

Trade Unionism & Contract Workers in Selected Industries in Jamshedpur

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This paper deals with the plight of contract workers. It highlights the emerging challenges of trade unionism among them in selected industries of Jamshedpur in India. After 1990s, casualization of workforce has been the major development among Indian industries. The triangular employment relationship, dispersal over multiple job sites, several bosses, and non-cooperating attitude of regular workers make it difficult for the contract workers to unite against exploitation and defend their rights. Trade unions are not capable to intervene among casual workers as much as required. This paper tries to provide the current status of trade unionism among contract workers in India.

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Introduction

With the onset of liberalization in 1991, Indian industries, known for employment of regular wage workers, have started to increasingly utilize contract workers both in perennial and non-perennial works. True, Contract Labor (Regulation and Abolition) Act, 1970 prohibits the utilization of contract workers in perennial work; complexity and vagueness about its abolition provisions and government's eagerness to promote investment encouraged industries to utilize contract workers for increased production. Industries utilize contract workers not for flexibility alone but also for lowering production costs. Contract workers are denied several social benefits available for regular workers. In several industries basic amenities are not provided to contract workers. Trade unionism has very low penetration; neither collective bargaining nor other grievance redressal mechanisms have been developed. This situation leads to sporadic industrial violence (Tables 1 & 2) which

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Table 1 Labor Unrest Headings in Print Medias

“Honda Motorcycles staff, police clash, over 100 hurt”, *Economic Times* 26th July 2005
 “Sacked workers beat CEO to death in Noida; 50 Hurt, 10 Execs in ICU As 200-Strong Mob Runs Riot”, *Economic Times*, 23rd September 2008
 “Labor unrest slams brakes on auto hub”, *Economic Times*, 21st October, 2009
 “Workers kill VP of Coimbatore firm”, *Economic Times*, 23rd September, 2009
 “India’s strike, riots become fatal for auto parts outsourcing”, *Economic Times*, 16th November 2009
 “Strikes cost over 500 Crore in 2011”, *Times of India*, 22nd May, 2012
 “1 killed in labor strife at Maruti plant; 90 Injured As Workers Attack Executives, Set Fire To Company Office At Manesar”, *Times of India* 19th July, 2012
 “Strike at Hyundai enters sixth day”, *Economic Times*, 5th November, 2012

Source: www.business-standard.com/.../automobile-slump-stoking-labour-unrest-at-companies-114042900252_1.html

Table 2 Labor Disputes Since 2006

Year	Company	Cause of labor Unrest
Feb 2006	Toyota	Dispute over wages and temp workers
Apr 2006	Hero Honda(Gurgaon)	Temporary workers demanding better working conditions and Wages
Sep 2006	Honda motorcycle & scooter Ltd (Manesar)	Contract workers demanding better terms of work
Jan 2007	Delphi(Gurgaon)	Temporary workers demanding minimum wages
Jun 2007	Hyundai Motor India Ltd (Chennai)	Demanding union formation
Sep 2007	Bajaj Auto Ltd (Pune)	Owing to high cost of operation in Akurdi plant, the company decided to shift operation to a plant in Aurangabad. The management directed its staff to stay at home in Sep 2007 and avail them selves of ‘idleness pay’ till they retired and denied them entry into the factors
Apr 2008	Automax (Gurgaon)	Demanding regularization of casual workers
May 2008	Hero Honda	Demanding inclusion of temp workers in permanent workers’ union
May 2008	Graziano transmission (Noida)	Demanding union recognition
Nov 2008	Bosch india (Jaipur)	The firm terminated 118 regular workers and 59 apprentices citing slowdown in automobile industry
May 2009	Sunbeam Auto Ltd (Gurgaon)	Demanding re-election of the management controlled union
July 2009	Bosch Chassis system India Ltd (Pune)	85 day strike demanding wage rise for contract workers
Aug 2009	Honda motorcycle & scooter Ltd (Manesar)	Three months of conflict over new wage agreement
Sep 2009	Pricol (Coimbatore)	Demanding union recognition
July 2010	Toyota	Over wages and temp workers
Jun 2011	Maruti Suzuki India Ltd (Gurgaon)	Demanding union recognition
Aug 2010 & 2011	Volvo	Over wages and temp workers
Sep 2011	Bosch India (Bangalore)	Outsourcing of work
Oct 2011	Dunlop India Ltd (Hooghly)	Wage issues and labour indiscipline

Source: *Business Line*, 24th Oct 2011

could not auger well for the 'Make in India' campaign, highly sought after by the new government that came to power in 2014. This paper explores the plight of contract workers in Tata Steel Ltd and Lafarge Cement (earlier a Tata Steel unit) Jamshedpur and examines the status of trade unionism among them.

Contract Workers

Informalization of workforce has been a common trend among industries worldwide. There are two categories, informalization from above and informalization from below (Theron, 2010). Informalization from above occurs in organized industries where contract workers are engaged with regular workers at the same workplace and mostly doing the same work. Informalization from below occurs in unorganized industries or informal sectors as self-employment assisted by family members, business run with the help of family and hired labor and workers perform work for organized sectors through a complex network of subcontracting and outsourcing. Organized industries utilize both the types of informalization to curtail the production cost as their requirement.

This paper deals with the former type of informalization in which contract workers perform work for the principal employer on its workplace but not under the principal employer's payroll. The contractors are responsible to pay wages and other social security benefits to the workers. These intermediate employers were considered previously as labor supply agencies involved in emergency work as

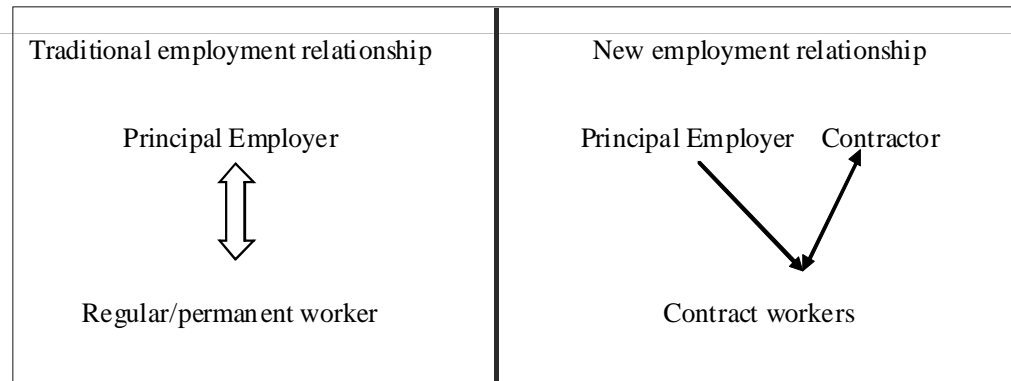
break down or major shutdown for short durations. Now they are engaged in full time with the principal employer on a permanent basis to perform perennial or non-perennial types of work. Contract workers in this new arrangement share same work sites and do the same work, earlier performed by the regular workers, with lower wages being paid to them. The accountability to pay compensation in case of accidents and other benefits are with the contractors and not with the principal employer. The irony of this arrangement is that contract workers work for the principal employer and supervised by officer or supervisor of principal employer, but get wages from contractors.

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The emerging employment relationship in this arrangement is not vertical or linear as in the case of traditional employment for regular workers. The employment relationship is triangular and contract workers are controlled and guided by both the principal employer and contractor. This can be illustrated as in Fig. 1.

Contract workers are obliged with both the principal employer and the contractor. The managers and supervisors of principal employer are concerned with contract workers only to get the assigned job done. The principal employer transfers the responsibilities for amenities, social secu-

Fig. 1 Traditional and New Employment Relationships



rity and any accidents to the contractor as the contract workers are not in his payroll and thus save the compensations that was not possible in case of regular workers. Even Contract Labor (Regulation and Abolition) Act, 1970 has mentioned that basic amenities as toilet, drinking water, restrooms and canteen facilities should be provided by contractor at the workplaces. On the other hand, as per Factories Act, 1948, these facilities should be provided by the principal employer. Both principal employer and contractors try to escape from these liabilities and contract workers are compelled to work in unhygienic and inhuman conditions. Not maintaining proper job records is a common thing. The workplace and contractors have been changed frequently. Contract workers have the same principal employer but not the same contractor.

The other lacuna of this arrangement is that the principal employers provide the contracts to those who quote low during tenders. Employment scenario in India compels the contractors to quote low amount for getting contracts. They also spend some amount to bribe the officers

to get contracts. After all, they are doing business and business cannot sustain without profits. In government sector, they can handle the situation through low quality work, in private enterprises, this cannot be possible. Private industries are more concerned with the quality. The only option left to contractors is to resort to high exploitation of the workers through denial of minimum wages, and other facilities provided by labor legislations. Availability of large surplus labor adds to the advantages to contractors. Workers queued up to get the job anyhow. Contract workers are forced to work under such inhuman conditions for their livelihood, where several violations of labor legislations occur.

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Trade Unionism

Trade unionism in India has been concerned with regular or permanent work-

ers in organized industries. It has low penetration among contract workers. Structural and associational problem are associated with low trade unionism. Structural problem could be specified as contract workers do not work in the same workplace and for the same contractors. There is no direct employment relationship as regular workers. The problem is: against whom they unite, either principal employer or contractors? Principal employer denies any relationship with contract workers, since no work contract has been signed between them. Contractors are not permanent and changed in one or two years. Some evidences to unite them are seen at the national level. For instance, firstly there is the emergence of Self-Employed Women's Association (SEWA) in Gujarat. It is not a traditional type of trade unionism that occurred at the point of production. Activities of SEWA are concentrated among self-employed women as rag pickers and similar type of works. It is a cooperative like organization and occurred at a point of reproduction or hamlets of lower middle class women.

Secondly, responsibilities for contract workers along with slum dwellers, street vendors, migrants and displaced people from rural areas are shifted towards the government and not employers. They agitated to government machinery for basic facilities as water, electricity and authorization to occupy government land etc. Since, they are emerging as a vote bank; government is compelled to provide social security (Agrawala, 2008). Their politics is revolved around welfare and not centered on labor rights as in the case of regular workers. Approximately 50 per

cent contract workers are engaged in organized industries and in some cases their number might reach as high as 80 per cent. With dwindling strength traditional trade unionism finds it difficult to organize them. Trade unions recognize these difficulties and struggles to find ways to increase their influence among contract workers. Trade unions engage with management to control labor contract system and negotiate for the contract workers on wages and other social security, welfare and safety issues. Emerging trade unionism at national level has three main features as follows (Shyam Sundar, 2011:25):

1. Protection of regular workers' interest
2. Employment security in the form of (a) regularisation of employment (b) continuity of employment
3. Regular wage negotiation exercises that cover wages, social security, welfare and other terms and conditions of employment

The protests of trade unions have been on the increase since 1991. Central labor federations have succeeded to agitate together and pressurized government to slow the liberalization process. Last strike held on Feb, 2013 was the 15th call since 1991 which had a major demand to provide a minimum wage of rupees ten thousand to contract workers apart from other social security benefits.

Lafarge India Ltd

This is a cement producing plant in India, earlier a division of Tata Steel Ltd.

In the process of separating non-core sector, Tata Steel sold this unit to Lafarge in 1999. Permanent workers are not more than two hundred and recognized union is INTUC affiliated. More than one thousand contract workers are engaged in perennial and non-perennial types of work in which four hundred fifty are in grinding work, while five hundred are in loading and unloading work. Jharkhand Asangathit Majdoor Union (JAMU hereafter) affiliated with AITUC looks active among contract workers. Company solves the issues and concerns of contract workers with the recognized union Lafarge Employees' Union affiliated with INTUC and not with AITUC affiliated which has more influence.

Tata Steel Ltd

Tata Steel Ltd is a leading steel producing company with 10 million tons of hot metal production at Jamshedpur works in India. The study concentrates on Jamshedpur works, where the recognized Tata Workers Union, affiliated with INTUC, is the main representative of sixteen thousand regular workers. More than 30 thousand contract workers also engaged in perennial and non-perennial types of work. The recognized union is active among regular workers. Contract workers are not represented by any trade union but some informal groups look active among them. The company has not recognized any union for contract workers. Their issues and concerns are handled by contractor cell of the company. Informal groups pressurize the company in case of accidents or reported labor rights violations through labor department.

Methodology

100 respondents have been selected from above industries comprising contract workers, supervisors, contractors, regular workers, union leaders and labor activists. Mostly semi-structured interviews have been conducted with contract workers, supervisors and contractors at their workplaces, dwellings and local AITUC union offices, where they visit regularly for their problems. In depth and focused interviews have been conducted with five trade union leaders of AITUC affiliated union and one leader with INTUC affiliated union. Questions have been asked about their wages, other benefits and efforts of trade unionism. Selected respondents are from different categories as unskilled, semi-skilled and skilled and engaged in perennial and non-perennial types of work as unloading, grinding, pay loader operation, conveyor operation and maintenance of heavy industrial equipment. Some are experienced more than ten years and some are newly exposed to industrial set up and have experience less than five years. Author has also utilized the method of participant observant to study the existing conditions of contract workers and trade unionism because of having experience more than fifteen years supervising them.

Findings: Lafarge Cement

The Contract Labor (R & A) Act, 1970 prohibits employment of contract workers in perennial types of work and provides for the regulation of their conditions at workplaces. It applies to establishments employing twenty or more

Section 10 (1) empowers the state government to prohibit, after consultation with the Board, employment of contract labor in any process, operation or other work in any establishment.

contract workers and to contractors employing twenty or more workers. Presently, the Central government is considering increasing this threshold to forty workers. The most controversial clause of the Act is Section 10 (1) which empowers the state government to prohibit, after consultation with the Board, employment of contract labor in any process, operation or other work in any establishment. The appropriate government is required to consider “the conditions of work and benefits provided for the contract labor in the establishment under consideration” and other following [relevant] factors while deciding on “prohibition” of contract labor whether: (Shyam Sundar, 2011:3)

- (a) The process or work is incidental or necessary for the industry;
- (b) It is of a perennial nature;
- (c) If it is done ordinarily by regular workers; and,
- (d) It is sufficient to employ a considerable number of full-time workers.

On the basis of this provision, Lafarge Theka Mazdoor Sangharsh Samiti (Lafarge Contract Workers Struggle Committee), an informal group of JAMU affiliated to AITUC, put the

demand of cement wage structure for the 450 contract workers engaged in grinding job, a perennial type of work in Lafarge Cement works. They escalated their movement in 2005 and compelled Lafarge management for negotiations on wage structure. Negotiations were held in Ranchi with Labor Commissioner on 31st March, 2006. Management agreed during negotiations for cement wage structure, but not implemented it and took the matter to High Court. Management also started to harass contract workers and their leader. Situation at the ground level became volatile and led into violence on Jun 6, 2006, while Divisional General Manager abused the workers’ leader. Police arrested eight workers including the leader and the management re-trenched twenty two workers. Later the arrested workers were released on bail and agitation had been continued. Contract workers sat on dharana in July 2006 which continued till May 12, 2008 with the help of JAMU and other informal groups. During the dharana, national trade union leader, Gurudas Gupta, visited and encouraged the morale of the agitating workers. Jharkhand Government came forward to resolve the issue and negotiations were held on May, 11 at Ranchi between Labor Minister and the management. Since the matter of implementing cement wage structure was under the jurisdiction of Jharkhand High Court, management agreed for increasing wage of Rs. 15, 16, 18 and 20 along with prescribed minimum wages for different categories of workers.

After that agreement, two consecutive agreements were held in 2011 and

2015. In the 2011 agreement, contract workers were entitled to get extra Rs. 24, 26, 28 and 30 along with the minimum wage and now they are getting extra Rs. 30, 32, 34 and 42 as per the 2015 agreement. Lafarge management did this agreement with the recognized Lafarge Workers' Union, not JAMU. JAMU was present in these agreements as a witness. Contract workers were not replaced during change of contractors. The facilities of canteen, crèche, leave and bonus were ensured. Management had also agreed for retirement benefits as honorable farewell after completing the age of superannuation. Among the 22 retrenched workers, 14 were absorbed immediately and 2 later.

The trade unionism of contract workers in Lafarge did not achieve the desired result. Contract workers campaigned 665 days for the cement wage structure. Labor Department and management were compelled for negotiations and provide increased wages and other benefits prescribed in the legislation. Labor Department also filed a case for labor law violation and it is still pending with the Jharkhand High Court. The recognized Lafarge Workers' Union was forced to negotiate for contract workers keeping the informal group of contract workers on its side. This could go one step forward in trade unionism among contract workers; otherwise, neither the management nor the recognized union of regular workers does not negotiate for contract workers.

Findings: Tata Steel Ltd

As mentioned earlier, currently, Tata Steel Ltd, Jamshedpur produces ten mil-

lion tons of hot metal, employing 16 thousand regular workers and 30 thousand contract workers engaging in perennial and non-perennial types of work. Tata Steel management acknowledged only eight thousand contract workers engaged in non-perennial types of work. Office bearers of recognized Tata Workers' Union (only for regular workers) substantiated their number as more than 30 thousand, among them seven to eight thousand engaged in perennial type of work. No trade union looks involved among contract workers. The company has a contractor cell responsible for resolving the concerns of contract workers. Despite ignoring any dispute related to contract workers, two major incidents occurred in 2010 and 2012 which narrate the volatile situation of contract workers. The first major incident occurred on 28th June, 2010, when the dispute between regular security personnel and contract workers at one entry gate led into violence and the group of contract workers damaged the company property worth more than Rs. 3 million. The second major incident occurred on 24th Dec, 2012, in which company security personnel fired on the agitating contract workers to prevent cycle riding in company premises in which one photographer and some workers were injured. Both the incidents were interpreted as simple law and order problems, not as a labor problem. But the company started to change their attitude and advised regular workers and officers to behave with contract workers with dignity and treat them as business partners. Tata Steel stopped taking charges for safety training and safety appliances. The incurred cost of

safety appliances were transferred to the contractor and cycle riding was allowed in company premises. Latter these charges were adjusted by the contractors in wages.

The situation looked improved to some extent after these incidents. Contract workers received their wages through bank but only for eight hours work, not overtime. Contractors provide minimum wages as prescribed by Jharkhand Government. Several semi-skilled workers reported that they were doing skilled work such as welding, rigging, but get only the minimum wage, that is Rs 203 at present. Generally, contract workers work 12 hours a day, with four hours single overtime payment. Single overtime payment was reimbursed manually, not through bank, though legislation prescribes double wages for overtime. During shift changing, contract workers work 24 hours. Facilities of drinking water, toilets, and restroom are ill equipped. Long queues at canteen can be seen.

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Several cases of provident fund violations were also reported. In Cold Rolling Mill (CRM) Department, contractor ITW Signode India Ltd is engaged for packaging and other activities of CRM coils. 400 workers were employed for packaging, but they were not in ITW Signode India's payroll. They were em-

ployed under four subcontractors. Subcontractors were not registered under Contract Labor (R & A) Act, 1970 for this work. Provident funds were collected on behalf of subcontractors, by those who were registered for different works in other companies and not in Tata Steel. Workers were agitated and sat on a dharana in the Deputy Labor Commissioner office under the leadership of JAMU. They also boycotted wages initially. Efforts of JAMU yielded fruitful results. Workers were shifted from subcontractors to main contractor ITW Signode India Ltd and final settlements were reimbursed for parting workers.

In another case, M/s Cosmos Enterprises was engaged in electric maintenance of Coke Ovens Department since July 2009. Continuing maintenance work till April 2014, the contractor was missing without reimbursing wages of March-April 2014. When JAMU enquired in local PF office, only five months PF contribution was submitted. Contract workers brought this matter to Contractor Cell. Contractor Cell expressed inability to resolve the matter and workers are still waiting for their final settlement.

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Safety has emerged main concern for industries and safety items are costly. Company transferred these liabilities to contractors and contractor cut the cost of safety items from the wages of contract workers. The safety rules were thus proved liabilities for contract workers. In Tata Steel

premises, no one is allowed in car without safety belt and sitting two people in front along with driver. Company has outsourced transport services to vendors and private transporters are engaged to facilitate requirements of movement of permanent employees. One vehicle was carrying two people without safety belt along with driver. Safety Department caught that vehicle and fined five thousand rupees to the department that hired the vehicle. The department transferred this fine to the contractor and contractor further shifted it to driver. Driver hardly gets six thousand rupees a month. The sitting people are company employees and the driver is under them. He cannot refuse to sit them.

These cases narrate the labor law's violations in Tata Steel and reveal the inability of the Contractor Cell to resolve the contract workers' grievances. This shows the need for trade unionism among contract workers. Tata Workers' Union, the recognized union for regular workers never raises concerns of contract workers. It remains happy with its shrinking regular workforce. On two major clashes mentioned above, TWU suggested to the management for reducing contract employment and increase regular employment. This could be a strategy of trade unionism, but contract workers are realities for industries. Their concerns must be addressed in proper forum. Company discouraged any other trade union activities among contract workers. While JAMU raises the cases of labor law's violation, Tata Steel Management denies its right of representation of contract workers. JAMU is compelled to highlight the labor law's violation cases

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through addressing Labor Department, not directly involved with management. No other formal or informal groups look active for improving their plight excluding organized rallies on the May Day or issued statement in local media. Contract workers are unable to continue any organized movement and their frustration came out in some sporadic violence.

Conclusions

Struggles of contract workers in automobile industries as mentioned in Table 1 (print media news headings) and Table 2 (names of automobile industries and causes of labor unrests) present the existing situation in India's modern industries. As far trade unionism, efforts and constraints could be easily noticeable. In Lafarge Cement case, contract workers compelled recognized union and management to negotiate for them. They are receiving more than the minimum wage and other benefits which are denied for their counterparts in Tata Steel Ltd. The struggle of contract workers in Lafarge resembles the movement of contract workers in Reliance Energy Ltd, Mumbai (Shyam Sundar, 2011). They formed their own union when their interests are ignored by the union of regular workers.

Denial of agency raising concerns of contract workers and dependence on own mechanism to redress grievances could

not be sufficient for industrial peace as noticeable in Tata Steel Ltd. The increasing number of contract workers in industries requires better grievance redressal mechanism incorporating all stakeholders. It could not be done without the help of trade unions. Trade unionism institutionalizes the workers' grievances and stop further escalations. In a much highlighted case of Maruti Manesar plant, while one HR manager was killed in July 2012, experts opine that such adverse situations could be avoided, if normal process of trade unionism is allowed.

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The reducing number of regular workers forced the traditional trade unions to rethink their strategies and incorporate contract workers' concerns in their main demands. It is a good sign that trade unions have succeeded to come together to some

extent and to remove negative images as hurdles for industrial development. They are receding from industrial strikes and calling all levels of bandhs for one or two days for highlighting the repercussions and consequences of the liberalization process exaggerated after 1991. The current industrial development based on severe exploitation of contract workers could not be sustainable for long run with continuously ignoring contract workers' concerns and trade unionism.

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