one year and 25 million workers participated in it. The strike was led by a militant trade union leader who demanded increase in wages, scrapping of the Bombay Industrial Disputes Act, 1947 and his independent union to be given the status of representation along with the other

recognized unions. In view of the militant nature of the strike, the government refused to enter into negotiations. The strike fizzled out with no economic gains. The mill owners closed their mills and many moved their plants outside Bombay. The strike led to huge economic losses and unemployment as the mill owners refused to take back the workers in their new premises. During the mid-eighties, the government started showing signs of tilting away from their overarching pro-labor stance (VI Plan-1986-91). They showed intent but did not finally change the IR laws regime. The management, nonetheless, asserted back their supremacy. The number of lockouts increased, particularly during 1982-1990 (Mohan Kumar, 1989, Table 1). The managements subjected the unions with harsh measures and their genuine demands were ignored. The decade of eighties is usually remembered as of ‘labor bites the dust’ despite the fact that the number of registered trade unions grew from 15,042 in 1981 to 53,535 in 1991 (IAMR, 2009). Industrial relations were deadlocked with the adversarial position taken by the employers/management and the unions (Sodhi & Ahluwalia, 1992). This phase did not witness unions impacting the policy either at the macro or at the enterprise level. On the other hand, adversarial relations and the zero sum game both by the unions and the managements intensified. Since there was a very high level of mistrust between the management and unions, the latter’s economic contribution was marginal.

### **Globalization & Trade Unions**

New economic policies of the government of India announced in 1991 saw

an ideological shift from a socialistic policy framework towards liberalization and globalization. The government did not consult the unions when it announced new the economic policies. Unions feared that new economic paradigm would not be in the interest of the workers. Trade unions were, therefore, agitated and opposed these policies. Successive governments thereafter set up various committees with the involvement of unions but did not address union's concerns.

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Globalization policies had the following implication on industrial relations and the unions.

First, the new economic policies demanded that managements meet the challenge of the national and the international competition, minimize redundancies, move over to a capital intensive mode and strive to have a lean and mean organization. They resorted to: transfer of jobs from the domain of bargaining/sub-contracting; use of contract labor; changing work norms; reducing jobs; and moving towards a capital intensive growth model (Mahadevan, 2000). Second, IR laws, according to the management, are outdated and restrict firm's ability to compete in the nationally and internationally competitive scenario. The Industrial Disputes Act and other labor laws inhibit the firm's ability to adjust labor force or even make changes in the deployment of labor thus restricting their ability to com-

pete. Lay off, suspension and closure require government permission which is denied even for genuine purposes like worker's inability to cope up with demands of the new technology, indiscipline and the ups and downs of business. No attempt was made to reorient the IR and the labor laws (Sodhi, 1994). Third, collective bargaining began to attain distinctive contours at the behest of the management. These were: preference of management for enterprise level bargaining in the private sector; submission of management's charter of demands upon receiving the same from the unions and their insistence on discussing them before taking up union's demands. The management's charter usually included cost cutting, manpower rationalization, productivity increases, pays for performance and technological up-gradation (Sodhi, 1994). Fourth, over the years, managements have pressurized workers to form enterprise level unions with no affiliation and outside leadership, something which is contrary to the law. In many cases, the managements have also been resisting workers' efforts to form a union. Fifth, managements reoriented their human resource policies making them look after the interests of the workers which hitherto was in the domain of the unions (Sodhi, 1999). Sixth, companies began to bring in latest technology which necessitated reduction in their workforce (Sodhi, 1993).

The government has also been looking the other way in the case of labor law violations taking place at the level of the enterprise. This has emboldened the management's to disregard various laws,

the unions as well as the needs of the workers. It is also important to note that there was a sharp fall in the representation of members with union background as elected/ nominated members of the Indian Parliament, the supreme decision making body of the country. The proportion of parliament members with union background decreased from 21% in 1971 to 3.4% in 2004 (Sengupta, 2008).

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Two key features of unions have emerged during the last ten years. One, the national level federations and their leaders have not whole-heartedly accepted the globalization agenda of the government and the resulting consequences of casualization of the workforce. Two, the enterprise unions have come up without affiliation to the federations and most of them have cooperated with the management and entered into collective bargaining agreements with clauses of increasing efficiency and productivity of the companies. The rank and file workers have also become somewhat disillusioned in view of unions' inability to check the anti-labor policies of the management (Shyam Sundar, 2008). A comprehensive exercise on industrial relations by the Second National Commission of Labor (NCL, 2002) made disparaging remarks on the role of trade unions. All this resulted in the decline of trade unions' role and importance (Sankaran, 2007; Venkata Ratnam, 2007).

On the positive side, trade unions have, during the last five years, entered into agreements at the enterprise level which they were opposing tooth and nail earlier. These agreements are related to work organization and flexibility, substitution of labor with capital, rationalization, shop floor level changes, eliminating/ changing and consolidating jobs, automation, etc. Many other agreements have clauses on managerial discretion in setting up the production and productivity norms, linking dearness allowance (a compensation for rise in prices) to productivity rather than to the cost of living, wage freeze, worker penalization if norms set by the management are not met, company recovering the cost of defective materials, negotiated flexibility, redeployment, limiting the scope of issues under collective bargaining, subcontracting, downsizing and reduction of leave. As a result, the industrial relations scenario in a number of such enterprises has become somewhat free of industrial unrest for some time. Unions have cooperated in maintaining this environment. This has helped the enterprises to grow in this competitive environment (AOIE, 2005; 2011). Unions have also taken a positive stand on employment of contract labor in all jobs, provided that workers are paid decent wages in relation to the permanent workers doing the same job. It must be mentioned that the Contract Labor (Regulation and Abolition) Act, 1971 legalizes their deployment only in jobs which are not of a perennial nature.

However, despite these positive endeavors of the unions, the managements' aggressiveness towards them has in-

creased. They have been resisting formation of unions (Saini, 2009) at the enterprise level and coercing the unions, wherever they exist, to terminate their political affiliation and not have outside leadership. Employment of contract labor has increased manifold and such workers are paid less than half of the wages compared to a permanent worker doing the same job. Such workers do not have security of employment. Unionization of such workers is very rare and, therefore, they are subjected to all kinds of harsh working conditions.

A deeper analysis of the management's attitude brings home the fact that a large number of prominent company managements have been writing the obituary of trade unions due to their belief that unions are redundant in the present turbulent economic and business environment. The Government of India has also contributed to this belief. It is the largest employer of contract labor and most of it is in contravention of the Contract Labor and Abolition Act. It has set up Export Promotion Zones where labor laws are not being enforced. The position is similar in the IT sector (Pandhe, 2005). State governments like Kerala and West Bengal have passed orders restricting the functioning of trade unions. Haryana State Government had passed a similar order preventing its employees from going on strike (Financial Express, 2000).

Indian trade unions obviously are not calling it a day and have not taken the developments in their stride. They have not only been making efforts to help work-

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ers to form unions in the enterprises but also have been acting as a force for workers to achieve their rights. As a result, the country has been witnessing severe industrial unrest both in the public and the private sectors over the last five years. The brutal violence in June 2012 in Manesar-Gurgaon unit of Maruti Suzuki India Limited in which one management personnel was burnt to death, several others severely assaulted and the factory premises were set on fire is a manifestation of the deep rooted hatred which exists between the unions and the management (Ratna Sen, 2011). This was not an isolated incident but a part of the phenomena occurring in a large number of enterprises. Strikes have taken place in some of the plants of best companies like Bosch Limited, Cummins India, Nokia, Hyundai, Mitsubishi Chemicals, Honda, Mico, General Motors, Ford and some other companies. Companies like MRF, Hindustan National Glass and Hindalco had declared lockouts in some of their plants. The Hindalco lockout lasted for almost ten months. The CEO of Graziano Transmission, an Indian unit of the Italian component maker, was assassinated ostensibly for firing some workers. In other such incidents, a Vice-President of Pricol was beaten to death by agitating workers, an Assistant General Manager of Allied Nippon was stoned to death by angry workers and a Deputy General Manager of Prowmex Steel, a Unit of Graphite In-

dia Ltd. was killed after his vehicle was set on fire by irate workers (Sen, 2011).

For sometime after the violence in Maruti Suzuki Ltd., the government, employers, organizations, media and large sections of the society had turned against the unions despite the fact that unions had vehemently deplored the acts of physical violence and arson. Yet, unions had lost all support during that period.

### **Collective Bargaining, Productivity & Economic Performance**

While unions, ideally, have the potential of contributing positively to the economic health of the companies, the empirical evidence is mixed. In Japan, Sweden and Israel, unions have risen to the challenge of meeting the changing requirements of the society (Nathanson et al., 1999; Inoue S, 1999; Fahlbeck, 1999). Works Councils of Germany and some other European countries promote both the interests of the workers and the enterprise (Rogers & Streeck, 1993) along with that of the enterprise and the economy. This study further adds that regulated properly, unions contribute to greater employee satisfaction, engagement, commitment as well as the efficiency of the workplace. Mishel's (2007) study highlights that in the European countries like Belgium, France, Germany and Netherlands high productivity and union density are perfectly compatible. Doucouliagos & Laroche (2003) found a positive relationship between unions and productivity in the United States in general and for US manufacturing in particular.

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However, a large number of studies have also found negative relationship between unions and economic performance. Hirsch (1997) concludes that the broad pattern highlights that unions significantly increase compensation for their members but do not increase productivity sufficiently to offset the cost increases due to increased compensation. Shirk's study (2009) highlights that unions harm the overall economy. The Economist (2007) reported that American teachers are generally believed to be the primary obstacle to improving America's appalling public schools. Yeddar & Gallaway (2002) highlight that annual labor productivity growth of 1.7% in the US was not less than that of seven European countries of Belgium, France, Germany, Italy, Netherlands, Spain and Sweden despite a dramatic drop of unionization in the US and higher unionization and almost 80% of the workers being covered by collective bargaining in these European Countries. Freeman's (1982; 2005) analysis highlights that overall impact of collective bargaining has been largely on reducing wage inequality.

In Britain, Aidt & Tzannatos (2008), in their exhaustive review of literature on trade unions and macro-economic performance, have found that high levels of bargaining coverage tend to be associated with poor economic performance. Edward's (2002) study highlights little or

no impact on economic performance in UK. Similarly, Bryson et.al (2008) concludes that union bargaining has a detrimental impact on economic performance in Britain.

In the Indian context, collective bargaining has largely led to higher wages and benefits for workers in the public sector without any increase in productivity. In the private sector there is no clear direction. In the first three decades after Independence, union's attitude was to demand increase in compensation and other benefits irrespective of the workers contribution to productivity and other work norms of the enterprise. Jose (2000) highlights that trade unions in India have also performed roles in facilitating production; ensuring an equitable distribution of value added; providing a voice to labor and society at large; promoting solidarity among workers, providing special services to members of the unions and serving as an anchor for broad based movements sharing similar values and goals. The limited literature on the impact of trade unions also highlights a negative impact of trade unions on productivity (Sinhala & Shawnee, 1970; Rajas, 1992; Jadish Chatter, 2009). Sodhi's study (1996) found positive relation between collective bargaining and productivity in two public sector companies. However, these companies were making losses and had been declared sick as per the parameters of the Government of India. More union-management agreements on increases in productivity have been signed during the last five years (AIOE, 2006-11) although collective bargaining negotiations mostly take

place in an atmosphere of mutual distrust and, therefore, each party tries to "bar the gain" of the other.

**Unions in India did not come up to promote efficiency and productivity.**

Traditionally, Unions in India did not come up to promote efficiency and productivity. They were born, like in other countries, to check exploitation of labor. Unlike in other countries, however, neither the Indian government because of its socialistic orientations till 1991 nor the private sector enterprises thought of them as an instrument of increasing productivity of workers. The purpose of industrial relations around which a large number of laws were formulated was industrial peace. The Industrial Disputes Act 1947, the most important Act protecting the interests of the workers, does not have any clause on productivity but lays stress on employment, working conditions and the machinery of settlement of industrial disputes.

**Conclusion**

Unions in India are today as relevant as they were in the early part of the last century. The contours of challenges are different and come about due to the internal set of issues of trade unions as well as the globalization policies of the government. Internally, unions are not a united force and have been divided on political lines. A section of workers as well as the managements do not see them as useful in view of their inability to pro-

protect worker's rights and lack of initiative in enhancing economic performance of the companies. Globalization policies have led to outsourcing and emergence of atypical forms of employment in the form of contract and casual workers even in the formal sector. Such workers have little security of job and are paid half or less than half compared to the permanent workers doing the same or similar job in an enterprise. The government has also set up export promotion zones where labor rights exist only on paper. Also, it has allowed companies to pursue voluntary retirement schemes under which a large number of permanent workers have been retrenched. As a result, the formal sector employment has declined over the years. This is coupled with the lack of social protection, safety net and the required skills of the workers to attain gainful employment.

The present situation has, in a way, forced unions' preoccupation with the traditional functions. Unions' economic contribution is growing very slowly at the enterprise level and this trend is likely to increase as they are slowly accepting their economic role at the macro and enterprise levels. There is, however, a need to study this trend more systematically.

The way forward for unions is to adopt a common minimum agenda acceptable to all the unions. The Swedish Trade Union Confederation (LO) provides an example of forming an umbrella organization of all the unions. NTUC in Singapore works with the government and is engaged in training for gainful employment besides a host of other ac-

tivities. Specifically, the unions need to continue to deal with the newer issues of atypical employment and others created by the globalization process. It is, however, equally relevant that unions take up other development activities at the macro and the enterprise level. NTUC, for example, runs cooperatives (like the fair price shops) which provide subsidized food and groceries. In India the enterprise unions and the managements have in some instances promoted cooperatives at the enterprise level. Ironically one such very successful cooperative was run in an organization where a trade union leader had become the Chairman and Managing Director (Sodhi, 1999).

The Government too needs to play a catalytic role to increase the scope of union's involvement through institutional forums of social dialogue. Works Councils of Germany provide one such example. It also needs to be vigilant on the labor law violations.

While other countries' experiences do provide learning, the ultimate action agenda of the unions has to emerge from within, keeping the Indian perspective in mind, which would require the tripartite partners to create a framework of cooperation and a win-win situation for the unions and the management.

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